

Examrace

Decentralization of Authority and Suitability of Decentralization of Authority

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Decentralization of Authority

- Generally, decentralization of authority means dispersing decision making authority upto the lowest level in the organization. In other words, if the authority to take managerial decisions vests with all those persons, who are concerned with that work or the decision, it is decentralization.
- Some prominent definitions of decentralization of authority are as follows:
 - In the words of **Henry Fayola**, “Everything that goes to increase the importance of the subordinate’s role is decentralization” .
 - In the words of **Louis A. Allen**, “Decentralization refers to the systematic effort to delegate to the lowest levels all authority except that which can only be exercised at central point decentralization is concerned with the placement of authority with reference to responsibility” .
- Thus, the organizational composition will be termed decentralized, if some part of his authority is delegated by the top manager to the lower level management.

Characteristics of Decentralization of Authority

- Under it, all the employees participate in decision making process.
- It adds to the importance of the role of the subordinates in the organization.
- This is the systematic effort of delegation of authority upto the lower level.
- It relates to responsibility.
- This is an advanced form of delegation.
- It shows the attitude of the managers, towards the spread and distribution of the authority and also the degree of authority, and not the type of authority.
- This is a philosophy and the technique.
- Under it, the administrative unit of the entire organization is divided in sub – departments.

Advantages of Decentralization of Authority

- It facilitates establishment of democratic management, because it provides opportunity, to participate in management, even to lower level employees.

- It increases favorable managerial decisions with promptness.
- It helps in development of managerial abilities.
- Efficiency or inefficiency of various departments may be ascertained, with the help of interdepartmental comparisons.
- It makes possible production of several types of products in the enterprise.
- It provides opportunity to the subordinates to take the decisions, also adds to their prestige and develops leadership qualities, among them. Hence, the morale of subordinates go up, which helps in achieving high productivity.
- Due to reduction in the workload of the higher officers, they are able to concentrate more on administration and policy functions.
- Work spirit is created, among the subordinates and hence it becomes easy to establish good co – ordination among various activities and departments.
- Under it, effective control may be established over various activities, because determination of standards and measurement of performance of the works, become easy.
- It encourages, initiative, efficiency, courage and innovations of the employees and the subordinates.
- It is helpful in introducing easiness and promptness in communication.

Disadvantages of Decentralization of Authority

- It increases the dependence of the higher officers on the subordinates.
- It adds to unnecessary administrative costs.
- Co – ordination becomes difficult, due to differences, in the decisions, narrow perceptions of the subordinates and prominence given to departmental interests.
- Since different decisions are taken by different units, the decisions and policies lack uniformity and hence the problems of control become severe for the higher officers.
- Decentralization of decisions becomes difficult, due to complexities of management, use of complex techniques and use of computers in decisions.
- The organization is not able to get competent and efficient managers, due to lack of training facility in the organization and hence difficulty is experienced in efficient performance of the work.
- Advantages of specialization cannot be availed, under it.
- Use of decentralization is limited, because it is not appropriate for those institutions, in which individual leadership, decisions and co – ordination are required, much more.

- Decision taking is delayed, under it, become in emergent conditions, only the centralized system cannot take the decisions, more promptly.
- Making adjustment in changed circumstances is not easy, under it.

Suitability of Decentralization of Authority

Decentralization of authority is suitable, in those organizations, where the work is not of standard and repetitive nature, management is competent and efficient span of control is wider and levels of management are few.

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