Middle Management: The Undervalued Asset of Developed Economies

The business press and business schools have implicitly or inadvertently focused the public’s attention on extraordinary CEOs and top executives and continued to undervalue the role of middle managers, who are defined as managers who do not report directly to the top CEO and who are one level above front line workers.

In corporations, middle managers typically carry less prestigious titles such as Deputy Chief Engineer, Associate Director, Vice President, or Business Unit Manager. In fact, with the advance of communication technologies, there seems to be a still unrealized dream that CEOs will be able to communicate directly and more effectively with thousands if not hundreds of thousands of employees reporting to them, thus bypassing all the potential traps of middle managers filtering, distorting and sabotaging the clear strategic direction and corporate values that the top would like to convey to the whole organization. The logical consequence of such a belief system is thus for top managers to streamline, reduce, constrain the influence of middle management, and ideally, to eliminate it.

Based on my initial research in developing economies, companies in developed economies who still harbor such a constricted view of their middle management sow the seeds of their own decline. One of the key reasons that slow the growth of companies in developing economies is insufficient development of the middle management rank. These are the types of managers who are competent and willing to do less sensational jobs such as improving customer service delivery day in and day out; recruiting, coaching, motivating hundreds of initially unskilled front line workers; who are interested in doing and supervising boring statistical analyses related to reliable quality production; who motivate research and development personnel on long term projects that can take years to bring innovative products to the markets. Without a sufficient number of these middle managers who can ensure continuous quality and improvement in product and service delivery, companies in developing economies are unable to grow rapidly and reliably. Ironically, many middle managers who are endowed with these capabilities are undervalued in Western organizations. Middle management embodies, to a large extent, the managerial human capital of organizations and the ability to energize this capital represents a source of competitive advantage.

I suggest that one of the hidden causes of decline of some Western organizations is that they have gradually lost touch with their middle management ranks, underinvesting in their efforts to develop, motivate, and guide their middle managers to help top management realize ambitious strategic goals. Accounts of demobilized middle management in organizations seem so common that it is no longer news. So what, CEOs shrugged. They can replace (easily, really?) these middle managers. No wonder some apparently brilliant strategies developed by top executives and expensive content consultants underperform when the rubber meets the road. As the saying goes, strategy is 5% thinking, 95% execution, and a disengaged middle management rank can predict the underperformance of a corporate strategy as certainly as night will follow day.

In subsequent blogs, I will elaborate on how middle management as a group performs a number of roles that the best CEOs in the world cannot do as well, building on my research that was published in the Harvard Business Review article, “In Praise of Middle Managers” in 2001. Ten years of new social media technologies, cheaper and faster computers and telecommunications links have surprisingly not reduced the unique value of some middle management roles. I will explain why in this vast universe of presumably fast change and a “flatter earth”, some very important things do not change much and still matter a lot to companies’ competitive advantage, in virtually all economies, from the developed to the underdeveloped.