

Delegation, span of control and organisational structure: notes

These revision notes cover how businesses organise authority and people, for Cambridge International AS & A Level Business (9609). They cover the main organisational structure content: authority and responsibility, delegation, span of control and levels of hierarchy, the chain of command, line and staff roles, formal and informal organisation, centralisation and decentralisation, types of structure, and layering. In the current syllabus most of this material is **A Level content**, in the Human Resource Management section on organisational structure (topic 7.1). Check the syllabus for your exam year: if you are sitting AS only, you are not normally examined on these sections. Each section has short invented case examples. The document ends with a glossary and a quick-check quiz with answers.

1. Authority, responsibility and accountability

Every organisation has to decide who can make decisions and who is answerable for the results. Three terms are often confused.

Authority: the right to make decisions and to give instructions to others.

Responsibility: the duty to complete a task or make sure it is completed.

Accountability: the obligation to explain and justify the results of decisions to a superior.

Key principle: **authority can be delegated, but final responsibility cannot**. If a manager passes a task to a subordinate and it goes wrong, the manager is still answerable to their own superior. The subordinate is accountable to the manager for the task.

Exam tip: different wording in different textbooks

Textbooks word this principle differently. Some say "authority is delegated but responsibility stays with the manager". Others say "responsibility can be delegated but accountability cannot". Examiners accept either version, as long as you make clear that **the manager remains ultimately answerable for the outcome**.

2. Delegation

Delegation: passing authority to make decisions or complete tasks down the hierarchy from a manager to a subordinate.

Delegation is not the same as simply giving someone a job to do. Real delegation gives the subordinate some freedom to decide *how* the task is done.

Why managers delegate

- A manager cannot do everything personally as a business grows.

- Subordinates may have more specialist knowledge or be closer to the customer.
- It frees senior managers to concentrate on strategic decisions.

Benefits of delegation

To the manager	To the subordinate	To the business
More time for long-term planning and strategy	More interesting, varied work (job enrichment)	Faster decisions made closer to the problem
Less stress and workload	Develops skills and prepares them for promotion	Builds a pool of future managers (succession planning)
Can judge which staff are ready for promotion	Higher motivation through recognition and responsibility (links to Herzberg's motivators and Maslow's esteem needs)	Better use of staff talent; may reduce labour turnover

Risks of delegation

- **Poor decisions:** inexperienced staff may make costly mistakes.
- **Cost of training and monitoring:** staff need training first, and the manager still has to check progress.
- **Overload:** subordinates may be given extra work without extra pay, which can demotivate them.
- **Loss of consistency:** different people may handle similar decisions in different ways.
- **The manager remains answerable:** the manager still carries the blame for mistakes made by the subordinate.

Barriers to delegation

- **Lack of trust:** the manager doubts the subordinate's ability or reliability.
- **Fear of losing control or status:** some managers feel threatened if subordinates perform well.
- **Untrained or inexperienced staff:** delegation to people without the skills leads to mistakes.
- **Time pressure:** explaining a task can seem slower than doing it yourself.
- **Risk of the task:** high-risk or confidential decisions (for example, redundancies or major investment) are usually kept at the top.
- **Autocratic culture or leadership style:** the organisation expects decisions to come from the top.
- **Subordinates' unwillingness:** some workers do not want extra responsibility without extra pay.

Delegation, trust and empowerment

Delegation depends on **trust**: the manager must believe the subordinate will act competently and in the interests of the business. The more trust there is, the more authority is passed down.

Empowerment: giving workers the authority, resources and confidence to make decisions about their own work, often including how the work is organised.

Empowerment goes further than delegation. Delegation passes down particular tasks chosen by the manager. Empowerment gives workers ongoing control over their own working methods, for example a team deciding its own rota or dealing with customer complaints without asking permission. Empowerment is linked to Theory Y and democratic leadership styles.

Case example: Tanvir Yarnworks, Faisalabad (invented)

The owner of a 120-worker weaving mill used to approve every purchase of yarn himself. Orders were delayed by two or three days while he travelled. He delegated authority for yarn purchases up to PKR 500,000 to his production manager, who had worked at the mill for eleven years. Delays fell, and the owner spent his time finding new export customers. The owner still keeps final responsibility for the purchasing decisions and their effect on the mill's costs and cash flow if the policy fails.

3. Span of control and levels of hierarchy

Span of control: the number of subordinates who report directly to one manager.

Levels of hierarchy: the number of layers of authority in an organisation, from the top decision-maker to the lowest-level workers.

For a given number of workers, span of control and levels of hierarchy are inversely related: the wider the span, the fewer levels are needed.

Feature	Narrow span of control	Wide span of control
Structure produced	Tall structure (many levels)	Flat structure (few levels)
Supervision	Close supervision and control	Less supervision; more delegation needed
Communication	Good within a team, but slow and distorted vertically because messages pass through many levels	Faster vertical communication; manager may struggle to talk to every subordinate
Cost	More managers, so higher salary costs	Fewer managers, so lower costs
Promotion	Many small promotion steps	Fewer promotion opportunities
Motivation	Workers may feel over-controlled	Workers gain responsibility, if they are able to handle it

Factors affecting the appropriate span of control

- **Skill and experience of subordinates:** capable staff need less supervision, so the span can be wider.
- **Skill and time of the manager:** a manager with many other duties can only handle a narrow span.
- **Nature of the task:** routine, similar tasks (for example, call-centre work) allow wide spans; complex, varied or high-risk work (for example, surgery or research) needs narrower spans.

- **Leadership style:** democratic or laissez-faire managers can cope with wider spans than autocratic managers who check everything.
- **Communication technology:** good IT systems make wider spans possible.
- **Geographical spread:** staff spread over many sites are harder to supervise directly.
- **Organisational culture and cost pressures:** businesses cutting costs tend to widen spans.

Worked example 1: span of control and levels

Saffron Kettle Tea Stalls (invented), a chain of tea stalls in Karachi, has 256 counter staff. Compare the structure needed if every manager has a span of control of 4 with the structure needed if every manager has a span of 16.

Span of 4 (work upwards, dividing by 4 each time):

- $256 \text{ counter staff} \div 4 = 64 \text{ supervisors}$
- $64 \text{ supervisors} \div 4 = 16 \text{ area managers}$
- $16 \text{ area managers} \div 4 = 4 \text{ regional managers}$
- $4 \text{ regional managers} \div 4 = 1 \text{ managing director}$

Levels of hierarchy = 4 management levels + 1 level of workers = **5 levels**.

Number of managers = $64 + 16 + 4 + 1 = 85$. Total staff = $256 + 85 = 341$.

Span of 16:

- $256 \text{ counter staff} \div 16 = 16 \text{ supervisors}$
- $16 \text{ supervisors} \div 16 = 1 \text{ managing director}$

Levels of hierarchy = 2 management levels + 1 level of workers = **3 levels**.

Number of managers = $16 + 1 = 17$. Total staff = $256 + 17 = 273$.

Conclusion: widening the span from 4 to 16 reduces the number of levels from 5 to 3 (two fewer levels) and cuts the number of managers by $85 - 17 = 68$. Salary costs fall and messages reach workers faster, but each supervisor must now oversee 16 people, which only works if the workers are trained and the tasks are routine.

Exam tip: counting levels of hierarchy

Levels of hierarchy include the bottom level of workers, as well as every management level. Always show the division at each level and state your count clearly (for example, "4 management levels + 1 worker level = 5 levels"). Then the examiner can award method marks even if the question expects a different convention. Count "managers" as everyone above the bottom level, including supervisors and the person at the top.

4. Chain of command

Chain of command: the line of authority through which instructions pass down, and information passes up, an organisation.

In a tall structure the chain of command is long. Each extra link slows decisions, increases the risk that

messages are distorted, and makes senior managers feel remote. In a flat structure the chain is short, so the top of the business stays closer to customers and front-line staff. A clear chain of command means every employee knows who their line manager is and who they are accountable to.

5. Line and staff roles

Line manager: a manager who has direct authority over subordinates in the chain of command and is responsible for their work and for the main activities of the business.

Staff role (staff management): a specialist role that gives advice and support to line managers (for example, human resources, legal, IT or health and safety) but has no direct authority over line departments.

For example, a factory production manager is a line manager: they instruct the supervisors and workers below them. The company's HR specialist is in a staff role: they advise the production manager on recruitment and employment law, but cannot order production workers to do anything.

- **Advantages of staff roles:** line managers get expert advice they could not provide themselves; line managers are freed to concentrate on running their departments; decisions are better informed and legal risks are reduced.
- **Disadvantages of staff roles:** conflict can arise if line managers feel specialists interfere or do not understand practical problems; staff advice may be ignored; specialists add overhead costs; staff specialists are not accountable for the results of their advice.

6. Formal and informal organisation

Formal organisation: the official structure of roles, authority and reporting lines shown on the organisation chart.

Informal organisation: the unofficial network of relationships, friendships, groups and communication (the "grapevine") that develops between employees and does not appear on the organisation chart.

- **Advantages of the informal organisation:** information can spread quickly; social support improves morale and a sense of belonging; staff may solve problems between departments informally, without waiting for the formal chain of command.
- **Disadvantages of the informal organisation:** rumours and inaccurate information can spread; informal groups may develop norms that conflict with management's aims (for example, keeping output low); influential informal leaders may resist change.

Good managers do not ignore the informal organisation. They can use it, for example by involving respected informal leaders when introducing change.

7. Centralisation and decentralisation

Centralisation: keeping most important decision-making authority at the top of the organisation or at head office.

Decentralisation: passing decision-making authority down the hierarchy or out to branches, divisions or regions.

Aspect	Centralisation	Decentralisation
Advantages	Consistent policies and brand image across all branches; tight financial control; decisions made by experienced senior managers; possible savings from bulk buying by head office	Faster local decisions; managers use local knowledge (tastes, prices, language, culture); motivates branch staff; frees senior managers for strategy; trains future leaders
Disadvantages	Slow response to local conditions; demotivating for local managers; head office can become overloaded	Loss of consistency; branches may pursue their own goals rather than the business's objectives; some duplication of functions; harder to coordinate

Most businesses mix the two: for example, finance and brand decisions are kept centrally, while hiring junior staff and local sales promotions are decentralised. Decentralisation is related to delegation, but delegation is about individual tasks passed to a subordinate, while decentralisation describes where decision-making power sits across the whole organisation.

Case example: Hamsafar Mart (invented)

A supermarket chain with 30 stores in Punjab and Sindh set all prices from Lahore. Stores in Hyderabad could not react when a rival cut prices on cooking oil during Ramadan. The chain decentralised pricing of 200 local items to store managers while keeping supplier contracts and branding at head office. This balances local responsiveness with central control of costs and image.

8. Types of organisational structure

Organisational structure: the formal way in which roles, authority and communication are arranged within a business.

An organisation chart shows this structure: boxes for job roles and lines showing who reports to whom.

Hierarchical structure

A hierarchical structure arranges roles in layers, with authority passing down from the top through each level (a pyramid shape on the organisation chart). It can be **tall** (many levels, narrow spans) or **flat** (few levels, wide spans); see Section 3. Most of the structures below are hierarchical, but they group staff in different ways.

- **Advantages:** clear lines of authority and accountability; everyone knows who their line manager is; clear promotion routes.
- **Disadvantages:** communication can be slow, especially in tall structures; can be rigid and slow to respond to change; staff at the bottom may feel remote from decision-makers.

Functional structure

Staff are grouped by department or function: marketing, operations, finance, human resources. Each function has its own director reporting to the chief executive.

- **Advantages:** specialists work together and share expertise; clear career paths within a function; avoids duplication of specialists.
- **Disadvantages:** departments may compete rather than cooperate (a "silo" mentality); coordination across functions is slow; nobody below the chief executive takes an overview of one product or customer.

Product-based structure

The business is divided into divisions by product or brand, each with its own marketing, operations and finance staff. For example, an invented Pakistani food group might have separate divisions for dairy, biscuits and juices.

- **Advantages:** each division focuses on its own market and can respond quickly; divisions can be judged as profit centres; clear accountability for performance.
- **Disadvantages:** duplication of functions raises costs; divisions may compete for resources; specialists are spread thinly and share less knowledge.

Geographical (regional) structure

The business is divided by area, for example Pakistan, Middle East and Europe, or North and South regions. Each region manages its own operations.

- **Advantages:** local knowledge of customers, laws, languages and culture; decisions made close to the market; suits multinationals.
- **Disadvantages:** duplication of functions in every region; regions may drift from global brand standards; head office can lose control.

Matrix structure

Staff are organised by function *and* by project at the same time. A worker reports to a functional manager (for example, the head of engineering) and to a project manager. Picture it as a grid: functions run across the top as columns, projects run down the side as rows, and each worker sits where a column meets a row.

Project	Engineering	Marketing	Finance
Project A: new mobile app	2 software engineers	1 digital marketer	1 accountant
Project B: payment system	3 software engineers	1 brand manager	1 accountant

- **Advantages:** brings together different specialists on one project; flexible use of staff; encourages communication across departments; suits innovative, project-based firms.
- **Disadvantages:** two bosses can give conflicting instructions (breaks the principle of one line manager); confusion over authority and accountability; higher administrative costs; potential stress for staff.

Case example: Kestrel Byteworks (invented)

A software house in Islamabad with clients in Pakistan and the UK moved from a functional structure to a matrix. Each client project now has a project manager who draws on designers, developers and testers from their functional departments. Projects are delivered faster, but developers complain that their project manager wants overtime while their department head wants them on training courses. The firm has had to set clear rules on which manager has the final say over workloads.

9. Delayering

Delayering: removing one or more levels of hierarchy from an organisational structure, usually middle-management levels.

Delayering makes the structure flatter and widens the span of control of the remaining managers.

- **Benefits:** lower salary costs; shorter chain of command and faster communication; more delegation and empowerment for those who remain; senior managers closer to customers.
- **Drawbacks:** one-off redundancy costs; loss of experienced managers and their knowledge; remaining managers may be overloaded; fewer promotion opportunities; job insecurity may lower morale.

Worked example 2: financial effect of delayering

Swiftpath Couriers (invented) removes its layer of 9 regional managers. Each earns PKR 3.6 million a year. Each receives a one-off redundancy payment of PKR 1.8 million. The 40 branch managers, who now report directly to head office, each receive an extra allowance of PKR 0.3 million a year. Calculate the net annual saving, the net effect in the first year, and how long it takes to recover the redundancy cost.

Step 1: salary saving = $9 \times \text{PKR } 3.6\text{m} = \text{PKR } 32.4\text{m}$ per year

Step 2: extra allowance cost = $40 \times \text{PKR } 0.3\text{m} = \text{PKR } 12.0\text{m}$ per year

Step 3: net annual saving = $32.4 - 12.0 = \text{PKR } 20.4\text{m}$ per year

Step 4: one-off redundancy cost = $9 \times \text{PKR } 1.8\text{m} = \text{PKR } 16.2\text{m}$

Step 5: net effect in year 1 = $20.4 - 16.2 = \text{PKR } 4.2\text{m}$ saving

Step 6: time to recover redundancy cost = $16.2 \div 20.4 = 0.794$ years; $0.794 \times 12 = 9.5$ months, so about **9½ months**.

Comment: the figures support delayering, but they ignore non-financial effects. If all 40 branch managers report to one head-office manager, that manager's span of control becomes 40, which may be too wide to supervise effectively. The loss of experienced regional managers could also harm service quality.

Key terms

Term	Definition
Authority	The right to make decisions and give instructions.

Responsibility	The duty to complete a task or ensure it is completed.
Accountability	Having to explain and justify results to a superior.
Delegation	Passing authority for decisions or tasks down to a subordinate.
Empowerment	Giving workers the authority, resources and confidence to decide how to do their own work.
Span of control	The number of subordinates reporting directly to one manager.
Levels of hierarchy	The number of layers of authority in an organisation, including the bottom level of workers.
Chain of command	The line of authority through which instructions and information pass.
Line manager	A manager with direct authority over subordinates in the chain of command.
Staff role	A specialist advisory or support role with no direct authority over line departments.
Informal organisation	The unofficial network of relationships and communication between employees.
Hierarchical structure	A structure in which roles are arranged in layers, with authority passing down from the top.
Tall structure	Many levels of hierarchy with narrow spans of control.
Flat structure	Few levels of hierarchy with wide spans of control.
Centralisation	Keeping key decision-making at the top or at head office.
Decentralisation	Passing decision-making power down the hierarchy or out to branches.
Matrix structure	A structure in which staff report to both a functional manager and a project manager.
Delaying	Removing one or more levels of hierarchy.

Quick check

Mark allocations are for practice and self-marking. They are not copied from a particular Cambridge paper, whose formats vary between papers and syllabus years.

1. Define the term "span of control". [2]
2. Define the term "decentralisation". [2]
3. State two barriers to delegation. [2]
4. Identify two features of a tall organisational structure. [2]
5. Explain the difference between authority and responsibility. [3]
6. Explain one difference between delegation and empowerment. [3]
7. Explain one effect of a long chain of command on communication. [3]
8. Explain one disadvantage of delaying for the remaining managers. [3]
9. A business has 125 production workers. Every manager has a span of control of 5. Calculate the number of managers needed and the total number of levels of hierarchy. [3]
10. A firm removes a management layer of 6 managers, each paid PKR 2.5 million a year.

Redundancy costs are PKR 1.25 million per manager. Calculate the net saving in the first year. [3]

11. Explain one advantage and one disadvantage of a matrix structure. [4]
12. Explain two benefits of delegation to a subordinate. [4]
13. Analyse one advantage of a product-based structure for a food group making dairy products, biscuits and juices. [4]
14. Analyse two factors that might allow a clothing retailer to use a wide span of control for its shop-floor staff. [6]
15. Analyse why a multinational food company might choose a geographical structure. [6]
16. Evaluate whether a Pakistani chain of private schools should decentralise decision-making to its individual campuses. [12]

1. The number of subordinates [1] who report directly to one manager [1].
2. Passing decision-making authority [1] down the hierarchy or out to branches, divisions or regions [1].
3. Any two: lack of trust in subordinates; manager's fear of losing control; subordinates lack skills or training; time pressure; high-risk or confidential task; autocratic culture; subordinates unwilling to take responsibility. [1 each]
4. Any two: many levels of hierarchy; narrow spans of control; long chain of command; many managers; slow vertical communication. [1 each]
5. Authority is the right to make decisions and give instructions [1]. Responsibility is the duty to make sure a task is completed [1]. Authority can be delegated to a subordinate, but the manager keeps final responsibility for the outcome [1]. (Also accept: the manager remains ultimately accountable or answerable for the outcome.)
6. Delegation passes down particular tasks or decisions chosen by the manager [1]. Empowerment gives workers ongoing control over how they do their own work [1]. So an empowered worker can, for example, solve a customer's complaint without asking permission each time, while delegated authority covers only the task the manager has handed over and can be taken back [1].
7. A long chain of command means messages pass through many levels [1]. At each level the message may be delayed, filtered or misunderstood [1]. So instructions reach workers slowly or distorted, and feedback from customers takes a long time to reach senior managers, slowing decisions [1].
8. Remaining managers have a wider span of control, with more subordinates reporting to them [1]. Their workload rises and they have less time to support each subordinate [1]. This may cause stress and poorer-quality supervision, or mistakes if they cannot keep up [1]. (Also accept: fewer promotion opportunities, explained, or job insecurity lowering morale, explained.)
9. Method: dividing by 5 at each level ($125 \div 5 = 25$ supervisors; $25 \div 5 = 5$ managers; $5 \div 5 = 1$ director) [1]. Managers = $25 + 5 + 1 = 31$ [1]. Levels = 3 management levels + 1 worker level = **4 levels** [1].
10. Salary saving = $6 \times 2.5 = \text{PKR } 15\text{m}$ [1]. Redundancy cost = $6 \times 1.25 = \text{PKR } 7.5\text{m}$ [1]. Net first-year saving = $15 - 7.5 = \text{PKR } 7.5\text{m}$ [1].

11. Advantage: specialists from different functions work together on one project [1], so ideas are shared and projects are completed faster and more creatively [1]. **Disadvantage:** staff have two managers [1], who may give conflicting instructions, causing confusion and stress [1].

12. Each division focuses on its own market [1]. For example, the juice division can react quickly to hot-weather demand or new flavour trends without waiting for the dairy or biscuit managers [1]. Because the division has its own marketing and operations staff, decisions are faster and better suited to juice customers [1], so sales may rise, and the division can be judged as a profit centre, making its managers accountable for performance [1].

13. Possible factors: tasks are routine and similar (restocking, serving customers, using tills), so staff need little supervision and one manager can oversee many; staff are trained with clear procedures, so they can make simple decisions themselves; EPOS and scheduling software lets one manager monitor sales and rotas for a large team. Each factor needs a chain of reasoning to its effect on supervision and cost, applied to a clothing retailer. [2 × (1 knowledge + 1 application + 1 analysis)]

14. Points to analyse: tastes differ between countries (spice levels, halal requirements, portion sizes), so regional managers can adapt products; food laws and labelling rules vary, so local specialists reduce legal risk; regional managers are nearer suppliers and distributors, so decisions are faster; regions can be judged as profit centres. A strong answer links each point to higher sales or lower risk and notes the cost of duplicated functions. [2 × (1 knowledge + 1 application + 1 analysis)]

15. For decentralisation: campus heads know local parents, fee levels and competition; faster decisions on timetables, events and discipline; motivates principals and teachers; head office can focus on curriculum strategy and expansion. Against: risk of inconsistent teaching quality and exam results, damaging the brand; parents may expect the same standards at every campus; campus heads may lack financial skills; duplication of admin costs. Judgement: a mixed approach is likely best, keeping curriculum, fees policy, branding and teacher standards central while delegating day-to-day operations and local marketing, depending on how experienced and trusted the campus heads are.

Self-marking guide for Q15 (not an official mark scheme): Knowledge [2]: correct understanding of decentralisation and its effects. Application [2]: points clearly linked to a school chain in Pakistan (parents, fees, campuses, exam results). Analysis [4]: developed chains of reasoning showing cause and effect, on both sides. Evaluation [4]: a supported judgement that answers the question and states what it depends on.

Model paragraph (analysis followed by a conditional judgement): Decentralising fee decisions could help campuses in smaller towns compete. A campus head in Sahiwal knows that local parents cannot pay the fees charged in wealthier parts of Lahore. If the head can offer lower fees or sibling discounts, enrolment may rise. Because most of a school's costs are fixed (buildings and teacher salaries), extra pupils add revenue with little extra cost, so the campus's profit could rise. However, a campus head without financial training may cut fees below the level needed to pay good teachers, lowering teaching quality and damaging the chain's reputation at every campus. So decentralising fees is sensible only if head office sets a minimum fee and trains campus heads in budgeting. Without these controls, fees should stay central.

All businesses named in these notes are invented for teaching purposes.