

Are middle managers in or out?

IESE Profs. Anneloes Raes and Mireia Las Heras consider the pros and cons of non-hierarchical companies.



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More and more companies are getting rid of middle managers and opting for non-hierarchical or “flat” structures. This doesn’t always mean getting rid of the big boss, but it does mean more autonomy and freedom for employees, without a leader telling them what to do. As a result, traditional middle managers, long seen as the backbone of companies, have come

under scrutiny, with [layoffs at major corporations](#) like Amazon and eBay.

Some believe this new trend of “going flat” is not necessarily a good thing. They argue that middle managers *are* needed, especially for the strategic role they play in ensuring effective communication between teams and in making executive decisions.

These diverse views are reflected in two recent investigations by IESE professors in the Managing People in Organizations Department.

Prof. [Mireia Las Heras](#) and research assistant José Pérez del Valle spent months interviewing and researching self-managed organizations across various industries. They found that flat structures foment autonomy and transparency, which often give employees a higher sense of purpose and help companies work more efficiently. At the same time, Prof. [Anneloes Raes](#) put together a [collection of papers for the *Journal of Management Studies*](#) that highlights the crucial role of middle managers in acting as the glue that keeps a company together.

The benefit of middle managers

Traditionally seen as problem-solvers and peacemakers, middle managers were central to managing the flow of information between senior leaders and employees. However, their roles have been diminished as companies have sought to reduce costs by cutting positions, pinpointing their roles as the most “dispensable.”

But Raes argues that middle managers remain key strategic actors: they hold critical institutional knowledge and are often responsible for the planning, organizing and implementing of company decisions. One [study in the *Journal of Management Studies*' collection of papers](#) showed that middle managers' actions account for 30% of productivity gains in U.S. automobile plants, while [another paper](#), which looked at the Italian Social Security Agency, attributed 10% of productivity improvements to middle managers' actions.

Middle managers' ability to act autonomously — as the “middle ground” between senior leaders' goals and subordinates' needs — also allows them to make crucial adjustments to any changes in the work culture. This highlights their importance in maintaining harmony within a company, as confirmed by large tech firms such as Meta and Google, which cut middle management positions, only to reinstate them later on. Middle managers are also beginning to pop up in contexts where they were previously not seen, such as in communes and volunteer groups.

However, middle managers are often burdened with the conflicting responsibilities of managing up to superiors and down to subordinates. Their actions can affect a company's success or downfall, which can put a lot of pressure on the individual. Raes suggests that [this can lead to burnout](#) — especially because middle managers often lack the necessary training in people skills like empathy and team management.

Prioritizing autonomy and transparency

In recent years, however, the rise of flat companies has created a backlash against middle managers, deeming them ineffective and a bureaucratic burden.

These companies have eliminated traditional hierarchical structures in favor of decentralized, autonomous teams — giving workers more control over their tasks and eliminating the need for middle managers altogether. While the flat model is still relatively novel for many companies, Las Heras and Pérez del Valle argue that it can be highly effective, and there are many ways to make it work. In other words, there's no "one size fits all," but rather, every company has its own [unique flat structure](#).

One characteristic that flat companies have in common, though, is that decision-making is left to those closest to the task, which creates a sense of ownership and accountability. Las Heras and Pérez del Valle argue that this not only enhances productivity but also fosters a more transparent and trusting workplace.

For example, at [Voxel](#), a tech company that relies on consent-based decision-making within "circle structures," crucial company information is shared openly to help employees make more informed decisions. [Basetis](#) — a tech consulting company that doesn't rely on a specific decision-making process but allows teams to self-organize — publicly posts employee salaries in hopes of reducing income inequality.

At the same time, Las Heras and Pérez del Valle acknowledge that flat organizations are not without their own challenges. In the case of Voxel, hiring can be more time-consuming because they must carefully vet candidates to ensure a cultural fit in an environment where trust and collaboration are key. The absence of traditional authority can also lead to conflicts, as open dialogue can give rise to power struggles and slower decision-making.

A hybrid future?

The biggest difference between these two approaches is the degree of autonomy they offer to employees. In flat organizations, autonomy is paramount: employees make their own decisions, communicate goals with their peers and are trusted to manage their own responsibilities without the oversight of managers. In more traditional structures, middle managers serve as intermediaries between upper leadership and employees, ensuring that everyone's goals are aligned and strategies are executed effectively.

Yet, even in flat organizations, autonomy comes with trade-offs. Without strong leadership and clear decision-making processes, flat structures can sometimes lead to confusion or delays in addressing urgent matters. As Raes points out, middle managers are often the ones making quick, strategic decisions that can drive productivity or stave off crises. The example of [Nokia's decline due to management failure to anticipate](#) the threat of Apple's iPhone illustrates the risks of removing middle layers of oversight.

Another key distinction is the sense of purpose and motivation within each model. Las Heras and Pérez del Valle suggest that flat organizations foster a higher sense of purpose and engagement by allowing employees to align their personal goals with the company's broader mission. On the other hand, Raes argues that middle managers are often the ones driving a company's value and vision, acting as key communicators who motivate employees and foster a productive culture.

Both recognize the need for [flexibility and adaptability in the modern workplace](#); the future may not lie entirely with one structure or the other. In fact, Las Heras and Pérez del Valle suggest that many flat organizations are evolving into hybrid models in order to retain their unconventional philosophy but still embrace some level of managerial leadership.

Ultimately, the success of either approach depends on how well companies can [strike a balance between hierarchy and autonomy](#), while ensuring that employees remain motivated in achieving their tasks.

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