

MANAGEMENT DIMENSIONS

Louis A. Allen has defined authority, “As the sum of the powers and rights entrusted to make possible the performance of the work delegated”. He has classified authority into three categories, namely: (i) Authority of knowledge, (ii) Authority of position, and (iii) Legal authority.

According to him, authority of knowledge is possessed generally by the staff specialists appointed by the company. They often influence the actions of persons in line by virtue of their knowledge. Some persons have authority by virtue of their position in the organisation.

Legal authority is the authority which is entrusted to a person by the law of the land. For instance, a company is a legal person and has a right to sue others according to the provisions of the Companies Act.

DIVERSE DIMENSIONS

There are three different schools of thought about the sources of authority which are discussed below:

According to this theory, all authority originates in the formal structure of an organisation. The ultimate authority in a joint stock company lies with the shareholders. Shareholders entrust the management of the company to the Board of Directors and delegate to it most of their authority. The Board of Directors delegates authority to the chief executive and chief executive in turn to the departmental managers and so on. Every manager or executive possesses authority because of his organisational position and this authority is known as formal authority. Authority conferred by law is also regarded as formal authority. Subordinates accept the formal authority of a manager because of his position in the organisation. The subordinates are aware of the fact that if they disregard the formal authority they will be punished according to the rules and regulations of the company. The formal authority theory further states that the superiors have the right to delegate their authority. Thus, formal authority always flows from top to bottom.

This theory states that authority is the power that is accepted by others. Formal authority is reduced to nominal authority if it is not accepted by the subordinates. The subordinates accept the authority if the advantages to be derived by its acceptance exceed the disadvantages resulting from its refusal. The subordinates give obedience to the managers because they visualise the following advantages:

- (a) Receipt of financial incentives.
- (b) Contribution in attaining the objectives of the enterprise.
- (c) Fulfilment of responsibilities.
- (d) Appreciation from colleagues.
- (e) Setting of an example for others.
- (f) Responsibility to leadership of superior.

- (g) Moral obligation because of regard for old age, experience, competence, etc.

According to acceptance theory, authority flows from bottom to top. A manager has authority if he gets obedience from the subordinates. Subordinates obey the manager because of the fear of losing financial rewards. This theory emphasises sanctions that a manager can use and overlooks the influence of social institutions like trade unions.

The supporters of this view assert that an individual derives authority because of his personal qualities and technical competence. Many persons derive informal authority because of their competence. For instance a person possesses expert knowledge in a particular subject people will go to him for guidance in that matter even though he has got no formal authority.

Decentralisation of authority means dispersal of decision-making power to the lower levels of the organisation. According to Allen, decentralisation refers to the systematic effort to delegate to the lowest levels all authority except that which can only be exercised at central points. Thus, decentralisation means reservation of some authority (power to plan, organise, direct and control) at the top level and delegation of authority to make decision at points as near as possible to where action takes place.

Decentralisation is not the same thing as delegation. Delegation means entrustment of responsibility and authority from one individual to another. But decentralisation means scattering of authority throughout the organisation. It is the diffusion of authority within the entire enterprise. Delegation can take place from one person to another and be a complete process. But decentralisation is completed only when the fullest possible delegation is made to all or most of the people.

Decentralisation is distinct from dispersion. Dispersion occurs when plants and offices are located at different places with

physical distance between them. Performance of work in dispersed plants and offices does not necessarily lead to decentralisation. A company may be highly centralised although its physical facilities and employees are widely dispersed and company may be highly decentralised even though all physical facilities and employees are located in a single building.

The points of distinction between delegation and decentralisation are given below:

- (i) Delegation is a process of devolution of authority whereas decentralisation is the end-result which is achieved when delegation of authority is exercised at more than one level.
- (ii) Delegation takes place between a superior and a subordinate and is a complete process. It may consist of certain tasks alone. But decentralisation involves spreading out the total decision-making power.
- (iii) In delegation, control rests entirely with the superior or delegator but in decentralisation, the top management may exercise control only in a general manner and delegate the authority for control to the departmental managers.
- (iv) Delegation is a must for management. Subordinates must be given sufficient authority to perform their assignments otherwise they will come to the superior time and again even for minor decisions. However, decentralisation is optional in the sense that the top management may or may not decide to disperse authority.

The question of the extent of decentralisation desirable, is not simple as choice between decentralisation and centralisation is very difficult, being both extremes. The following are therefore, the important factors which determine the extent of decentralisation of authority which is considered desirable for a particular organisation.

As the size of the organisation increases, more decisions have to be made at different levels and coordination becomes difficult among the large numbers of departments and the levels involved. Besides, after attaining a certain size, diseconomies of large size sets in, the decisions become slower, the extent of the paperwork increases and there is a reduction in the quality of the decisions made. Thus, as the size increases it becomes necessary to divide the large organisation into a number of semi-autonomous units.

The more expensive or costly the action to be decided upon, decisions will be taken at the higher levels of management. Thus, the decision of whether to have another factory or not would be taken at the top levels, whilst the question of purchasing of stationery would be taken at an extremely low level.

The product lines in a company are very different. The extreme case being of industrial and consumer products both existing in the same company—decentralisation or divisionalisation becomes very important.

Decentralisation of the authority requires the availability of competent managers. The organisation must provide adequate training and development facilities for managers, and decentralisation is one of the good methods of encouraging such development. A large firm can even decentralise with the objective of developing managers.

A subordinate generally complies his boss's orders. Thus, the whole organisation is often moulded around the character of the top management. The management philosophy of the top management determines to a large extent how much authority the managers in the organisation are willing to retain or delegate down the line.

The contingency theory of organisation stresses that an organisation's structure and functioning are dependent on its interface with the external environment.

Under dynamic or competitive market conditions and centralisation under stable non-competitive market conditions make decentralisation more important to organisation effectiveness than do stable non-competitive conditions. This is not surprising as in a seller's market an enterprise must experience little difficulty in being effective. It is only in a competitive situation that decentralisation can play a more important role, for example, in satisfying consumers (i.e., the economic effectiveness criterion) as well as organisation members (i.e., the behavioural effectiveness criterion). Again the government regulations also control the extent of decentralisation.

The historical nature of expansion may also determine the extent of decentralisation. For example, if the company has been growing through mergers or taking over of other companies, the chances are that it will be more divisionalised, each merger constituting a separate division. Thus, the nature of the growth itself of such a company dictates greater decentralisation.

The advantages of decentralisation are discussed hereunder:

When there is centralisation of authority in an enterprise the chief executive has to bear the entire burden of decision-making. This diminishes the time at his disposal to concentrate on important managerial functions. Decentralisation of authority reduces his burden as he delegates a part of his authority to the subordinates and thus enabling to devote more time to important functions.

With the addition of new activities or product lines, an organisation tends to grow complex and may pose a challenge to the top executives, which can be met by decentralisation under the overall coordinating purview of the top management.

Decentralisation avoids red-tapism in making decisions as it places responsibility for decision-making as near as possible to the place where action takes place. Those close to the work

situation can make reasonably quick and accurate decisions because they are well aware of the realities of the situation.

When authority is decentralised, the subordinates get opportunity of taking initiative to develop their talents, to enable themselves to develop qualities for managerial positions. They learn how to decide and depend on their own judgement and how to manage.

Decentralisation promotes the improvement of morale and motivation of subordinates which is reflected in better work performance. With greater opportunities of communication and leadership, the local executive can foster team spirit and group cohesion among his subordinates.

The greater the degree of decentralisation, the more effective becomes the span of control. It leads to effective supervision as the managers at the lower levels have complete authority to make changes in work assignment, to change production schedules, to recommend promotions and to take disciplinary actions.

In addition to the above advantages, decentralisation also achieves several internal and external economies. Internal economies include speedier communication, better utilisation of lower level and middle level executives, greater incentive to work and greater opportunities for training. These make it possible for the management to reduce the cost of production and meet competition effectively.

Decentralisation may bring about inconsistencies in the organisation. For instance, uniform procedures may not be followed for the same type of work in various divisions.

Decentralisation increases the administrative expenses because it requires the employment of trained personnel to accept authority. The services of such highly paid personnel may not be fully utilised particularly in small organisations.

Decentralisation requires the product lines of the concern

to be broad enough to allow creation of autonomous units which is not possible in small concerns.

Decentralisation of authority may create problems in coordination among the various units.

Decentralisation may not be possible because of external factors. If a company is subject to uncertainties, it will not be able to meet these under decentralisation of authority.

Decentralisation is a special technique by which it can be effectively accomplished. The main steps in the establishment of this technique are given below:

As a first step in decentralisation, a centralised headquarters is necessary which will act as the nerve centre of the enterprise. Here plans will be formulated and communicated for the guidance of each part of the country. It will also plan an adequate organisation structure within which individual operating components can be permitted considerable latitude of action. Without such an administrative harness companies may find the individual members of the team going in different directions at the same time, which will be detrimental for the enterprise.

In decentralised concerns, critical decisions have to be made at a large number of centres. This needs people who have mastered the technique of management and not simply of supervision. This poses the problem of how to develop affective managers.

Another thing to be kept in mind is that management is an art made up of identifiable skills. Hence, it is essential to reinforce training in classes by coaching them on jobs, by allowing them to make decisions and to learn through committing mistakes.

Decentralisation has a tendency for independence. This poses the problem of preserving the integrated character of the enterprise as a whole. In this way, provision ought to be made

for communication and cooperation through coordinating executives and committees. Autonomous managers can given free rein only so far as it will not jeopardize the purpose and integrity of the enterprise as a whole. A major problem in decentralisation, hence, is that of establishing effective control.

CHIEF CONCEPTS

The key aspects of the organisation, after division into different departments, are shown through organisation charts, which are graphic representation of a firm's structure. According to Leffingwell and Robinson, "An organisation chart is a plan of working relationships. It shows who is to do the work that is to be done and who is to direct and supervise the efforts of those who are to do the work." Charts reflect the organisational game plan for division of work, they give a complete and intelligent guide to company organisation, they indicate the flow of work and the responsibility for its achievement. Important aspects of the organisation for example (a) chain of command, (b) unity of command, (c) communication channels, (d) departmentation, (e) levels of hierarchy, (f) span of management, (g) division of work are shown. In a formal chart only functions and the designations of the individuals appear, visualising the organisation structure.

The Characteristics

- (i) depicts the organisation's formal structure and shows only formal relationships.
- (ii) does not insure good organisation or good management; merely because a chart is in existence it is no guarantee for good organisation.
- (iii) essentially illustrates who reports to whom.
- (iv) merely shows the designations of the individuals, thus no names appear, only functions, e.g., Sales Manager, Financial Advisor, etc.

- (v) reflects a simplified and abstract model of the organisation's structure; they do not show human relationships; it is said that an organisation chart is like a snap shot; it is a static model of a dynamic, living process.

The following principles relating to the design of an organisation chart should be kept in view:

The executives and those at the top of the administrative pyramid should never bypass the lines of authority mentioned in the organisation chart. They should not try to go over the heads of immediate subordinates when bypassed, naturally they are humiliated. Moreover, executives who do this, cannot expect to hold subordinates responsible for the work of those under them.

Likewise, the subordinates should, also follow the established lines of authority. Just as the orders, under normal conditions are transmitted stepwise from superior to subordinates to the supervisors. Failure to obey the rule amounts to disloyalty and it may lead to suspicion, jealousy and non-cooperation.

There should be no overlapping, nor should two persons be placed at the same position, specially when their authorities and responsibility are different. The same duty should not be assigned twice. Again, none be compelled to serve two masters.

All persons should be acquainted with their duties and their administrative relations to others with whom they come into contact.

Balance of organisation is more important than individuals. No position should be assigned to an individual, only because executive orders say so.

It should not have any complication or ambiguity. It should be so formed as to allow periodic changes that may be needed with the increase in size and nature of the concern.

Charts define organisational relationships clearly. They instruct employees regarding jobs assigned and show how the jobs are related to others in the organisation.

Formal charting helps executives think about organisational arrangements in an objective way. Structural deficiencies, communication gaps, fuzzy authority lines, inappropriate spans of control, overlapping positions, etc. are all brought into the limelight. If charts are not available, many of these structural defects defy identification and may prove to be costly at a later stage.

Charts are useful training devices. The specific requirements of each position in the organisation are spelt out in detail and the incumbents know in advance as to what is expected of them and prepare themselves accordingly.

Charts provide useful information to outsiders interested in contacting the 'right person' in the organisation.

Charts show organisational relationships at a point of time and quickly become obsolete and outdated unless revised frequently.

Charts fail to show human relationships in the organisation. They only show the surface of the structure, not the inner workings.

Charts make people overly conscious of being superiors or inferiors, tend to destroy team feeling and give persons occupying a box on the chart too great a feeling of ownership.

Formal charting introduces rigidity in relationships. Moreover, by laying the boundaries for each position, charts promote empire building tendencies. Each position holder would be interested in guarding his territories carefully and if possible, enhance by overstepping his authority. Formal charting promotes inflexible attitudes leading to conflicts between position holders. The costs of preparing, disseminating, storing, updating and studying charts are prohibitive.

This chapter highlighted the concept of authority. Authority being the sum of the powers and rights entrusted to make possible the performance of the work delegated. It also presented the concepts of delegation and decentralisation along with their merits and demerits. Decentralisation of authority means dispersal of decision-making power to the lower levels of the organisation, whereas delegation is a process of devolution of authority. It also highlighted the role of organisation charts and its principles along with pitfalls and benefits. The advantages of organisation charts being (a) Clear organisational relationships (b) Better understanding of objectives (c) Helpful in training and (d) helps in providing useful information.

No organisation can be conceived without authority. Authority is attached with every position in the organisation. It is the binding force or the glue that holds the organisation together. It helps in coordinating actions in an organisation. It is, therefore, necessary for organisations everywhere and at all times.

ADMINISTRATIVE ANGLE

There are numerous concepts of authority. Any person having superior knowledge in a particular field is called an authority in that field. But in the context of organisation and management, term authority has special meaning. In this context, authority is the right of superior to command and to ensure obedience of the orders from his subordinates.

According to Henri Fayol, authority is “the right to give orders and power to exact obedience.”

In the words of Wehrich and Koontz, “Authority in organisation is the right in a position (and, through it, the right of the person occupying the position) to exercise discretion in making decisions affecting others.”

According to Albanese, “Authority is the right of a person to issue orders and direct the behaviour of those over whom authority is exercised.”

According to Robbins and Coulter, "Authority refers to the rights inherent in a managerial position to give orders and expect the orders to be followed."

In the broadest sense, authority is the formal right vested in a managerial position, to decide, to direct and to influence the behaviour of subordinates with a view to achieve organisational goals.

The main characteristics of authority are as follows :

Authority is a right. This right is a type of power.

It is a positional right. It is vested in a position and not in an individual. When a person assumes charge of a position, he can exercise the authority. When he leaves the position, he no longer has any authority. Thus, authority remains with the position and its new holder. *[Robbins and Coulter]*

Authority in organisation is formal and legitimate.

Formal authority flows from the top to the bottom of the managerial hierarchy. It flows through the process of decentralisation or delegation. Thus, every manager gets authority from his immediate superior.

Formal authority establishes a right-duty relationship between two individuals. Those individuals are known as superior and subordinate. Superior can exercise his authority over his subordinates.

Exercising authority involves making decisions, issuing orders, taking actions, performing duties, mobilising and utilising resources etc.

Authority implies the capacity to ensure compliance of orders and directions issued.

Authority-holder can guide and influence the behaviour against whom authority is exercised.

Authority is the binding force or the glue that holds an

organisation together. It is essential to unite actions of organisation members. It is necessary to organisations everywhere and at all times. *[Albanese]*

Authority is granted and exercised with a view to achieve organisational goals.

Authority is never absolute. It is always subject to certain rules, regulations, conditions or responsibilities.

Authority is always limited. The limit on authority is specified by the duties, responsibilities, rules, regulations, policies, procedures, budgets etc.

Authority in itself is objective by nature but its exercise may be subjective. Exercise of authority may be influenced by many factors and hence subjectivity creeps into it.

Authority is basic to every managerial/job/position. Without authority, no manager can get the things done through others.

Authority and responsibility. Authority must always commensurate with responsibility. Granting authority without responsibility can create problems. Moreover, no one should be held responsible for something over which he has no authority.

Authority can be abused, under used and misused.

Authority is sometimes accepted uncritically and at other times, rejected indiscriminately. *[Albanese]*

THEORY OF POWER

Some people regard the terms 'authority' and 'power' synonymous and do not make any distinction between the two. But, in fact, both of these are two distinct terms.

Authority is the formal right to command subordinates and ensure compliance. Power, on the other hand, is the ability of a person to influence the behaviour of others or the capacity to affect a situation. Power is neither completely formal nor informal. One can have power even without possessing power.

Power is a wider concept than authority and includes authority. Authority is, in fact, a type of power *i.e.* legitimate power. Authority is positional power whereas power is personal or individual. The main points of distinction between the two are as follows:

Authority is a formal right vested in a managerial position to decide, to direct and to expect obedience. Power, on the other hand, is the ability to influence others or the capacity to affect situations.

Authority is impersonal and objective but power is personal and subjective.

Authority is formal in nature but power is neither completely formal nor informal.

There is only one source of authority *i.e.* the formal position in an organisation. But there are several different sources of power including legitimate power, reward power, coercive power, expert power, referent power.

Authority vests only in organisational positions. Power is all pervasive. It vests in individuals. Even an operational level employee may possess power.

Authority flows from the top to the bottom of the managerial hierarchy. It flows through the process of delegation and redelegation from superiors to subordinates. Power can flow in any direction from top to the bottom or bottom to the top.

Authority is always delegated whereas only formal power can be delegated. Other types of power cannot be delegated.

Authority must commensurate with responsibility. Thus, there must a balance or parity between the two. However, no such principle applies to power. A person enjoying power may have no specific amount of responsibility.

Acceptance of authority is mandatory. The person exercising authority has a right to ensure compliance and obedience to

his orders. However, the acceptance of power is not mandatory but at the free will of the individuals.

Authority establishes right-duty relationship between the superior and his subordinates. Power need not establish such relationship.

Authority is a type of power. Hence, authority is part of the concept of power. Power is a wider concept includes authority.

“Responsibility is the obligation of a subordinate to perform the duty as required by his superior.”

“Responsibility is an obligation to perform tasks and to account for their satisfactory compliance.”

“Responsibility is the duties and activities assigned to a position or to an executive.”

Thus, responsibility is an obligation of a person to perform tasks, functions and activities assigned to him.

Accountability is often used as a synonymous to responsibility. However, some experts distinguish between the two.

“Accountability is any means of ensuring that the person who is supposed to do a task actually performs it and do so correctly.”

“Accountability is the obligation to account for and report upon the discharge of responsibility or use of authority.”

In fact, accountability is the obligation of a person to report to his superior for the actions and decisions taken or for the results achieved by him. Thus, accountability arises when a person assumes responsibility.

Accountability grows out of responsibility and goes hand-in-hand with it. *[McFarland]*

When responsibility is assigned, accountability arises. The person responsible for performing certain things is under an

obligation to account for it. Thus, a person liable to give account of his performance is accountable or answerable. Therefore, accountability is the obligation of a person to give account for the acts done, decisions made or results achieved by him to his superior.

It may be stated that responsibility is a personal obligation felt by a subordinate whereas accountability is the demand of a manager on his subordinates.

It is often quoted that authority is delegated, responsibility is assumed and accountability is imposed. This quotation means that authority is delegated by a superior to his subordinates. When a subordinate exercises authority it brings responsibility for him. Thus, he assumes responsibility as soon as he exercises the authority. When he assumes responsibility, accountability compulsorily imposed upon. He automatically becomes accountable or answerable to his superior for the acts done, decisions taken or results achieved by him in order to fulfil the responsibility. Thus, accountability grows out of responsibility and goes hand-in-hand with it.

VARIOUS MEANS

There are three theories to explain the three different sources of authority. These theories are explained in the ensuing sub-heads :

According to formal theory of authority, authority originates at the top of the organisational hierarchy. Then it flows downward through the process of delegation and redelegation. Laws of the land and rules of the organisation indirectly give authority to the top executive. In a corporate entity, shareholders hold the ultimate authority given to them by the laws of the land. The shareholders entrust the management of the company to the Board of directors and delegate most of their powers to the

Board. The Board delegates authority to the chief executive who, in turn, delegates it to departmental heads and so on. Every manager, departmental-head in the organisation, has only so much authority as are delegated to him by his immediate superior and is accountable to him alone. In this way, authority is concentrated at the top which flows downward along with the scalar chain in the organisation. It diminishes at each successive level.

Everybody holds authority by virtue of his position in the formal organisation. According to this theory every subordinate is aware of the fact that if he disregards the formal authority, he will be punished according to the rules and regulations of the organisation or laws of the land. Therefore, this authority is known as formal authority or legitimate authority. It is also known as top-down authority because formal authority flows from top to the bottom of the organisational level.

The acceptance theory of authority states that authority is effective only when it is accepted by others. If authority is not accepted by the subordinates, it is meaningless. Thus, the degree of effectiveness of authority is measured by the willingness of subordinates to accept it. Right to command depends upon whether or not the subordinates obey their superior. The superior can exert his authority by imposing penalty but the subordinates, if they do not accept the authority, may quit the organisation.

Thus, according to this theory, authority flows upward from subordinates to the superior. A superior is said to have authority if subordinates comply with his orders. It is, therefore, called the bottom up authority. Acceptance of orders depends upon its positive and negative consequences. Some orders may be fully acceptable while some other may be partially acceptable and still others may be totally unacceptable. But a subordinate will generally accept an order if the following conditions are satisfied:

- (i) If he understands the order well.
- (ii) If he believes it is consistent with the organisational objectives.
- (iii) If he believes it is compatible with his own interests.
- (iv) If he is mentally and physically able to comply with the order. *[Chester I. Barnard]*

The acceptance theory of authority is subject to the following limitations :

- (i) This theory maintains that superior has authority if he gets acceptance from his subordinates. But a manager is unable to know in advance whether his order will be complied with or not by the subordinates. Therefore, it is said to be unreal theory.
- (ii) There is always an implied understanding that a subordinate must comply with the order of his superior and if it is so, what is meant by acceptance of authority by the subordinates.
- (iii) When a subordinate enjoys the right to confer the authority, he must also have the right to levy penalties.
- (iv) This theory totally disregards the powerful sanction and effect of social institution on the authority. Nobody can deny the impact of legal and social institution on the authority.
- (v) Authority is fundamental to the job of a manager. If it is left to the liking or the acceptance of subordinates, chaos will follow.

According to this theory of authority, an individual derives authority because of his personal competence, charisma or qualities. The competence or qualities may be in certain specific fields. Such people enjoy prestige and popularity in the society or public. The opinion or advice of such persons carries weight for the public and people readily accept their authority. Thus, these theories explain the varied sources of authority.

The authority enjoyed by a manager is neither absolute nor unlimited. It is always subject to certain limitations.

In an organisation, scope and extent of authority is maximum at the top level and minimum at the lowest level of the organisational hierarchy. It goes on decreasing at the successive lower levels of organisational hierarchy. Figure shows the scope and extent of authority at different levels in the organisation.

The limitations or restrictions on authority are as follows:

The amount of authority goes on decreasing at the successive lower levels of the organisational hierarchy. Thus, top executives enjoy greater authority than the middle and first-line managers.

Organisational policies, rules, regulations, procedures, budgets, articles of association etc. impose certain restrictions on the authority of managers. Managers cannot go against and beyond them.

A manager cannot go beyond the legal framework regulating his authority. Companies Act, Income-tax Act, Sales-tax Act, FEMA are some of the laws that regulate and restrict the authority of managers.

Managers run their business in social system. They, therefore, are liable to run the business while keeping in view the fundamental beliefs, usage or customs of the society.

Physical laws, climate, geographical factors etc. restrict managerial authority to a great extent. These cannot be violated by anybody.

Biological limits relate to physical and mental abilities of a human being. A manager cannot ask his subordinates to do something which is beyond his physical and mental capacity.

Economic forces like market conditions, price situation, elasticity of demand, level of competition, supply of finance and so on limit the authority of a manager.

A manager's authority is limited to the number of persons he supervises. A manager cannot order a person who is not under his supervision.

Thus there are some of the basic limitations to the authority of managers.

Delegation is one of the fundamental steps in the organising process. It is essential for the existence and efficient functioning of an organisation. It is a key to effective managerial performance.

In simple terms, delegation means dispersing or assigning authority from one manager to another. It is a means of sharing authority with another.

According to Wehrich and Koontz, "Delegation means vesting of decision-making discretion in a subordinate."

"Delegation of authority merely means the granting of authority to subordinates to operate within prescribed limits."

"Delegation means conferring authority from one manager or organisational unit to another in order to accomplish particular assignments."

Thus, delegation is the process by which a manager assigns his authority to his subordinates to perform certain tasks or activities assigned to them. It involves shifting of decision-making authority from one organisational level to another lower level.

Following are the special characteristics of delegation :

1. *Process of Assigning Authority* : Delegation is a process of assigning authority to subordinates to perform certain tasks assigned to them.
2. *Shifting Decision-making Authority* : It involves the shifting or pushing of decision-making authority from one organisational level to another lower level. Thus, it allows subordinates to make decisions.
3. *Creates Link* : Delegation of authority creates link between two organisational levels.

4. *Authorises Subordinates* : It authorises subordinates to act in a certain way within the specified limits. Delegation does not allow subordinates to act in an arbitrary manner.
5. *Creates Responsibility* : It also creates responsibility of subordinates to perform the assigned tasks correctly.
6. *Delegation of Authority not of Responsibility* : Manager can delegate authority and cannot delegate responsibility because it is a personal obligation. He, therefore, himself remains accountable to his boss. However, the process of delegation creates additional authority and responsibility of subordinates. [Robert Albanese]
7. *No Reduction of Authority* : It does not imply reduction in the authority of superior. Both superior and subordinate can exercise the same authority because delegating superior always retains all original authority. It is something like imparting knowledge. You share with others who then possess the knowledge but you still retain the knowledge. [Terry and Franklin]
8. *Does not Discharge Superior's Responsibility* : Delegation of authority does not imply discharge of superior's responsibility. The superior is ultimately responsible for the success or failure of delegation. It has been rightly stated that one cannot relieve oneself of any part of the original responsibility. Delegation allows only for someone else to do the work. [Mondy et al.]
9. *Delegation out of One's Authority* : A manager can delegate authority out of his own authority. No manager can delegate authority which he himself does not possess.
10. *Only to Positions* : Delegation of authority is possible only to any position in the organisation. It is never delegated to an individual.
11. *Specific or General* : Delegation may be specific or general. When course of action is specified, it is specific

delegation. It is general delegation, when goal of delegation is specified but not the course of action.

12. *Express or Implied* : Delegation may be expressed or implied. It may be written or oral.
13. *Enhanced or Withdrawn* : Delegated authority may be enhanced, reduced or withdrawn at the sweet will of the delegating superior.
14. *Depends on Many Factors* : Delegation of authority depends upon several factors such as philosophy of management, abilities of subordinates, confidence of superior in his subordinates and so on.

Delegation is regarded as a fundamental step in the process of organising. It is essential for the existence and efficient working of an organisation. Wehrich and Koontz have rightly stated that “delegation is necessary for an organisation to exist. Just as no person in an organisation can do all the tasks necessary for accomplishing a group purpose, so it is impossible for one person to exercise all the authority for making decisions in a growing organisation.” Briefly, delegation of authority is essential because of the following advantages :

Key to managing-Mary Parker Follett has rightly observed that “management is getting things done through others.” But no manager can get things done without delegating authority. Delegation is a prerequisite for managing things. It is a key to effective managerial performance.

[Gray and Smeltzer]

Basis for organising process-Delegation is the basis of the organising process. Without delegation, organisation structure cannot be created. Existence and effective working of an organisation largely depends on delegation of authority. In the words of Robert Albanese, “Delegation is the process that establishes hierarchy by creating authority, responsibility, and accountability relationships between organisation members.”

Quicker decisions and faster action-When matters are decided at a level higher than necessary, decisions are delayed. But through delegation of authority valuable time may be saved in making decisions. It permits to make on-the-spot decisions. Thus, delegation ensures quicker decisions which, in turn, lead to faster action.

Delegation facilitates decision-making by the person who is closer to the point of implementation of the decision. Such person knows better how to do it best. Therefore, decisions made are the best possible.

Delegation promotes specialisation. Tasks requiring special skills can be assigned to specialists through the process of delegation.

Delegation relieves managers from day-to-day operative functions. They, therefore, can devote more time to other important functions of long-range planning, policy formulation and control.

Delegation may lead to higher level of motivation. Persons who are given authority and responsibility by their superiors often feel motivated. Douglas Basil has observed that "delegation can be one of the management's best techniques for satisfying needs and for motivating subordinates to better performance."

Delegation tends to improve employee attitude and morale. Employees with positive attitude and high morale are easier to manage and more cooperative.

Delegation helps in training and developing subordinates in the organisation. Subordinates cannot learn to perform certain things or make certain decisions unless given an opportunity. Delegating authority is, therefore, the cardinal step in developing subordinates. All the benefits of executive training programmes, seminars etc. go for naught if authority delegation is ignored.

[Terry and Franklin]

Through delegation managers face and deal with wide variety

of challenging situations. This, in turn, causes growth of their managerial capabilities. Ray A. Killian has rightly stated, "Art of delegation is essential to the growth of both the individual executive and the company."

Delegation skill permits managers to extend their sphere of responsibility beyond the limits of their knowledge and energy. They can get things done better through the skill of delegation which extends their share of responsibility. Ray A. Killian has, therefore, rightly stated that "delegation is one of the most important skills of a manager to continue up the ladder of management."

Maintaining depth and continuity in organisation-Managers are taken out of an organisation through promotion, illness, resignation and business trips. Others must be able to carry on the business if the need arises. Delegation ensures this depth and continuity in organisation and can provide successors in the case of need. *[Terry and Franklin]*

Delegation process consists of certain essential and interrelated steps. Wehrich and Koontz have stated that this process involves the following four steps :

1. Determining the results expected from a position.
2. Assigning tasks to the position.
3. Delegating authority for accomplishing these tasks.
4. Holding the person in that position responsible for the accomplishment of the tasks.

First step in the process of delegation involves the determination of results expected from a position or subordinate. Assignment of task will be meaningful only when the subordinate clearly knows what results he has to achieve. Moreover, determination of expected results will also help in deciding the adequate amount of authority to be delegated to a subordinate. Therefore, results expected from a position must be clearly determined to make the delegation effective.

The next step in the delegation process consists of assigning duties or functions to the position or subordinate. Duties must be clearly and precisely defined. Duties to be assigned can be described at least in two ways :

- (i) In terms of activities to be performed by the subordinate.
- (ii) In terms of results expected from the subordinates.

Experts are of the opinion that it is better to describe duties in terms of results expected. It is so because subordinate can know in advance in what terms his performance will be evaluated. Generally, job descriptions form the basis for assigning the duties. They establish the general categories of tasks and set the limit of a subordinate's duties. However, managers can assign the duties that are outside the subordinate's job description.

The next step in the process of delegation is delegating authority for accomplishing the tasks assigned. No subordinate can carry out tasks or duties without appropriate amount of authority. Therefore, subordinates must be given the authority necessary to carry them out. Authority consists of rights and permissions including the rights to take decisions, give directions, to take actions and to do certain things. For instance issuing orders, buying materials, selling products, hiring, firing and rewarding or penalising employees etc. are some of the rights and permissions granted to subordinates.

Final step in the process of delegation of authority relates to creation of responsibility. Responsibility means the obligation to carry out the duties assigned by exercising the delegated authority properly.

When authority is delegated to a subordinate, he must also be held liable to carry out the tasks and use the authority properly. Manager must, therefore, make adequate arrangements for holding the subordinate responsible and accountable for the accomplishment of tasks.

These are the four essential steps in the process of delegation. Out of these tasks, authority and responsibilities are basic to the process of delegation. These attributes or elements of delegation are like three legs of a three-legged stool, each depends on the others for support and no two can stand alone.

[Newman, Warren and McGill]

SIGNIFICANT NORMS

Some of the basic principles of delegation of authority are as follows :

This principle states that authority should be delegated in terms of the results expected from the subordinates. The amount of delegated authority should be adequate enough to achieve the results expected. Therefore, before delegating authority, the goals and plans of expected results must be set. Moreover, these should be clearly made known and understood by the subordinates.

This principle states that functions and activities of every position or subordinate should be clearly and precisely defined. This will reduce overlapping of activities. Moreover, relationship of every position with other positions should also be clearly established. A clear and precise definition of every function and relationship of every subordinate with others will greatly facilitate delegation of authority. Moreover, these functions, activities and relationships should be made known and understood by the subordinates.

This principle states that authority should flow vertically from the top to the bottom of the organisation. This will establish the hierarchy of authority and responsibility relationship. This, in turn, will facilitate organisation members to understand who can delegate to whom and whom they are accountable.

This principle states that for any given activity, a subordinate should be made accountable to only one superior. Therefore,

a subordinate should receive delegation only from one superior. If he receives delegations from two or more superiors, he shall be accountable to both. This will lead to a situation of confusion and conflict because no one can serve two bosses at the same time.

This principle requires that there should be parity between delegated authority and delegated responsibility. In other words, delegated authority should commensurate with delegated responsibility. Responsibility without sufficient authority will make the subordinate ineffective. At the same time, authority without responsibility will make the subordinate irresponsible. However, it is very difficult to know when authority is exactly equal to responsibility. But an experienced manager will find a reasonable balance between the two.

This principle states that responsibility of superior is absolute and ultimate. Ultimate responsibility cannot be delegated by a superior. The process of delegation does not relieve the managers of any of their authority, responsibility and accountability. Therefore, it is sometimes said that authority can be delegated but not responsibility, because responsibility is a personal obligation that a subordinate owes to his boss.

[Robert Albanese]

This principle states that all the responsibilities cannot be delegated. Only general responsibilities can be delegated but personal responsibilities cannot be delegated. For instance, policy formulation, coordination of activities are the personal responsibilities of a manager. The manager himself is accountable to his boss for these responsibilities. If these responsibilities are allowed to be delegated, there would be no need of that manager.

[Robert Albanese]

The exception principle states that managers should delegate their routine matters and retain with themselves the exceptions to the routine and overall policy matters. Thus, this principle suggests managers to develop policies and procedures to help

the subordinates to carry out the routine matters. Managers should not interfere in these routine matters. However, managers should interfere in such matters only in exceptional circumstances or in the cases significant deviations from the goals and plans.

This principle states that whole task must be delegated but not the pieces of tasks. No one can function effectively on a task if it is an integral part of someone else's total task. Assigning of unity of command. Hence, whole task must be delegated for effectiveness of delegation of authority.

The limits of delegation must be clearly set and made known to the subordinates. To ensure clarity, the delegation should be written and specific. Clarity of limits will enable subordinates to know their area of operation and to take initiative. This will also allow freedom of action to subordinates.

This principle states that there should be free flow of communication between the superior and his subordinates. They should discuss and exchange the ideas. Superior should give clear and precise instructions. Subordinates should also be allowed to seek necessary clarifications from the superior. Subordinates should regularly keep informed the superior about the progress of his work.

Many managers are found reluctant to delegate authority. Similarly, many subordinates are found unwilling to accept authority. It is because of the fact that there are many obstacles in the way of effective delegation. Those obstacles or difficulties may be discussed under the following heads :

- I. Obstacles on the part of superior or delegator.
- II. Obstacles on the part of subordinates or delegant.
- III. Obstacles on the part of the organisation.

Following are the obstacles or difficulties on the part of superior or manager that makes him reluctant to delegate authority :

Some managers do not delegate their authority because they are unwilling to delegate. Such managers are of the view that if they delegate their authority, their influence will be reduced. Moreover, they want to make their presence felt everywhere. They even desire that subordinates should regularly come to them and get their decisions approved. In fact, such managers have excessive love or passion for authority. They even feel fear of loss of authority. Consequently, they are unwilling to delegate authority:

Some managers have inflated sense of their own worth. They suffer from the fallacy, "I can do it better myself." They are overconfident of their own competence. Such managers, therefore, want to do the work themselves instead of the subordinates.

Some managers lack confidence in their subordinates. Such managers feel that their subordinates are not trustworthy. They doubt their abilities and feel that they are incompetent to exercise authority and assume responsibility. Hence, they hesitate in delegating authority.

Sometimes, some managers are unable to distinguish between the tasks which can be delegated and those which cannot be delegated. In such a situation, they feel that everything is important and should be done personally. They, therefore, do not delegate and do the tasks themselves.

Some managers are not competent enough to direct, guide, train, motivate, and supervise subordinates effectively. Hence, they hesitate to delegate authority.

Managers are ultimately accountable to their subordinates' work. Thus, managers run the risk of subordinates' failure to perform the work as required. Therefore, some managers find no point in delegating authority. They consider it better to avoid risk by avoiding delegation of authority.

In some organisation, there is no proper control system

which may facilitate delegation of authority. There may not be effective communication and feedback system. There may not be clear set of policies, procedures, rules etc. In the absence of proper and effective control system, managers usually hesitate to delegate authority.

Some managers are afraid that their subordinates may outperform them and consequently may become their superiors. Hence, such managers hesitate to delegate their authority.

Some managers are autocratic by style whereas some others are democratic. Autocratic managers do not want to delegate.

Some managers are unwilling to forebear the mistakes of their subordinates. Subordinates of such managers are always reluctant to accept delegation.

Sometimes, subordinates are reluctant to accept delegation of authority. In some other cases, they block the delegation process. Such situations arise due to the following reasons :

Some subordinates do not dare to accept authority and responsibility due to the lack of self-confidence in them. Such subordinates do not have faith in their capabilities. They, therefore, refuse to take responsibility.

Some subordinates find it easier and better to depend on the boss for all decisions. Such managers believe that it is easier to ask the boss what to do rather than solve the problem. Such a tendency on the part of subordinates blocks the delegation process.

Some subordinates fear criticism for their mistakes. Such subordinates believe that greater the responsibility more the chances of making mistakes. They, therefore, like to avoid accepting authority and assuming responsibility.

Sometimes, adequate information and resources needed to

do the job are not available to the subordinates. In such cases, subordinates are reluctant to assume new responsibility.

Some subordinates are overburdened with work. They have more work than can do. Such subordinates are reluctant to accept further assignments. Sometimes, subordinates are not offered any positive incentives for assuming added responsibility. In such a situation, they might be unwilling to assume extra responsibility. They may even block the process of delegation.

Sometimes, managers decide to delegate a little. This little is not enough to enable the subordinates to get the job done. Hence, they do not want to accept delegation.

Sometimes, managers are willing to delegate authority and subordinates are willing to accept authority but delegation process is blocked by organisational obstacles. Such obstacles may arise due to the following reasons :

1. Inadequate planning.
2. Lack of sound policy, procedures, rules, regulation's etc.
3. Lack of sound organisation structure, particularly lack of unity of command, lack of unity of direction, lack of clear authority relationships.
4. Absence of adequate communication system.
5. Absence of proper control system.
6. Non-availability of competent managers.
7. Lack of necessary physical and human resources.
8. Lack of effective incentive system.

Delegation is often ineffective even though everyone admits its importance. In order to secure effective delegation of authority, following steps should be taken :

First of all managers should clarify what is to be delegated. Managers should clearly and precisely decide the degree of delegation of authority.

For effective delegation, it is necessary to delegate to right persons. Therefore, managers should identify the subordinates who are most capable of performing the task. Managers should also ensure that such subordinates have enough time and motivation to perform the task.

Effectiveness of delegation will be judged from the results achieved. Therefore, managers should also clarify the results expected. Clear information of the results expected should also be given to the subordinates. Moreover, managers must try to get agreement of subordinates on the results expected.

Limits of authority delegated should be clearly stated. These limits should be well understood by the subordinates. Subordinates should precisely understand what is not being delegated and what is the range of their discretion. They must know from where to begin and where to stop or what is their jurisdiction.

Managers should also inform all the concerned about the authority delegated. It should be informed that what has been delegated and how much authority has been delegated to whom.

Subordinates should also know the standards for performance of the delegated task. Standard should be specific. They should be able to encourage individual initiative, creativity and organisational loyalty.

Delegation requires competence on the part of both superior and subordinate. Therefore, both should be trained for better results of delegation of authority. Moreover, superior should be capable of developing skills of his subordinates.

There should be mutual trust and confidence among all individuals involved in the process of delegation. Superior should have faith and confidence in the abilities and judgement of his subordinates. Mutual trust and confidence promote the free exchange of ideas which, in turn, lays the foundation for continuing delegation.

Once authority is delegated, the superiors should allow freedom of action to their subordinates. In other words, superiors should not interfere the routine work of the subordinates. Of course; superiors should be ready to provide advice and support to the subordinates.

There should be free flow of communication between superior and his subordinates. Superiors should also give clear, precise and unambiguous directions in time. Subordinate should also feel free to contact with their superior to get guidance and necessary clarifications regarding the work problems.

Adequate incentives should be offered to subordinates for assuming added responsibility. Monetary as well as non-monetary incentives should be provided to lure the subordinates to assume increased responsibility. Moreover, top management should create an incentive system that rewards managers for delegating their authority successfully.

To ensure success of delegation of authority, effective control system is a prerequisite. Superior should set reasonable standard of performance and evaluate performance against them regularly. If the delegation is more than anticipated, superior should take necessary steps to correct it.

'To err is human.' Subordinates are human beings and will make some mistakes. Hence, subordinates should be allowed to make some mistakes for the success of delegation. Managers should be willing to forebear the cost of their mistakes. They must consider the cost of mistakes as an investment in human development.

For effective delegation, managers need to develop habit of receptiveness. Managers must be able not only to welcome the ideas of others but also to help others. They must be ready to complement others on their ingenuity. [*Wehrich and Koontz*]

A manager can effectively delegate authority if he is willing to release significant amount of authority. Therefore, managers

must be willing and ready to give their authority to others without any fear of loss of power.

FOCUS OF ADMINISTRATION

Centralisation of authority refers to the situation in which the authority to make decisions is retained by the top management.

According to Allen, "Centralisation is the systematic and consistent reservation of authority at central point in an organisation."

According to Wehrich and Koontz, "Centralisation (as an aspect of management) is the tendency to restrict delegation of decision-making. A high degree of authority is held at or near the top by managers in the organisational hierarchy."

"Everything which goes to reduce the role of a subordinate is centralisation."

"Centralisation is the degree to which authority is retained by higher-level managers within an organisation rather than being delegated."

Thus, Centralisation refers to the extent to which authority to make decisions is retained by the top managers in the organisation. It is a situation which goes to decrease the role of subordinates.

Characteristics

1. Centralisation is the extent to which authority retained by higher-level managers.
2. It reserves the right to make decisions in the hands of top managers.
3. In centralised organisations, the actions and operations are regulated by the top managers.
4. In such organisations, operating authority vests with the middle managers.

5. It reduces the role of subordinates.
6. Centralisation belongs to the natural order. It is always present to greater or lesser extent. In practice, no organisation is either purely centralised or purely decentralised.
7. It undertakes close supervision and control over every aspect of the organisational working.
8. Centralisation of management authority should be distinguished from centralisation of performance and departmental centralisation. Centralisation of performance means geographic concentration in which a firm operates in a single location. Departmental centralisation refers to concentration of specialised activities, generally in one department.

[Wehrich and Koontz]

Advantages of centralisation of authority are briefly discussed as follows :

Centralisation permits uniformity in decisions and actions because all decisions are taken at one point.

Centralisation facilitates uniformity in organisational working. It is so because (i) all policies, procedures, rules are framed at one point and (ii) all decisions and actions originate from one point.

Centralisation facilitates personal leadership. This, in turn facilitates quick decisions and actions which are essential for the success of every organisation.

In a centralised organisation (i) lines of authority are clear, and (ii) policies, decisions and directions are uniform. There is little chance of confusion among organisation members. Such situations facilitate integration and coordination of activities in the organisation.

Centralisation tends to make top managers more powerful and strong. Such powerful managers can provide effective

leadership to the organisation in a dynamic and complex business environment.

Subordinates tend to make less mistakes because all the important decisions and actions are taken by top managers.

Centralised organisations can easily and economically avail expert services of the specialised personnel.

Centralised organisation facilitate close control of operations performed by the lower level subordinates.

Centralisation of authority helps to avoid overlapping and duplication of activities and efforts. Top managers can utilise the resources in a most efficient way. They can hire managers with simple skills at lower levels, at lower rates of remuneration. All this leads to considerable efficiency and economy in the operation of the enterprise.

Quick decisions, actions and the mobilisation of resources are the prerequisite for handling crisis and emergency situations effectively. Centralisation facilitates all these things. This, in turn, facilitates crisis and emergency management in an effective way.

Following disadvantages are associated with centralisation of authority :

Centralisation of authority means all decisions and actions by top managers. This increases burden of top managers.

Centralisation may cause delay in decisions and actions.

Centralisation of authority may weaken the organisation structure because of disparities in distribution of authority.

It has been rightly said that 'power corrupts simply and absolute power corrupts absolutely.' Centralisation of authority may lead to abuse of power and corrupt the managers enjoying absolute power.

Over centralisation of authority fosters bureaucratic and autocratic atmosphere in the organisation. It tends to discourage initiative, enthusiasm and dynamism among the organisation members.

In a centralised organisation, system of communication tends to be weak. Free flow of communication among organisation members is generally absent. Top managers usually remain ignorant of the views, and problems of the organisation members.

Centralisation may cause frustration in subordinates. It is because of the fact that they are unable to use their discretion but are forced to operate in accordance with the decisions of top managers.

Centralisation may hamper organisational growth and development. It hampers growth of middle and lower level managers. Moreover, top managers remain ignorant of real opportunities for growth. In view of these facts, absolute centralisation should be avoided.

DECENTRALISED ADMINISTRATION

Decentralisation is the opposite of centralisation. It refers to a situation in which authority to make decisions is assigned at the point where operations take place.

According to McFarland, "Decentralisation is the degree to which an organisation places authority and responsibility for decisions as far down in the organisation as efficient management permits,"

According to Henri Fayol, "Everything that goes to increase the importance of the subordinates role is decentralisation."

In the words of Allen, "Decentralisation implies consistent and systematic effort to delegate to the lowest levels of all authority except that which can only be exercised at central points."

In the words of Gray and Smeltzer, "Decentralisation refers to the extent to which managerial authority is delegated or pushed downward in an organisation."

Thus, decentralisation of authority refers to the extent to which decision-making authority is widely dispersed within the organisation. In a decentralised organisation, top management retains authority to make certain important decisions such as setting overall objectives, strategic planning, policy formulation etc. and delegates the authority to make operating decisions at the points as near as possible where actions take place.

Characteristics

1. Decentralisation authority refers to the extent to which dispersal of decision-making authority within an organisation is made.
2. In decentralisation, authority to make operating and routine decisions is delegated at the points Where operations or actions take place.
3. In a decentralised organisation, decision-making power relating to functional areas are delegated to middle and lower-level managers whereas top managers retain authority to make decisions relating to setting corporate objectives, formulating policies etc.
4. In a decentralised organisation, managers at middle and lower levels have discretion in specific operational areas.
5. Decentralisation is more than mere delegation of authority. Delegation of authority means assigning authority from one person to another. On the other hand, decentralisation means dispersal of authority throughout the organisation. Under decentralisation, top managers exercise minimum control whereas under delegation control remains with top managers.
6. Decentralisation of authority differs from decentralisation

or dispersal of physical facilities. Decentralisation of physical facilities means dispersal of geographical location of factories or offices. On the other hand, decentralisation of authority means dispersal of decision-making authority within the organisation.

7. It is impossible to achieve absolute decentralisation of authority.

DISTINGUISHING FEATURES

Delegation is a process of assigning authority from a superior to his subordinates. On the other hand, decentralisation is an organisational process by which dispersal of authority takes place throughout the organisation.

Delegation is a process of devolution of authority whereas decentralisation is the end-result of the process of delegation.

In delegation, immediate superior has control over the subordinates whereas in decentralisation, top managers have overall control and operating control vests with the subordinates.

Delegation is a must for management and key to organisation. Without delegation managers cannot get the things done effectively. On the other hand, decentralisation is optional. Top managers may or may not decentralise their authority.

In the case of delegation of authority, both the superior and the subordinate can exercise the same authority. But in the case of decentralisation, superior cannot exercise the decentralised authority.

In the case of delegation, the superior continues to be responsible for the decisions and actions of his subordinates. But in the case of decentralisation, subordinates become liable for their decisions and actions to the top managers.

Delegation is not dependent on decentralisation. It can take place even without decentralisation. But decentralisation cannot take place without delegation.

In delegation, degree of autonomy to subordinates is regulated by the superior. But in the case of decentralisation, the organisational departments are granted a semi-autonomous status.

Delegation is regarded as a technique whereas decentralisation is considered to be a philosophy of management and organisation.

Delegation is simply the process of assigning authority to subordinates in order to get things done through them. On the other hand, decentralisation is more than assigning authority to subordinates. It is both dispersal and concentration of authority within the organisation.

Delegation establishes superior and subordinate relationship. On the other hand, decentralisation establishes relationships between organisational departments or levels.

Delegation is a task specific and ceases as soon the task is over. Thus, it has a shorter life span. Decentralisation is an ongoing process in the organisation.

The main advantages of decentralisation of authority are as follows :

Decentralisation of authority reduces the workload of top managers as they are free from the routine operational decision-making work. They can devote their time on more important work of strategic planning, policy formulation and so on.

It facilitates quick decisions as the decisions can be made on the spot without consulting higher level managers.

Decisions are likely to be better because they are made by the persons closest to situation. Moreover, decisions are likely to be adapted to local conditions.

Decentralisation improves organisation's communication system. It is due to the fewer levels of authority and lesser

distance between the points of information generation and the points of action.

It facilitates training and development of managers at middle and lower levels in the organisation. It is because managers at these levels are allowed to make decisions and take actions independently. In this process they develop many skills and talent.

Decentralisation promotes democratic atmosphere in the organisation because of dispersal of authority throughout the organisation.

Decentralisation enables subordinates to exercise their own judgement and initiative which promote job satisfaction. This ultimately improves motivation and morale of subordinates.

The greater the degree of decentralisation, the more effective is the supervision and control. Under decentralisation, lower level managers have full authority as regards operation of activities. They can change work assignment or production schedules, or can recommend promotion of the subordinates and can take disciplinary action wherever necessary. It facilitates effective supervision. Control can also be made effective by evaluating the performance of each unit in the light of predetermined standards.

Decentralisation provides flexibility to meet changing needs at local levels.

Decentralisation contributes to survival and growth of organisation. It is so because it creates multiple managerial centres to cope with diverse and unique situations of the organisational environment.

Following are some of the disadvantages associated with decentralisation of authority:

Decentralisation creates semi-autonomous departments in the organisation. In such an

organisation structure, there is a damage that top management may lose its control over the functioning of different departments.

Decentralisation may create problems in bringing coordination among the different departments of the organisation.

Uniformity of decisions and actions may be lacking in decentralised organisation. It is because of lack of uniform policies and procedures of different departments.

Decentralisation of authority is likely to increase cost of administration and operation. It is mostly due to the duplication of activities, highly paid middle and lower level managers etc.

Sometimes, decentralisation may not be advantageous for external limitations. Growing competition, increasing complexities and uncertainties, rising cost of materials and services and so on are some of the external limitations that hampers the tendency of decentralisation.

It is very difficult to strike a balance between the degrees of centralisation and decentralisation. Operating functional departments demands more autonomy whereas top managers want to retain control more and more. This situation may lead conflicts between the two levels of managers.

Decentralisation may lead to unnecessary unfair competition among the decentralised departments. They may compete with each other in the market. They may even compete for a higher share of resources and facilities in the organisation.

Following are the important factors that determine the degree of decentralisation of authority in an organisation.

The size and complexity of an organisation is the strongest single factor determining the degree of decentralisation. Usually, the larger the organisation, more authority needs to be decentralised. Similarly, multi-product organisation having varying kinds of customers and varied marketing channels is likely to be highly decentralised.

An organisation which has grown gradually under the leadership of a particular person, is likely to be more centralised. On the other hand, organisation which has grown by acquisitions and mergers, is likely to be more decentralised. Thus, the history of organisation growth also decides the degree of decentralisation.

Where the top management believes in democratic values and participative management, there will be higher degree of decentralisation. Conversely the opposite *i.e.* centralisation.

Where the competent managers are available at middle and lower levels in the organisation, there tends to be decentralisation of authority. But the shortage of competent managers would limit decentralisation.

Not only the abilities but willingness of subordinates also have a bearing on the degree of decentralisation. Where subordinates are willing to assume responsibility, the organisation is likely to be more decentralised.

In a geographically dispersed organisation, operations are carried out at different locations. More the geographical dispersion, more the degree of decentralisation is beneficial. But every function should not be decentralised. Control of operational functions may be pushed down to lower levels in the organisation but control of financing function should be centralised.

As a general rule, the more the significant decision is to be made, it is likely to be made at the upper levels of the organisation. Therefore, the decisions which are vital to the survival and success of the organisation are centralised. For instance, the decisions involving huge investments and high risk, affecting long-term standing and good will of the organisation are made by the upper level managers. But routine decisions involving very low cost and risk are decentralised.

The decisions that have inter-departmental or inter-divisional

implications must be centralised. Authority to make decisions must be retained by upper level managers whose authority extends over more than one department.

Managers who want, uniformity of policy, decisions and actions favour centralisation. Where uniformity of policy is not needed, managers tend to decentralise the authority.

Where the individual or groups desire high degree of independence from the bosses, authority needs to be decentralised. Conversely the opposite.

Adequate and effective communication system is favourable for centralisation of authority. It is because of the reason that top managers can get the information in time and can easily exercise centralised control. Where it is inadequate and ineffective, decentralisation of authority becomes essential.

The control system in an organisation may also decide the degree of decentralisation. Where the available system of control is far from satisfaction, managers are unwilling to decentralise their authority. Conversely, where it is effective, degree of decentralisation tends to be greater.

Where environmental factors are comparatively static and controllable, centralisation is suitable. But if these factors are ever changing, unstable and beyond the control of managers, the organisation needs to be decentralised.

'Span of Control' is also known as 'span of management', 'span of supervision', and 'span of responsibility'.

The concept of span of control refers to the number of subordinates who are directly reporting to a superior. It also refers to the number of subordinates who can be effectively and efficiently supervised directly by a manager or superior.

The principle of span of control is founded upon the premise that a manager cannot directly supervise unlimited number of subordinates. His ability to supervise a large number of

subordinates is constrained by many factors including the time, knowledge, energy etc. Thus, the principle of span of control states that no manager should have more subordinates under his direct supervision than he can effectively and efficiently supervise and control.

There is no consensus on a specified ideal or appropriate span of control. Management thinkers and practitioners have found that four to eight subordinates for the managers at the upper level of the organisation and eight to fifteen or more for the managers at the lower levels is the appropriate number for ideal span of control. Urwick, for instance, has suggested that ideal number of subordinates for all upper level managers to be four while for managers at lower levels (where performance of tasks takes place) the number may be eight to twelve. Ernest Dale found that the number may range between 8 and 20.

But modern theorists believe that many factors influence the appropriate span of control. Therefore, no ideal span of control exists for all kinds of managerial situations.

Although it is not possible to specify the correct span of control for every situation, but number of relationships of a managerial position goes a long way in deciding the span of control. V. A. Graicunas, a French management consultant worked on this premise and derived a formula to determine possible number relationships of a manager having a given number of subordinates.

Graicunas has identified three types of superior-subordinate relationships as follows:

Relationships that arise from direct interaction by a manager with each subordinate. This is one-on-one relation of manager with each subordinate.

Relationships that arise between a manager and groups of subordinates.

Relationships that arise among subordinates themselves

working under a manager. Graicunas formulae to calculate these relationships are as follows :

1. Direct relationships = Number of subordinates.
2. Direct group relationships = $n(2^{n-1} - 1)$ or $n\left(\frac{2^n}{2} - n\right)$
3. Cross relationships = $n(n-1)$
4. Total relationships

Where R represents the total number of relationships.
 n represents the number of subordinates reporting to the manager *i.e.* direct relationships.

According to Graicunas formula, a manager with two subordinates would create six relationships. For example, if Anta has two subordinates, Banta and Santa, the six possible relationships would arise as follows :

Direct Relationships

Anta meets and talks with Banta	1 Relationship
Anta meets and talks with Santa	1 Relationship

Group Relationships

Anta meets and talks with Banta when Santa is present.	2 Relationships
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Gross Relationships

Banta meets Santa when Anta is not present	1 Relationship
Santa meets Banta when Anta is not present	1 Relationship

Total 6 Relationships

As per Graicunas theory, the number of subordinates increases mathematically but the number of relationships increases geometrically. Table given below shows the number of possible relationships with different number of subordinates:

Criticism of Graicunas theory-Graicunas theory has been criticised on the following counts :

1. It is based on the false assumption that all relationships arise with equal frequency. It is not so in real life situations.
2. It is based on yet another false assumption that all relationships occur with equal intensity.
3. It does not determine the exact number of relationships that exists but indicates the possible number of relationships.
4. It does not indicate the relationships that arise due to the sideways interactions such as with service departments.

Following are the factors that affect the span of control:

Ability of manager is the most important factor determining the span of control. A manager who is able, competent and well trained can effectively supervise more subordinates than one who is not.

Able, competent and well trained subordinates require less supervision and less contacts with their managers. Hence, managers can go for wider span of control if the subordinates are skilled, trained and experienced.

If the tasks are interlocked, interdependent, complex and varied, narrow span of control is essential. But simple, routine and repetitive tasks may allow for wider span of control.

Span of control shall be broader if the manager is supervising subordinates performing similar jobs. Conversely the opposite.

When a manager has clearly delegated authority to his

subordinates, the subordinates require minimum of the manager's time and attention. In such a situation, a wider span of control may be opted for. Conversely the opposite.

Where the plans are well defined and workable, little supervision is needed in their implementation. In such a situation, managers can operate with wider span of control. On the other hand, if plans, policies, and procedures are ambiguous, subordinates may require considerable guidance. Hence, span of control has to be narrow.

When the degree of decentralisation is high, subordinates can make decisions at the points of action. Hence, a superior can have larger span of control. But in the case of centralisation, a superior is required to make many decisions. Hence, he will have to have a limited span of control. Newman and Summer states, an executive who personally makes many decisions is able to supervise fewer subordinates than one who merely provides occasional advice and encouragement.

Quality of standards (control system) used for performance evaluation also determine the span of control. If the standards used are objective, wider span of control may be effective. On the other hand, if the standards are subjective and non-quantitative, narrow span of control becomes necessary.

Some managers operate in more unstable environment than the others. The managers operating in more unstable environment need to have narrow span of control. Conversely the opposite.

Where communication system is more effective, span of control may be wider. Conversely the opposite.

Sometimes, personal contacts with subordinates are essential for getting things done effectively. Where face-to-face contacts are frequently required, narrow span of control is suggested. If face-to-face contacts are occasionally required, manager can operate with wider span of control.

Level of managers in organisation is one of the most important determinant of span of control. Usually higher the level of managers in organisation, the smaller the span of control. Therefore, upper level managers, who deal with complex problems, have smaller span of control than the middle level managers. Similarly, middle level managers will require a smaller span of control than the first-line managers.

Where the staff assistance is available, manager can operate with wider span of control. It is due to the reason that manager can supervise larger number of subordinates.

Thus, it is clear that appropriate span of control for any managerial position depends on all these factors. A manager should consider these factors simultaneously while deciding the appropriate span of control.