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Difference Between Delegation and Decentralization

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6-7 minutes

Key Difference – Delegation vs Decentralization

Delegation and decentralization are commonly used management concepts by organizations in order to effectively manage the business operations. When a company expands, it becomes difficult to manage. Therefore delegation and decentralization are required to ensure smooth conduct of tasks. The key difference between delegation and decentralization is that **delegation refers to assigning of [responsibility or authority](#) to a subordinate by a manager to carry out specific tasks** whereas **decentralization refers to the transfer of decision making power and assignment of [accountability and responsibility](#) for all levels of management.**

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What is Delegation?

Delegation refers to assigning of responsibility and authority to a subordinate by a manager to carry out specific tasks. Delegation is essential in order to carry out daily activities in the organization by completing tasks skillfully on time. Delegation is done by top management, and this is a practice that is seen in all types of organizations. Managers should clearly evaluate the performance of their subordinates before delegating responsibilities to them, and this is based on the trust that managers have towards the employees as well.

Advantages of Delegation

- **Motivate employees**

Delegation leads to motivation among employees since they are given responsibilities and thus feel valued.

- **Improve team spirit**

Team working ability is improved, and employees learn new skills through working with peers.

- **Managers can focus on making important decisions**

With proper delegation, managers have more time to spend on making decisions without carefully monitoring all tasks performed by the team.

Disadvantages of Delegation

- **Increased workload**

Delegation can result in major responsibilities for employees that sometimes are not manageable. This may be a cause of stress, hence dissatisfaction.

- **Risk of non-performance**

Once tasks are delegated, there is no guarantee that the employees will be completely committed to performance, in which case the managers will have to scrutinize supervision

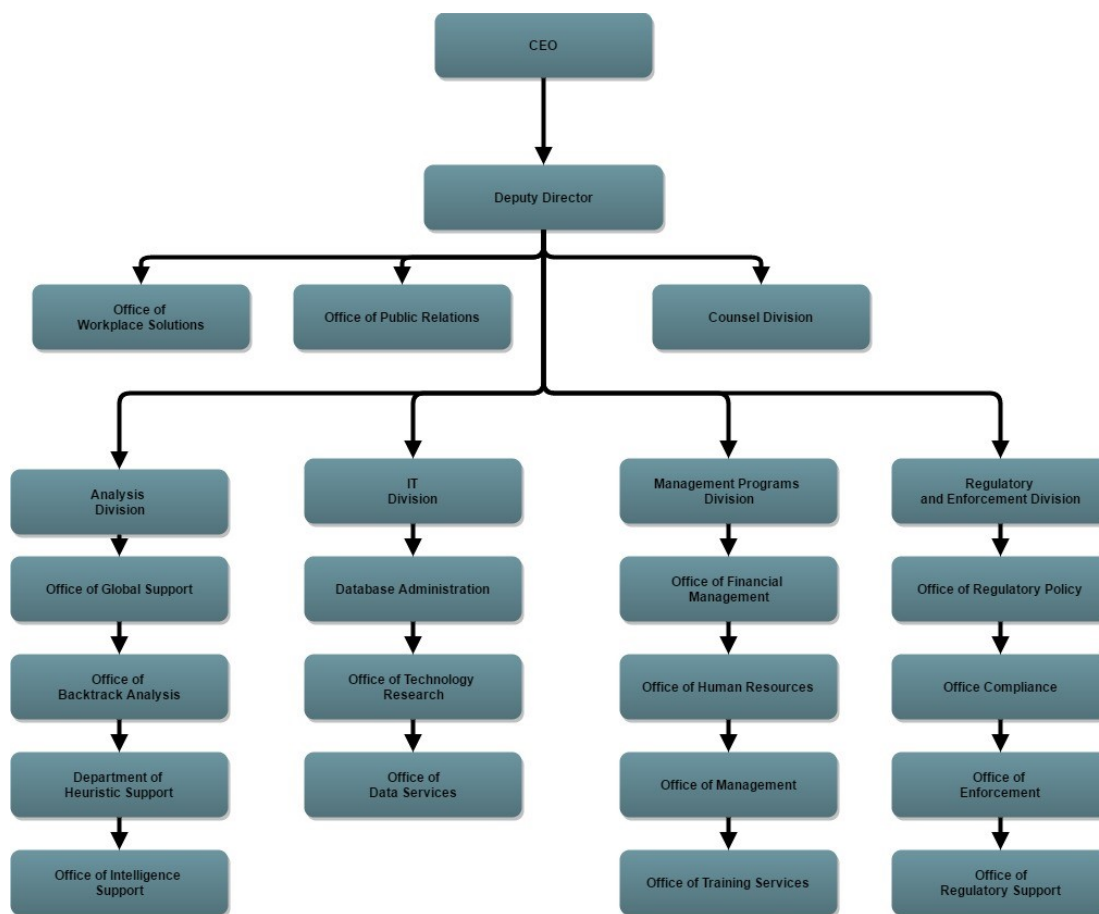


Figure 1: Delegation depends on the nature of the organizational structure

What is Decentralization?

Decentralization is the transfer of decision making power and assignment of accountability and responsibility for all levels of

management. This is also a form of delegation where authority is divided among all levels of management. According to this management concept, the increased autonomy is given to departmental managers where they are accountable for the actions of their respective departments and answerable to the top management.

Advantages of Decentralization

- **Faster decision making**

Decentralized organizations have a shorter chain of command. Thus, decisions can be made fast.

- **Motivates lower level employees**

Since delegation of responsibilities is done at all levels, lower level employees become satisfied with their jobs.

- **Allows customization**

Since top management does not get involved in all tactical decisions, departmental/ regional managers can make decisions to serve the customers better. This especially becomes important in large scale organizations that operate in many countries under various economic, social and political conditions.

Disadvantages of Decentralization

- **Loss of control**

Due to the high level of delegation, it is very difficult to maintain control.

- **Difficulty in maintaining global standards**

Since the rules and regulations are made flexible in nature to suit different markets, a global standard is difficult to be maintained.

What is the difference between Delegation and Decentralization?

Delegation vs Decentralization

Delegation refers to assigning of responsibility or authority to a subordinate by a manager to carry out specific tasks.	Decentralization is the transfer of decision making power and assignment of accountability and responsibility for all level of management.
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Usage

Delegation can be seen in all types of organizations.	Decentralization is commonly practiced in large scale organizations.
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Autonomy

Delegation allows less autonomy for the subordinates.	Subordinates are entitled to substantial autonomy under decentralization.
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Accountability

Top management is accountable for the actions taken by subordinates.	Department heads are accountable for the actions of their respective departments.
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Summary- Delegation vs Decentralization

The difference between delegation and decentralization mainly

depends on the extent to which the power of decision making is granted. When a manager assigns responsibilities for subordinates, it is referred to as delegation. Decentralization is an extended form of delegation where the power of decision making is granted for all levels of management. Thus, decentralization can also be interpreted as a collection of delegations. While both approaches have a number of advantages and disadvantages as mentioned above, effective results can be achieved when clear guidelines are given to employees as to what their level of responsibilities and authorities are.

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