

A study of the institutional and contextual tensions influencing a CEO's willingness, or reluctance, to delegate critical tasks and responsibilities

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The practical problem

Effective delegation is widely regarded as a fundamental capability of successful executive leadership. Delegation enables organisational scalability, supports leadership development, improves agility and allows senior leaders to focus on strategic priorities. Despite these recognised benefits, many Chief Executive Officers continue to retain decision-making authority and operational responsibilities that could reasonably be delegated.

Traditional explanations suggest CEOs resist delegation because they fear losing control, distrust subordinates, perceive elevated risks, or hold strong preferences for direct involvement. While these explanations have intuitive appeal, they raise a deeper question. Why do capable and experienced executives continue to experience fear, distrust and concerns about control even when they understand the value of delegation?

This question is increasingly important in contemporary organisations characterised by complexity, rapid change, expanding stakeholder expectations and heightened governance scrutiny. CEOs operate within environments where expectations regarding organisational purpose, leadership accountability and social responsibility are continually evolving. The resulting pressures raise concerns not only for executive effectiveness but also for organisational resilience, succession planning and long-term performance.

This research investigates CEO reluctance to delegate through an institutional theory lens and proposes that reluctance to delegate is often not primarily an individual failing. Instead, it is a systemic response to increasingly complex institutional environments that place significant cognitive demands on organisational leaders.

Research purpose

The study sought to answer the following question: *"What institutional and contextual tensions influence a CEO's willingness, or reluctance, to delegate critical tasks and responsibilities?"*

The research was motivated by an apparent gap between the realities experienced by practising CEOs and the assumptions embedded within existing institutional explanations of executive behaviour. While both Original Institutional Theory and New Institutional Theory provide valuable insights into organisational behaviour, they often rely on broad sociological assumptions concerning institutions, structure and agency that may not adequately explain executive decision-making within contemporary organisations.

The study therefore adopted a meta-institutional perspective to critically examine and refine these concepts within a practical organisational context. Particular attention was given to how institutions, structures and agency influence executive decision-making and shape a CEO's capacity to delegate.

Research approach

The empirical component of the study involved qualitative research with twenty CEOs from organisations operating across diverse industries, ownership structures and organisational sizes within New Zealand's mainstream economy. Semi-structured interviews explored participants' experiences of delegation, leadership accountability, governance expectations and organisational complexity.

Data were analysed using reflexive thematic analysis supported by inductive and abductive sensemaking approaches. The methodology enabled close examination of how executives experience, interpret and respond to institutional pressures within their day-to-day leadership roles.

Alongside the empirical inquiry, the research critically examined institutional theory concepts to better explain the relationship between institutional environments, executive cognition and delegation behaviour.

Key findings

Delegation reluctance is often an outcome rather than a cause

A central finding of the study is that commonly cited explanations for delegation reluctance, including fear, distrust, risk aversion and loss of control concerns, are more appropriately understood as outcomes of deeper institutional and cognitive processes rather than primary causes.

The research identifies excessive cognitive load as a critical antecedent of delegation reluctance. CEOs frequently described operating within environments characterised by competing priorities, conflicting stakeholder expectations, ambiguous accountability arrangements and increasing pressure to reconcile diverse understandings of organisational success. Under such conditions, executive cognitive resources become stretched.

Effective delegation requires considerable cognitive effort. CEOs must first clarify their own objectives, expectations and standards of performance before communicating these clearly to others. The research characterises this process as a *cognitive translation burden* involving both sensemaking and sense giving. Where cognitive capacity is already depleted, delegation itself can be perceived as an additional cognitive demand rather than a means of reducing workload. In such circumstances, retaining direct control may appear to be the quickest and most reliable option.

CEOs operate within conditions of ontological flux

The study introduces the concept of *ontological flux* to describe a condition in which leaders must continuously navigate competing understandings of what organisations are, what they exist to achieve and what responsibilities they owe to society.

Contemporary CEOs frequently encounter tensions between traditional mechanistic conceptions of management and more recent understandings of organisations as complex, adaptive and socially embedded systems. They are expected simultaneously to maintain control, ensure accountability, encourage innovation, empower employees, deliver shareholder returns and respond to expanding societal expectations.

These often conflicting demands create persistent uncertainty regarding appropriate leadership behaviour. The resulting cognitive burden contributes significantly to delegation reluctance and broader challenges in executive decision-making.

Governance can either alleviate or amplify cognitive load

The study found that governance arrangements play an important role in shaping executive capacity. CEOs reported that cognitive burden increases where boards themselves lack a coherent and aligned understanding of organisational purpose, accountability or strategic direction.

Misalignment between board and executive expectations creates additional demands for interpretation, justification and negotiation. Rather than supporting delegation and distributed decision-making, poorly aligned governance systems can reinforce centralised control and reduce the executive capacity available for strategic leadership.

Delegation reflects a broader shift in management paradigms

The research suggests contemporary organisations are experiencing a transition between two competing management paradigms.

The first reflects traditional assumptions about activity management, where leaders maintain control through direct oversight of tasks and processes. The second reflects actor management, where leaders create conditions that allow capable individuals to exercise agency while remaining aligned with organisational objectives.

As organisations become more complex and knowledge-intensive, successful performance increasingly depends on distributed agency rather than centralised control. Delegation therefore becomes not merely a leadership technique but a necessary organisational capability. CEOs who struggle to delegate often find themselves attempting to solve modern organisational challenges using assumptions and management approaches developed for more stable and predictable environments.

Contributions to theory

The study makes several theoretical contributions.

First, it identifies cognitive load as a key mechanism linking institutional complexity to executive behaviour. This provides a more comprehensive explanation of delegation reluctance than models focused solely on personality, trust or risk perception.

Second, the research refines institutional theory concepts by developing organisationally relevant understandings of institutions, structure and agency. Agency is conceptualised as existing in both latent and applied forms, recognising that opportunities for action may exist even when cognitive conditions prevent executives from recognising or effectively exercising them.

Third, the research defines structure as an intra-subjective, situationally activated and interlocking pattern of institutional meanings and expectations that shapes individual choice at the moment of action. This clarification helps distinguish structure from institutions while illustrating their dynamic relationship with agency.

Finally, the concepts of *ontological flux* and *interpretive anchors* are introduced. Interpretive anchors refer to consciously developed personal ontological positions regarding organisational purpose, leadership responsibility and the role of business in society. These anchors appear to help CEOs maintain decision-making stability amidst ambiguity and institutional change.

Implications for practice

The findings have significant implications for CEOs, boards and leadership development practitioners.

For CEOs: Executives should recognise that recurring difficulties with delegation may not arise simply from personal shortcomings. Delegation challenges can be symptomatic of broader cognitive and institutional pressures that consume executive attention and decision-making capacity.

Developing personal *interpretive anchors* regarding organisational purpose, leadership responsibility and stakeholder obligations may help reduce ambiguity and improve decision consistency. These interpretive anchors can reduce the cognitive effort required to evaluate competing demands and support more confident delegation decisions.

For boards: Boards play an important role in either reducing or exacerbating executive cognitive load. Effective governance requires more than oversight; it also requires clarity regarding organisational purpose, strategic intent and expectations of executive leadership.

Boards should actively examine whether accountability systems, reporting requirements and governance practices unintentionally constrain delegation and reinforce executive overload. Shared board-executive understanding appears particularly important for supporting distributed leadership and reducing unnecessary cognitive burden.

For organisations: The research highlights the value of deliberately developing shared cognitive frameworks across leadership teams. Alignment around values, strategic priorities and organisational purpose reduces ambiguity and lowers the perceived risk associated with delegation. Such alignment can facilitate distributed decision-making, improve organisational agility and strengthen adaptive capacity.

Leaders should also focus on creating systems that support actor management rather than relying exclusively on activity management. In increasingly complex environments, organisational success depends less on direct control and more on enabling capable individuals to exercise appropriately aligned agency.

Conclusion

This research challenges the prevailing view that CEO reluctance to delegate is primarily a behavioural or personality-based problem. Instead, it reveals delegation reluctance as a systemic phenomenon arising from cognitive overload, institutional complexity and unresolved tensions concerning organisational purpose, accountability and control.

By identifying the relationships between cognitive load, institutional pressures and executive decision-making, the study provides a more nuanced explanation of why capable CEOs struggle to delegate. It also offers practical guidance for boards, executives and organisations seeking to build more adaptive, resilient and sustainable leadership systems.

Ultimately, the findings suggest that improving delegation is not simply about encouraging CEOs to let go. It requires creating organisational and governance conditions that reduce cognitive burden, strengthen shared understanding and enable leaders to exercise agency effectively within increasingly complex institutional environments.