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Decentralized Organizational Structure | Chron.com

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Decentralized organizations spread authority and responsibility throughout the ranks.

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Businesses must adapt and change if they are to experience success in today's market. Thriving organizations lead the way in decentralized structures: "They are giving up control of people so that people can control their own and the organization's destiny," reports "1000 Ventures." Diffusion of authority is practical for businesses distributed over many geographical locations or that have a diverse product or service base, since each area can focus on itself.

Definition

"Management Study Guide" defines decentralization as "a systematic delegation of authority at all levels of management and in all of the organization." In this system, the highest levels of management are in charge of making major companywide decisions and designing a policy and decision framework for the rest of the firm. The remaining decisions, authority and responsibility are reapportioned to middle and lower level management. Diffusing as much authority and decision-making as possible, the goal of decentralization "... is complete only when fullest possible delegation has taken place."

Main Characteristics

Decentralization focuses on learning dynamics and relies on a bottom-up philosophy. The decision making style is democratic and detail oriented, since input from every level is checked and re-checked each time a decision is made. Since participation takes place at every level, you have a "low risk of "not invented here" behavior," reports "12 Manage--The Executive Fast Track." A small span of control at the top, very few tiers of power and increased autonomy in bottom ranks is the definition of decentralization. This increase in autonomy leads to an increase in idea flow from the ground level up.

Philosophy of Empowerment

Decentralization empowers employees by giving them autonomy and real decision making authority and responsibility. According to "Learn Management 2," "empowerment makes it easier for people

to accept and make a success of more responsibility.” Since departments and employees have more authority, they are able to respond faster to hurdles and changes, which makes the company as a whole more flexible. When employees have more power, they feel more respected and are often willing and able to work harder and take on more tasks.

Types of Decentralization

Decentralization structure splits into three levels: deconcentration, delegation and devolution. The weakest level, deconcentration, simply diffuses power into lower levels of the same centralized power structure. Delegation increases the diffusion of power by creating smaller semi-autonomous groups with decision making ability, which is outside the central structure, but still accountable to it. Finally, in devolution, “the authority for decision making is transferred completely to autonomous organizational units,” according to "12 Manage--The Executive Fast Track."

Advantages

Decentralization offers many advantages to a large company, from increasing employee responsibility to freeing up the CEO to handle important strategy issues instead focusing on day-to-day decisions. Since smaller organizational units have the authority to enact small decisions, and the flexibility to make changes when necessary, the company is more flexible and makes changes quickly. this helps it to stay abreast of the market and the competition. Staff members who are treated with respect and given greater levels of responsibility behave as responsible and committed adults, increasing both morale and productivity.

About the Author

Dana Griffin has written for a number of guides, trade and travel periodicals since 1999. She has also been published in "The Branson Insider" newspaper. Griffin is a CPR/first-aid instructor trainer for the American Red Cross, owns a business and continues to write for publications. She received a Bachelor of Arts in English composition from Vanguard University.

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