The Truth About Hierarchy

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BY BRET SANNER AND J. STUART BUNDIERSON

EXPERTS, ACADEMICS, AND experienced innovators frequently espouse the virtues of eliminating hierarchies to make sure every idea is heard and to unlock innovation. As intuitively appealing as this view is, it does not stand up to scrutiny. In fact, a growing body of research, including studies by one of this article’s authors, shows that the right hierarchy can help teams become better innovators and learners. We have also seen what happens when teams insist upon being flat. They often become unfocused, tumultuous, and inefficient because their pursuit of perfect equality prevents the more expert team members from resolving conflicts and playing leadership roles in group learning and innovation.

Debunking the Myths

Research on social species ranging from ants to zebras shows that hierarchies are important for group functioning. When a group has a chain of command, disagreements can be more easily resolved so that the group can take coordinated action. Coordinated action improves the odds of survival. Human beings also have a tendency to think and act hierarchically. In fact, hierarchies — distinct differences in group members’ power and status — can be found in virtually every human group, from children on the playground to executives in the boardroom. Depending on the circumstances, hierarchies can be formally designated or emerge naturally. And while the idea of hierarchies may go against democratic instincts and beliefs, they can and do play useful roles.

IDEO, the product design and consulting firm, offers a useful example. In 1999, ABC News’ “Nightline” chronicled the efforts of an interdisciplinary IDEO team to redesign the supermarket shopping cart. Since airing, the video has become a classic example of how innovation works. Initially, IDEO founder David Kelley expresses strongly negative views about hierarchy, saying, “In a very innovative culture, you can’t have a kind of hierarchy.” But as the story unfolds, a small group of senior IDEO people step in to direct how the product development team allocates its time. When asked why the intervention was necessary, one
senior person explains that the process of finding creative solutions sometimes needs to be “very autocratic for a very short period.”

In reviewing the empirical research on the role of hierarchies in learning and the innovation that results from learning, and through our own studies, we have found that a properly deployed hierarchy is an essential ingredient for helping a team engage in and get the most out of its efforts to learn and innovate.6 (See “About the Research.”)

The Role of Hierarchy
Hierarchies help teams of people innovate much the same way they help animals survive in the wild — they keep teams moving in the same direction even when strong disagreements threaten to keep the teams from progressing or even tear them apart. Specifically, we found that hierarchies help teams generate, identify, and select new ideas by performing three critical functions (and then getting out of the way): bounding solutions, converging ideas, and structuring processes.

Bounding Solutions During idea generation, hierarchies set the parameters and goals of innovation. A paradox of creativity is that people are more innovative when they have clear constraints (such as time, budget, customer requirements, etc.) within which their solutions must fit.7 But teams aren’t very good at establishing constraints on their own. Team members with influence can accelerate the learning process by clearly setting the bounds for innovation and then giving the team wide latitude to explore within those bounds.

Converging Ideas In the early stages of innovation, teams come up with a large assortment of ideas and possibilities. Ultimately, however, some ideas are more promising than others, in part because they better line up with the company’s capabilities and resources.8 Hierarchies can assist here by helping teams decide which ideas have promise and should be pursued, which ideas should be put on the back burner, and which ideas go on the waste pile. As IDEO’s Kelley noted, innovation in its early phases is “a messy process.”9 To transition from generating to refining and implementing ideas, teams need to develop mechanisms for deciding which ideas to hone in on. This can be easier said than done — different team members may be emotionally attached to different ideas. By helping teams converge on a direction, hierarchies keep teams from getting lost in aimless exploration.

Structuring Processes Finally, effectively going through the learning process requires members to use their specialized knowledge to propose potentially wild ideas and challenge potentially sacred beliefs. These behaviors are interpersonally risky in that they open up members to ridicule and social sanctions. As a result, teams must have norms and processes in place that lower those risks so that team members are able to engage in the learning process.10

Hierarchies can actually help here, too, by creating ground rules that enable and encourage members to speak up. Research has shown that brainstorming groups struggle without a hierarchy to provide structure to what can be a haphazard process.11 To that point, one of us surveyed and interviewed teams at a Fortune 100 high-tech company and demonstrated that teams with clear hierarchies did a better job of creating an environment and establishing norms that encouraged each member to speak up and share what they know.12 In short, clarity about who is in charge and how each member contributes can help everyone on a team feel like they could — and should — engage in the learning process, and it can give them a structured way to do so.
When those with more power in a group aren’t needed to help with bounding, converging, or structuring, they need to get out of the way so that the team can do what teams do best — share, discuss, and integrate diverse perspectives and knowledge to come up with new ways of solving problems. In other words, the best hierarchies are invisible most of the time, operating in the background and only coming out of the shadows when power differences are needed to keep things moving along. Even well-meaning hierarchies become problematic when people at the top are too heavy-handed and interfere when their interference isn’t needed.

Making Hierarchies Work

People are suspicious of hierarchies for a reason — they sometimes stifle good ideas and the learning process that leads to good ideas. For example, dysfunctional hierarchies have been blamed for long periods of stagnation that companies such as General Motors Co. experienced.13

So, how can organizations foster learning and innovation? Here are three things leaders can do to leverage the power of hierarchy on teams yet avoid its pitfalls.

Have a clear chain of command. With other researchers, one of us recently surveyed teams at more than 50 organizations in order to understand how the shape of a team’s hierarchy affects conflicts and performance.14 The study found that hierarchies work best when there is no confusion about who defers to whom. Teams with a clear chain of command (clarity and agreement about who defers to whom) were less likely to get bogged down in conflicts and stalemates than teams where influence was more cyclical. Indeed, a study of 62 pharmaceutical research and development teams found that teams with a clear hierarchy were more involved in the learning process that is central to innovating.15

Create a performance-based culture. A clear chain of command means that some team members will defer to others who are “higher up” in terms of status or respect. Many of us know what it is like to be in a situation where incompetent people are running the show. So, how can teams improve the chance that members with the most relevant knowledge are higher up in the hierarchy? The key is getting teams to identify the members who possess real knowledge. This is often easier said than done, in part because we tend to have implicit biases about the characteristics or backgrounds that signal expertise. For example, a study at a high-technology Fortune 100 company found that, not surprisingly, teams perform better when their more expert members rank higher in the team’s hierarchy. That study also found, however, that teams often pay attention to the wrong things as they sort out who will have more or less influence — things like gender or ethnicity rather than training, expertise, and experience.16 Because these biases operate below our conscious awareness, they are difficult to correct unless more accurate expertise signals are emphasized.

One way to counter the biases is to create a performance-based culture, where performance is measured, publicized, and celebrated. Studies suggest that when people have opportunities to demonstrate what they can do, experts tend to rise to the top.17 Moreover, when credible evidence shows that less vocal members are better qualified to make informed decisions, groups will limit the influence of bombastic pseudo-experts.18 In other words, groups listen to experts when they can identify who the experts are. Group hierarchies in performance-based cultures are more likely to be based on expertise and less likely to be based on physical characteristics.

Use team feedback. Another way to improve the way hierarchies function is to encourage those at the top to act in ways that support the group rather than acting in their own best interest. How do you make sure this happens? One of the authors worked with a group of researchers from the Netherlands to examine this question in 46 teams from a wide

ABOUT THE RESEARCH

Our research was motivated by what we saw as a disconnect between the rhetoric and the reality in management theory and practice concerning hierarchy. The view that hierarchies are the enemy of new ideas seemed misguided in light of past research suggesting that hierarchies are unavoidable in groups and that they actually serve important functions. We decided to take a closer look at hierarchy and its implications for learning and innovation within groups. The article summarizes findings from four of J. Stuart Bunderson’s studies examining teams in a variety of organizations and industries. It was also informed by some of our other research and additional research and findings from other scholars doing work in this area. Our goal was to provide an overview so that managers and consultants can question popular negative assumptions about hierarchies.
range of industries including banking, medicine, software development, and management consulting.¹⁹ The study found that, contrary to what previous research had shown, power differences within teams did not necessarily hurt team learning. In fact, hierarchies promoted learning and performance when goals and feedback were group-oriented, but they stifled learning and performance when goals and feedback were individually oriented.

Group goals and feedback encourage higher-ups to use their advantaged position to encourage members to collaborate through information sharing, experimentation, and reflection. Individual goals and feedback keep people focused on their own tasks and outcomes.

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