

Exercising Delegated Authority

Publicly funded organisations are often subject to stricter rules about transparency and accountability than private sector organisations. Concern about these rules, and the consequences of mistakes, contribute to cultures in which workers are unwilling to exercise their delegated authority. When escalating routine decisions to executives is perceived as less risky, this slows decision making, wastes executive time, and diffuses accountability.

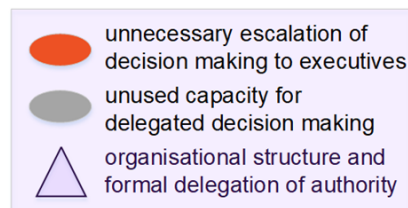
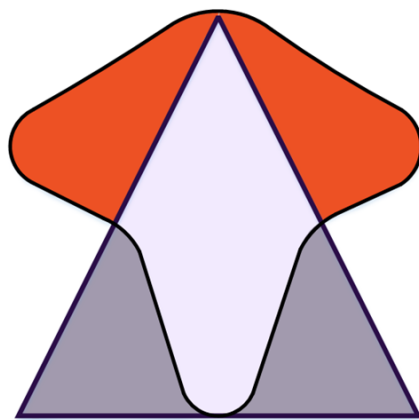
Publicly funded organisations create public value through the many strategic and operational decisions made by many different people in many different roles. These range from low-risk, low-value decisions such as purchasing stationery or choosing where to store photocopier paper, to high-risk, high-value decisions such as multi-million-dollar contracts or choosing where to build a hospital. Delegations empower workers to make decisions based on considerations such as seniority, expertise, and access to information. When used effectively, delegations help to ensure both efficiency and appropriate control of public resources.

Problems arise when people are unwilling to exercise delegated authority, often to avoid perceived risks. Unnecessarily escalating decisions to more senior officers creates unnecessary bureaucracy, slows down decision making, and wastes executive time.

Publicly funded organisations often fail to recognise the substantial costs of pushing routine decision making up the hierarchy. Burdening executives with low-risk, low-value decisions that could legitimately be made by less senior workers diverts executive energy away from higher-value activities and contributes to administrative bottlenecks. Adding more people to the approval process, all of whom handle and consider information to inform the decision, is also costly. Often, these costs exceed the avoided potential cost of a worse decision being made by a more junior worker.

The exercise of authority should be as close as possible to the point of implementation, except under compelling circumstances to do with consistency, efficiency, proximity, or self-interest. This reduces the time and cost of making decisions, and improves decision makers' access to relevant information.

CURRENT STATE → DESIRED STATE



Recognising cultures that avoid exercising delegated authority requires comparing formal delegations with custom and practice. Changing these cultures requires helping workers at all levels to be capable and confident in exercising, and delegating, authority.

Workers who are capable and confident to exercise delegated authority tend to experience greater job satisfaction and engagement. Being empowered to make appropriate choices encourages workers to take greater responsibility for both their own conduct and organisational outcomes. Exercising delegated authority in more junior roles is also an important development activity to prepare for more senior roles, to which higher stakes decisions are delegated.

The right balance between escalation and delegation of decisions will be different for different organisations, functions, and roles, and will change over time. Excessive escalation is slow and inefficient, while excessive delegation is inconsistent and error-prone. Setting, and ensuring that workers exercise, appropriate delegated authority requires clarity, transparency, guidelines, training, and leadership.

Responsible stewardship of public resources is a serious obligation that is shared by everyone working in publicly funded organisations, not just executives. Organisations that discourage workers from exercising delegated authority promote neither better outcomes, nor shared commitment to better stewardship.