Ladders of Authority, Status, Responsibility and Ideology: Toward a Typology of Hierarchy

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Abstract: The notion of hierarchy is widely used in many academic disciplines but is also rather ambiguous, because there are many ways to define it. In this review paper, I explore which notions of hierarchy are being used in the field of management and organization studies. Four distinct types of hierarchy are identified: a ladder of formal decision-making authority, a ladder of achieved status, a self-organized ladder of responsibility, and an ideology-based ladder. A social mechanism-based perspective serves to define and distinguish these four types. Subsequently, the typology is further developed by comparing the four hierarchy types in terms of their tacit/explicitness, (in)transitivity, and behavior- versus cognition-centeredness. This review paper contributes to the literature by dissecting the general metaphor of hierarchy into four different constructs and their social mechanisms, which serves to create a typology of the various ways in which hierarchy is being used in the domain of organization and management. This typology can inform future research drawing on any type of hierarchy, also in other domains.

Keywords: hierarchy; management; organization; formal authority; social mechanism; ideology; self-organization; responsibility; status; typology; literature review

1. Introduction

The notion of hierarchy is widely used but is also rather ambiguous, because highly different interpretations of hierarchy exist. For example, in software development the notion of hierarchy refers to different levels of abstraction—such as those in an (e.g., Android) operating system [1]. In companies and other organizations, hierarchy is often defined as a sequence of levels of formal decision-making authority [2–4]. Another interpretation available in the literature is hierarchy as a ladder of ideology, in which people establish themselves as legitimate leaders of their organization by invoking some (e.g., religious, spiritual or political) idea to legitimize the relationship between higher or lower levels [5]. And yet another notion has been developed in the field of organization design and organizational agility, in which hierarchy is conceived as a requisite structure that emerges in a self-organized manner from operational activities [6–9].

The ambiguous and multi-faceted nature of hierarchy has been mainly theorized in terms of the distinction between formal and informal hierarchy [10,11]. However, this formal-informal dichotomy does not cover the entire landscape of how hierarchy has been conceptualized and instantiated [e.g., 5–7]. Therefore, the purpose of this review is to map the various ways in which hierarchy is defined in organization and management studies, to develop a typology of hierarchy. Four types of hierarchy are identified:

- ladder of formal decision-making *authority* levels, also known as formal hierarchy [2,3];
- ladder of achieved *status* levels (e.g., arising from seniority or expertise), also known as informal hierarchy [12,13];
- ladder of *responsibility* levels, arising from self-organizing initiatives throughout the organization [6,7]; and

- ladder of *ideology* that draws on a set of shared beliefs to justify the relationships between higher and lower levels [5].

Subsequently, I further develop this typology by comparing the four types on several key dimensions. This paper contributes to the literature by dissecting the general metaphor of hierarchy into four fundamentally different constructs.

2. Review Scope and Approach

Earlier reviews [10,11] in this area served to define the notions of *formal* and *informal* hierarchy and explore their complementarity. These reviews and related studies [e.g., 14] suggest that formal and informal hierarchy tend to complement each other, and thereby are likely to make the organizational structure more stable but also less responsive to major external changes. As argued in the first section, these prior reviews have not mapped the entire landscape of hierarchy constructs, and therefore a more inclusive taxonomy and typology is developed in this article. The scope of this literature review is limited to the domain of organization and management studies. Moreover, I focus on studies published in double blind-reviewed journals as well as widely cited monographs and books in this domain [e.g., 15,16], only adding sources from adjacent disciplines like sociology and law when the results of (reading) the initial set of sources pointed at the need to consult these additional publications. Because a complete overview would entail a database of several thousands of publications, I adopted a more selective approach in which publications were continually added and reviewed until a *saturation* effect was observed; that is, I stopped adding publications when the last 30 publications added to the database did not point at any new types and/or social mechanisms of hierarchy.

Accordingly, this review in the domain of organization and management covers hierarchy notions used at the micro-level (e.g., individual and group behavior) and macro-level (e.g., strategy, organization design) as well as exploring various peripheral literatures – such as the literature on requisite structure [6].

In defining and comparing the various types of hierarchy, I adopt a *mechanism-based* perspective [17,18]. In this respect, social mechanisms such as the 'social construction of status' and the 'self-organizing process of responsibility' are instrumental in explaining why a specific hierarchy type arises and/or prevails [19]. The notion of social mechanism has been previously used to bridge and synthesize insights from different philosophical perspectives and research streams [e.g., 20,21], because it is relatively agnostic about the nature of social action and can, therefore, steer a path between positivist, narrative and functional perspectives [17]. This agnostic lens is important here, because the notion of hierarchy is used in fundamentally different paradigms and discourses in organization and management studies—for example [2] and [22–24].

3. Main Findings: Four Types of Hierarchy

3.1. Hierarchy as Ladder of Authority

A common conception of hierarchy is in terms of a sequence of formal authority levels, that is, the *authority to make decisions* [3,4,25–28]. Following Max Weber [29], a ladder of authority involves the vertical formal integration of official positions within a single organizational structure, in which each position is under the supervision and control of a higher one. Similarly, Dumont refers to "a ladder of command in which the lower rungs are encompassed in the higher ones in regular succession" [16] (p. 65). This results in a ladder that systematically differentiates authority, for example from CEO to shopfloor worker.

A key assumption underlying this construct of hierarchy is that formal authority is, at least initially, concentrated at the top levels of the ladder [7], who can delegate specific decision authorities to lower levels in view of the bounded rationality of, and limits to, managerial attention [3,4]. This concentration of authority at the top of the hierarchy often arises from the legal ownership and constitution of the organization [7]; the key constitutional principle here being that people at the top level, as rightful holders of

authority, have the right to dictate targets and/or behaviors and are entitled to be obeyed. In this respect, many organizations have an elaborate constitution that contains the fundamental principles and bylaws regarding positions, decision domains, and related issues. For example, the chain of formal authority in family-owned companies starts at the level of the owners, that is, the family members that have shares [7].

In many publicly traded companies, ownership and control have become largely separated [30,31]. As a result, the ladder of authority in these companies has become rather complex, in terms of the formal authority arising from the shareholders' legal ownership, the CEO controlling the company on a day-to-day basis, and non-executive directors engaging in supervisory activities [32-35].

3.2. Hierarchy as Ladder of Status

Another widely used meaning of hierarchy is in terms of informal or unofficial mechanisms to rank people [13,22]. These informal mechanisms are highly person-dependent, involving for example social norms and values, verbal or non-verbal attitudes and behaviors, and guidelines for communication [10]. At a more fundamental level, the source of these informal hierarchies are differences in personal status, other than those arising from formal authority. *Status* is one's social standing or professional position, relative to those of others [36] or "the respect one has in the eyes of others" [11] (p. 351). In anthropology and sociology, this notion of status is also known as 'achieved status', the social position that is earned, instead of being ascribed [37,38]. The underlying mechanism is social stratification, a social mechanism that draws on shared cultural beliefs that can make status differences between people appear natural and fair [39,40].

Ladders of status are frequently observed in empirical work [e.g., 12,13,22]. For instance, He and Huang [22] studied how the deference for one another gives rise to a status hierarchy within a firm's board of directors. Another example is Dwertmann and Boehm's study [12] of how status drives the quality of the relationship between supervisor and subordinate. Overall, any ladder of status is socially constructed, which makes it fundamentally different from the ladder of authority that (largely) arises from the organization's legal structure. This also implies a status ladder is much more fluid and adaptive than its authority-driven counterpart.

While social comparison can to some extent also take place between (people from) different units and departments within an organization [41], the person-dependent nature of status implies that ladders of status primarily arise within the group of people one interacts with on a daily basis—be it a team, work unit, department, or network of people [12,13,22,36,42].

3.3. Hierarchy as Ladder of Responsibility

In the literature on organization design and organizational agility, hierarchy is conceived as a requisite structure that emerges in a self-organized manner from operational activities [6–8]. A key source here is Jaques [6,43], who argued that hierarchy is the only effective organizational mechanism that can employ large numbers of people and yet preserve unambiguous accountability for the work they do. Jaques' notion of hierarchy is part of his broader perspective on *requisite* organization, defined as the organizational roles and connections that make the entire system operate efficiently as required by the nature of human nature and the enhancement of mutual trust [6]. The notion of requisite hierarchy has informed the development of new organizational forms like Holacracy [8,44], which involves a system of self-organizing circles that structure roles and work processes [7,9]. In designing holacracy, Robertson [44] assumed that this hierarchical network of circles, at any given point in time, has an (ideal) requisite structure that 'wants' to emerge.

More specifically, the key mechanism driving hierarchy in these agile and/or holacratic forms of organizing is that agents at all levels *self-organize their responsibility*, that

is, exercise 'real' rather than formal authority [7,45]. In this respect, responsibility is an expression of self-restraint and intrinsic obligation [46-48]. Other examples of self-organized ladders of responsibility have been observed in (the early stages of) worker cooperatives in which hierarchy is created in a bottom up manner [49] and in so-called sociocratic organizations that draw on a circular hierarchy of double-linked circles [50].

3.4. Hierarchy as Ladder of Ideology

The fourth conception of hierarchy identified in the literature is the so-called ladder of *ideology*, in which people establish themselves as legitimate leaders of their organization by invoking some (e.g., religious, spiritual or political) idea to legitimize the hierarchical relationship between higher or lower levels [5,51-53]. Ideological hierarchies have a long history, for example in the form of the administrative hierarchies headed by pharaohs in ancient Egypt or those headed by kings in medieval Europe. The main legitimacy of any pharaoh or king arose from the strong belief in the idea that the pharaoh/king acts as the intermediary between the gods and the people, and thus deputizes for the gods [53]. A similar example is the hierarchy prevailing until today in the Balinese community, which is strongly connected to the rice cycle that is believed to constitute a hierarchical relationship between gods and humans, both of whom must play their parts to secure a good crop; the same ideology also legitimizes the hierarchical relationship between high castes and low castes in Bali [52].

Ladders of ideology continue to exist in many organizational settings, for example in the form of ladders fueled by prevailing values and beliefs among members of the organization about how the world should operate [54,55]. For example, Brummans et al. [5] identified a ladder of ideology in their study of how leaders in a Buddhist humanitarian organization create and sustain hierarchical relationships with subordinates. They observed that these leaders invoke a spiritual entity in their daily interactions and use this invocation to direct their organization and establish a shared sense of compassion and wisdom [5]. Another example is the ideology of 'shareholder value maximization' that is widely used in publicly owned corporations [56]; this ideology helps to create and sustain the image of a clear hierarchy from shareholders to employees – although in practice, the separation of legal ownership and actual control implies that the CEO is, in fact, at the top of the corporate hierarchy [30,31].

More generally speaking, a ladder of ideology is a sense-making mechanism for coordinating work, one that creates and sustains a set of collective beliefs and values that provide standardized interpretations of the environment and thus reduce uncertainty [57]. From a scholarly point of view, any ideology is a black box involving a cluster of (mostly implicit) values and imperatives that serve to 'bracket' the ways in which members of the incumbent organization should think and operate [58]. Compared to the other hierarchy types, the ideology ladder is thus much more tacit and obscure.

3.5. Overview

Table 1 provides an overview of the four types of hierarchy identified in the literature. As such, this typology incorporates the well-known distinction between (formal) authority-based and status-based (informal) hierarchy [10,11,59], but also goes beyond it by defining two additional types of hierarchy.

Notably, the outline of each hierarchy type in Table 1 refers to its archetypical form. In practice, the hierarchy prevailing in many organizations tends to involve mixed instantiations of these archetypes. For example, several studies have demonstrated how 'visionary' leaders (on top of the authority ladder) select other managers based on their fit with a core ideology as well as thoroughly indoctrinate employees into this ideology, to create a strong cognitive framework that drives employee behavior [55,60] or how top management's ideology affects the way subordinates make sense of key problems and opportunities [61,62]. In these organizations, the instantiated hierarchy therefore appears to involve both authority-based and ideology-driven ladders. Other examples are how worker

cooperatives over time tend to extend and integrate their initial ladder of responsibility with ladders of authority and status [49,63].

Table 1. An overview of four types of hierarchy.

	Ladder of authority	Ladder of status	Ladder of responsibility	Ladder of ideology
Definition	Sequence of people (assigned to roles) with formal authority to make decisions	Sequence of levels constructed by people in terms of perceived differences in e.g. seniority, age, experience or expertise	Sequence of decision/task domains to which people have an intrinsic sense of obligation and commitment	Sequence of levels in which people establish themselves as leaders by invoking an ideology to justify the hierarchical relationships between higher and lower levels
Core concept	*Authority:* the legitimate power to make decisions	*Status:* one's relative social standing or professional position, that is, the respect one has in the eyes of others	*Responsibility:* the sense of intrinsic obligation to oneself, others and/or particular challenges	*Ideology:* the prevailing (e.g., religious, spiritual or political) values and beliefs regarding about how the organization should operate
Social mechanism	Legitimacy of authority, as it arises from the constitution (or statutes) of the organization	Social construction of status differences	Self-organization of responsibility, in which individuals take charge of particular tasks/challenges at higher levels of abstraction	Creating, adopting and/or sustaining ideology as a collective sense-making (and thus possibly indoctrination) process
Assumptions	Decision-making authority is (initially) concentrated at top, which may delegate authority to lower levels to reduce (consequences of) information overload and bounded rationality	Source of status is contingent on what drives respect and deference for other people within the (same unit of the) organization	Responsibility is something that people 'take' rather than 'get', in order to grow and sustain a substantial level of intrinsic obligation and commitment	Ideologies influence how people make sense of their (organizational) world, by providing standardized interpretations of the environment and thereby reducing uncertainty

4. Further Development of the Typology

This section serves to further develop the typology of hierarchy outlined in Table 1. First, I will map these hierarchy types in terms of the tacit/explicitness of the knowledge constituting them. Subsequently, the four types are categorized using two additional dimensions.

Using knowledge theory [64], the four types of hierarchy can be placed on a continuum from fully *tacit* to fully *explicit* knowledge (see Figure 1). The ladder of authority is the most explicit form of hierarchy, with written rules and procedures as a defining characteristic [29,65,66]. These written rules originate from the constitution and statutes of the organization, extended via (executive) decisions on lower-level decision domains – communicated via job descriptions, decision logs, meeting minutes and other texts [3]. Such written rules on decision authorities impose normative and behavioral restrictions on subordinates [65], especially in the area of decision-making. In many instances, these rules are followed deliberately and consciously, while in other instances "rule following in organizations occurs unnoticed because rules have been internalized, have become unconscious premises of action, or have been incorporated into firmly established and widely practiced routines and procedures" [65] (p. 9).

At the other end of the continuum in Figure 1, ideology ladders appear to be largely tacit in nature because they draw on so-called collective tacit knowledge [64]. As observed in section 3.4, a ladder of ideology is a sense-making mechanism that creates and sustains a set of collective beliefs and standardized interpretations, which in turn appear to operate (especially for outsiders) as a black box filled with tacit and obscure knowledge [57,58].

Status and responsibility ladders are positioned in the middle of the continuum in Figure 1. A status ladder draws a bit more on somatic knowledge, arising from the properties of individual bodies and brains as physical entities [64], whereas responsibility

ladders appear to be somewhat more explicit in nature [8,49,50] than their status-based counterparts.
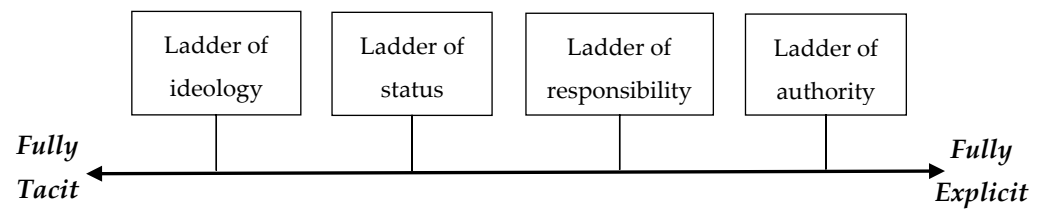
Figure 1. Four types of hierarchy on the tacit-explicit knowledge continuum.

Another way to map the four types of hierarchy draws on the (in)transitive nature of each type as well as its behavior or cognition centeredness (see Figure 2). The notion of transitivity refers to the extent to which the key mechanism (e.g., authority or status) can be delegated and/or transferred from one level to another [7]. In this respect, the authority and ideology ladder both are *transitive* in nature. That is, formal authority and strong ideology can be relatively easily delegated or cascaded from the top level to various lower levels. As a result, large corporations as well as large religious and political organizations often have rather deep hierarchies.

By contrast, responsibility and status cannot be (easily) delegated or transferred to other people, and these ladders are therefore *non-transitive*. Accordingly, responsibility and status ladders are unlikely to have more than two layers. For example, when persons A and B share the perception that A has a higher (e.g., experience-driven) status, and B and C both believe B has a higher status, it does not follow that A and C also have a common perception of their relative status. Therefore, any ladder of responsibility or status is likely to have only two levels. A similar argumentation applies to a ladder of responsibility, given that an intrinsic commitment to a particular challenge cannot be (easily) transferred from one person to another: that is, to take charge of a higher-level challenge, individual employees have to climb up the ladder themselves, because they cannot transfer their sense of responsibility to someone else [7].
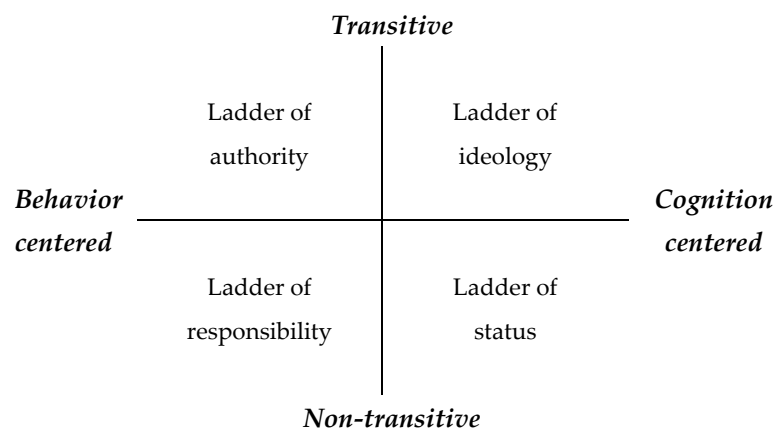
Figure 2. Four types of hierarchy categorized in terms of their transitive/non-transitive nature and behavior/cognition centeredness.

The other axis in Figure 2 is the difference between a behavior-centered and cognition-centered hierarchy. A behavior-centered ladder focuses on actions (to be) taken or constrained. By contrast, a cognition-centered hierarchy focuses on the mental activity required to carry it, including various attentional, judgmental, reasoning, sensory and neural processes [67]. Here, the ladders of authority and responsibility are both largely *centered around behavior*: the authority-based ladder draws on decision domains, authorization procedures, budget constraints and actual decisions taken [e.g., 3,63] and the ladder of responsibility involves agents seeking higher-level responsibilities and

acting accordingly [e.g., 7,68,69]. By contrast, ideology-based and status-based hierarchies are both largely *cognition-centered*, by either invoking some ideology to legitimize the hierarchical relationship between higher or lower levels [e.g., 5 and 51-53] or drawing on shared cultural beliefs regarding status differences [e.g., 12,13,22,38]. The two dimensions together result in the matrix in Figure 2.

5. Discussion and Conclusion

Based on a review and synthesis of the various ways in which hierarchy has been defined and used in the field of organization and management, a typology of hierarchy was developed in the two preceding sections. The ladders of authority, status, responsibility and ideology are *ideal types* of hierarchy which can be used as abstract templates [cf., 29] for coding and interpreting data. From the perspective of the formal-informal hierarchy dichotomy [10,11,14], one could argue that the responsibility-based hierarchy can be subsumed as a special case of the formal ladder of authority, and the ideology-based hierarchy is a special case of the informal ladder of status. However, the literature review and resulting typology in Table 1 demonstrate that the core concepts and social mechanisms of these four hierarchy types are sufficiently distinctive to position each of them as an ideal hierarchy type.

The typology developed in this paper has major implications for research in the area of organization and management, which thus far tends to draw on a single conception of hierarchy [e.g., 13,41,70,71] or focuses on the interaction between authority-driven and status-based hierarchy [e.g., 10,11,14]. Here, the broader mechanism-based framework outlined in Table 1 can guide future research efforts in various areas. More specifically, future work in the area of organizational citizenship [72,73], emergent leadership in self-managing teams [74,75], power and empowerment [76,77] and new organizational forms [78,79] can greatly benefit from a more differentiated understanding of the various ways in which hierarchy can be shaped and how different instantiations of hierarchy interact over time. For example, scholars studying new organizational forms can develop theories of the interaction and integration of multiple types of hierarchies outlined in Table 2, also to resolve longstanding disputes on the nature and role of hierarchy in modern organizations [43,59,80-83].

More importantly, the typology developed in this article serves to clarify the pivotal but highly ambiguous role of the hierarchy construct in management practice as well as research. Simon [84] developed a generic notion of hierarchy, which can now be dissected in four distinct types. In this respect, the hierarchy notion appears to be rather ambiguous for academics as well as practitioners because the underlying mechanisms of authority, status, ideology and responsibility are often not properly defined or understood.

The multi-faceted nature of hierarchy also reflects the fact that some form of hierarchy exists in human as well as nonhuman primate groups [11,59,85-87]. Hierarchy appears to be functionally adaptive in allowing any kind of group "to achieve the high levels of coordination and cooperation necessary to ensure survival and success" [86] (p. 33). The typology developed in this paper underlines the functional adaptability of hierarchy.

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