

Why companies struggle to build flat hierarchies

Submitted by: BlueSky Public Relations Ltd

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While innovative companies are working hard to create flat hierarchies in order to facilitate knowledge exchange and creativity, research from ESMT Berlin (<https://www.esmt.org/>) has revealed why so many are failing.

The possible explanation for this otherwise perplexing finding? Dodging hierarchies is so hard because hierarchy is, in a sense, hardwired in our minds.

According to Professor Gianluca Carnabuci, we interpret the social world around us – including who is a leader and who is not – using implicit assumptions of which we are largely unaware. These are known as cognitive schemas and are deep-seated in our minds. One such schema, going under the name of linear-ordering, makes us see leaders and followers even in groups that are designed to be hierarchy-free.

“Like in a self-fulfilling prophecy. When it comes to leadership, people assume hierarchy even when there is none and, given enough time, this causes hierarchies to emerge and solidify,” says Carnabuci.

The study, published in *Organization Science*, is one of the first to examine how hierarchies emerge and solidify over time in groups that are designed to be hierarchy-free. Using a combination of network-analytic and experimental methods, it analysed observational data from several naturally occurring groups as well as groups studied in the lab.

As in a self-fulfilling prophecy, the evidence shows that hierarchies emerge in these groups because people hold implicit expectations of hierarchy when they make sense of the social world around them.

By providing an explanation for why hierarchies are so hard to eradicate, the study suggests that leadership models that do away with hierarchy altogether may be hard to realize:

“The idea is very appealing and, under certain conditions, it may certainly have positive effects on employees’ satisfaction and performance. However, our results suggest that most people experience non-hierarchical leadership structures as inherently inconsistent.

“Online retailer Zappos provides a good example. In an attempt to foster creativity, engagement and collaboration, the company took bold steps towards eliminating hierarchy. Contrary to management’s expectations, however, these moves created a great deal of dismay and led huge numbers of employees to leave the company. This reaction is not surprising in light of our findings: Since hierarchy is deeply engrained in people’s cognitive representation of leadership, employees are likely to experience hierarchy-free organizations as thoroughly destabilizing.”

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For more information, to speak to Professor Carnabuci or for a copy of the research paper, contact Stephanie Mullins at smullins@bluesky-pr.com or call +44 (0) 1582 790 706