

Empowering decisions:  
The role of Delegation  
of Authority

# Table of contents

Introduction	03
Principles of delegation	03
Relevance of delegation	05
Delegate authority effectively	06
Case Study 1	07
Case Study 2	08
Conclusion	10
Connect with us	11

# Introduction

In all large and medium-sized business organisations, there is a clear hierarchy where top management holds overall responsibility for daily operations. However, it is not practical or efficient for them to handle every task themselves. Therefore, leaders delegate work by transferring both responsibility and authority to their subordinates. This process always moves from higher to lower levels in the hierarchy; subordinates cannot delegate tasks back to their seniors.

Delegation of authority (DoA) refers to granting specific tasks or responsibilities, along with the corresponding decision-making powers to an individual, either temporarily or permanently.

Effective delegation is crucial for any organisation's success. It encourages shared responsibility and allows operations to run smoothly by empowering employees to make decisions and take ownership of outcomes. Delegation also helps develop employees' skills, improves their problem-solving abilities, and prepares them for higher roles and career growth. Additionally, at times, when managers are busy with multiple important tasks, they can delegate certain responsibilities to capable subordinates on a short-term basis. This helps managers to optimise time and keep the focus on strategic priorities.



# Principles of delegation



Delegation of authority, while essential for efficient management, inherently involves certain risks. These risks are directly proportional to the size and scope of the project or assignment. A decision made at a lower organisational level may, at times, lead to significant operational issues or trigger a chain reaction affecting other departments or processes.

As the complexity and scope of a project increases, the potential impact of incorrect decisions becomes more severe. The time, effort, and costs associated with reversing such decisions may rise exponentially, sometimes resulting in costly delays or financial write-offs.

To mitigate these risks, organisations must incorporate sound principles of delegation into their management and risk planning processes. The seven principles of delegation of authority serve as key safeguards to minimise such occurrences and ensure effective control and accountability across all levels of management.

## Principle of absolute responsibility

While authority and tasks may be delegated, responsibility cannot be entirely transferred. A subordinate is fully accountable to their immediate superior for the completion of assigned duties. However, the ultimate responsibility for the overall performance and outcomes of the project remains with the manager who delegated the authority.

## Principle of authority level

Managers must delegate authority commensurate with the level of responsibility assigned. Excessive supervision or reluctance to relinquish control, often resulting from fear of errors, can inhibit employee growth. Allowing subordinates to make independent decisions within defined limits fosters trust, confidence and leadership development.

## Principle of balance in authority and responsibility

Authority and responsibility must go hand-in-hand. Assigning responsibility without corresponding authority renders an employee ineffective, while excessive autonomy without adequate oversight can result in misuse of power.



## Principle of unity of command

Each employee should receive instructions and be accountable to only one immediate superior. Multiple sources of command can lead to confusion, conflicting instructions and inefficiency. Clear reporting lines support consistency, discipline and effective performance evaluation.



## Scalar principle

This management rule states that all employees must follow the chain of command within an organisation. They should report to their respective line managers and be aware that only their immediate superiors are authorised to delegate duties.

## Principle of defining function

Subordinates should have a detailed understanding of the requirements of the delegated task and its interrelation with other jobs in the department. Clearly outlining processes, tasks and sub-tasks facilitates accurate execution and minimises ambiguity.

## Principle of delegation by expected results

Effective delegation also depends on clarity in expectations. The manager should define the results and the metrics for assessing the quality of work clearly, which serves two purposes: It becomes easier to decide whom to delegate the tasks to, and employees are fully aware of what is expected of them.

# Relevance of delegation

The responsibility for ensuring that all tasks get accomplished belongs to managers, but it's often not possible for them to perform all the duties on their own. A manager lightens their workload by assigning tasks to appropriate people within the team and allowing them to make decisions regarding the project.

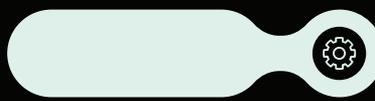
Thus, delegation of authority is essential for the organisations in following ways



**Facilitate division of work**  
Through delegation, a manager can divide the work and allocate it to the subordinates. This helps in reducing his workload so that they can work on important areas such as planning, business analysis, etc.



**Enhance managerial efficiency**  
With the reduction of load on the manager, they can shift their energy on other critical issues. This effectiveness helps a manager to prove their ability and skills in the best manner.



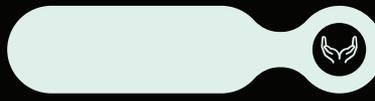
**Strengthen superior-subordinate relationship**  
Delegation establishes trust, cooperation and clear lines of responsibility, thereby strengthening communication and coordination within the team.



**Promotes employee development**  
By taking ownership of assigned tasks, employees gain experience, confidence and improved problem-solving skills, preparing them for higher roles and responsibilities.



**Supports managerial growth**  
Delegation benefits managers by enhancing their ability to supervise, guide and assess the performance of subordinates. It helps them refine their leadership, decision-making and coaching skills.



**Contributes to organisational stability**  
When authority and responsibility are appropriately shared across levels, the organisation becomes less dependent on a few individuals. This continuity of operations promotes stability, resilience and long-term sustainability.



# Delegate authority effectively

Once a manager has decided to delegate some of his assignments, following steps are used to make sure that the job is completed according to his satisfaction:

## Prepare a plan



- The first step in delegating authority is to divide a major project or assignment into smaller, well-defined and achievable tasks.
- Review the available workforce and time constraints to identify suitable personnel for each task. Evaluate personnel's, qualifications, experience, past performance and training background before assigning specific tasks

## Provide clear instructions



- Clearly outline the objectives, scope and desired outcomes.
- Define the timelines, milestones and Performance expectations in precise terms
- Ensure all instructions are unambiguous to prevent misunderstandings in the future.
- Conduct a briefing session or question answer interaction before commencement to clarify any uncertainties and provide supplementary information if necessary.

## Grant proper authorisation



- Identify the level of authority required for the task and ensure it is clearly communicated to the subordinate.
- Provide access to essential information, systems, or stakeholders necessary to complete the assignment.
- Empower employees to make decisions within the defined scope of their delegated responsibility.
- Ensure that authority is granted in a timely manner to avoid delays in execution. For example, a procurement manager responsible for sourcing raw materials must have access to supplier details and the authority to negotiate prices and finalise delivery arrangements.

## Monitor, Evaluate, provide Feedback and reassess delegation over time

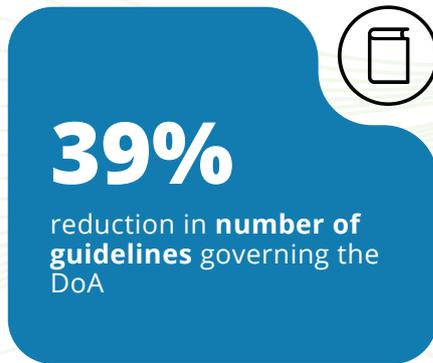
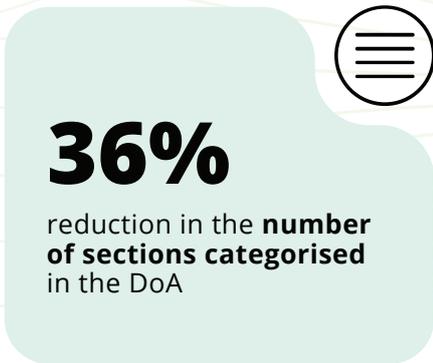
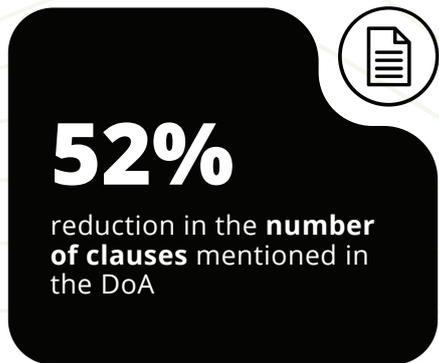
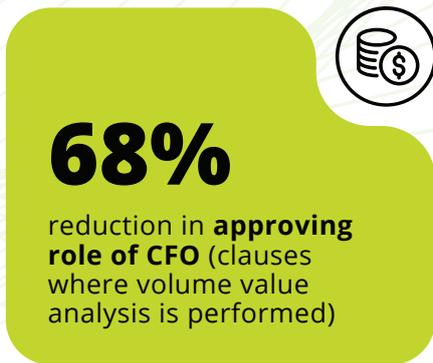
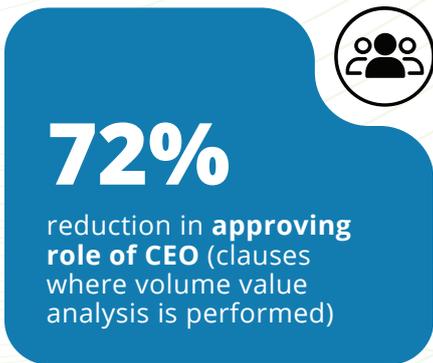


- Periodically review the progress and outcomes of delegated assignments.
- Assess the effectiveness, efficiency, and adherence to timelines and objectives.
- Recognise and encourage high-performing employees by assigning them greater responsibilities and providing development opportunities.
- Offer constructive feedback and guidance to employees requiring improvement to enhance their capabilities and readiness for future roles.
- Reassess delegation over time

# Case Study 1

One of the leading companies in Power and Steel industry needed a thorough analysis of As-Is review of current Authority Matrix and the root cause analysis of the issues faced by them. On completion of As-Is study and validation of the same with the management, the existing DOA was revamped in form of Proposed DOA including Sub delegation of power matrix.

## Current DoA vs proposed DoA



## Benefits of DoA re-design



Re-definition of DOA brings about multifold benefits for the user and approvers

Concise DOA leading to increased system compatibility & ease of use for user functions



Delegated limits at lower level resulting in a smaller number of Delegated limits at lower level resulting in less number Of approvals at senior management at senior management



Digitalisation of DoA to ensure approval is obtained from appropriate authority



Enhanced approving limits reducing total time taken from approvals



# Case Study 2

A company in the Oil and Gas industry engaged Deloitte to review and revise their Delegation of Authority (DOA). Deloitte assessed the existing business processes, conducted stakeholder interviews, identified gaps in the current DOA, and made revisions with a focus on system compatibility, resource and effort optimisation, operational efficiency, and improved clarity.

## Functions improved in revised DoA

Strategy Function



Human resource Function



Finance Function



Administration Function



Marketing Function



Budgetary Powers



Legal Function



Insurance Function



Miscellaneous functions



## Functions not included in old DOA but now included in revised DoA

ITD Function



HSE Function



## Only references given for below functions in revised DoA

Procurement Function



Project Function



**Total Clauses in original DoA – 300 clauses**



**Total Clauses in revised DoA – 250 clauses**

**Clauses without Monetary limits – 155 clauses**



**Clauses with Monetary limits - 95 clauses**



Policy Driven – 20 clauses

Policy Making – 20 clauses

Decision making – 115 clauses

Monetary limits Benchmarked – 65 clauses

Company Specific Clauses – 30 clauses

Down Delegation – 30 clauses

Introduction with new limits – 35 clauses

Acceptable with changes – 26 clauses

Require Improvement – 4 clauses

**Down delegated based on :**  
Inputs received from process owners  
Requirements of the process

**Suggestions :**

Revised limits suggested  
Excessive down delegation not required

# Conclusion

Delegation of authority stands as a cornerstone in the realm of effective management and leadership. It is a strategic practice that empowers individuals within an organisation, fostering a sense of responsibility and accountability. As leaders distribute tasks and decision-making authority, they not only streamline their own responsibilities but also provide valuable opportunities for professional development among their teams.

The process of delegation contributes to enhanced time management, allowing leaders to focus on strategic priorities, while also optimising resource utilisation by aligning tasks with individuals' specific skills. Successful delegation hinges on clear communication, establishing expectations, and fostering a collaborative and motivated work environment.



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