Chapter - One

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Society as a social system\(^1\) is a complex network of interpersonal relationships among humans aimed at fostering peaceful co-existence with nature. It encompasses family, religion, education, and, production-consumption relations as subsystems, among others. The different levels of interpersonal relationships tend to generate various kinds of organizational structures\(^2\) to fulfill specific functions in society. The formal organizational structure, it is observed, gives rise to informal structures and relationships which impact individual behavior and also collective performance. The dynamics of informal relationship in the structured organization\(^3\) has not been given enough attention in the prevailing sociological literature. This study makes an attempt to study the impact of informal relationships on decision making process in the formal, structured organizations.

\(^1\) A society as a social system is composed of people interacting with one another individually and in groups by playing different roles. They work together to achieve common ends. These interactions can be structured or formal that are prescribed by rules and regulations e.g. teacher-student relationship. These interactions could also be spontaneous and informal e.g. family relationships and peer relationships among others.

\(^2\) Mintzberg (1983: 9-10) believes that all organizations consist of five different levels in terms of:
* **Operating core**: Those members who perform basic work in this system.
* **Strategic apex**: Members with overall responsibility for the organization.
* **Middle Line**: The managers who have formal authority.
* **Technostructure**: Highly trained specialists in the work flow.
* **Support staff**: They provide basic services like security.
These groups work together to achieve the organizational objectives and goals.

\(^3\) The formal work group/s have a clear formal structure. The relationships between the subordinates and the seniors get established for the fulfillment of the organization’s goal. Greenberg and Baron (1997: 251) point out that the formal work groups mostly have a single supervisor. They have discussed the following types of formal work groups:
* **Matrix structure**: The members of formal work groups report to the functional chief and the project manager.
* **Command group**: It usually consists of a superior and subordinates.
* **Task group**: This has individuals with expertise in a specific area.
OBJECTIVES OF THE STUDY:

The study attempts to undertake a detailed analysis of informal relationships in a formal organization. It investigates:

- The factors leading to the emergence of the informal relationships.
- The nature of interactions among the members in formal-informal networks of relationships.
- The functions of the informal relationships at the workplace.
- The process of decision making in the informal relationships.
- The influence of informal decision making process on the management in the formal organizations.

HYPOTHESIS:

The study explores the following hypothesis: Informal relationships affect decision making at employees’ personnel level and also administrative and policy level in the formal organization. The study attempts to find out whether: Informal relationships affect the performance output of an employee and that of the administrative and policy decisions of the management in any formal organization.
AREAS OF CONCERN:

The researcher has focused on the following areas of concern in the study:

1. **Distinctions between formal and informal relationships**: The informal relationships in an organization can be differentiated from the formal ones⁴.

2. **The emergence of informal relationships**: The emergence of informal relationships within the formal structure can be linked to several factors. The sequence of group development in general can be related to the development of informal relationships⁵.

⁴ Tripathi and Reddy (1983: 113-114) describe the differences between formal and informal relationships:

<table>
<thead>
<tr>
<th>Informal relationships</th>
<th>Formal relationships</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. It is a spontaneous structure arising out of the desire to interact. These relationships are characterized by norms agreed upon by members of the group. Rewards take the form of acceptance and appreciation by the members. Punishment takes the form of rejection/isolation of members.</td>
<td>1. Roles, relationships and norms are prescribed by the management. Members work for common objectives. They are rewarded for ‘desirable’ behavior and punished for their ‘undesirable’ behavior. Rewards are monetary and non-monetary.</td>
</tr>
<tr>
<td>2. Its values, goals and tasks centre around individual esteem, friendship, affiliation and group satisfaction.</td>
<td>2. Its values are oriented towards productivity and profitability.</td>
</tr>
<tr>
<td>3. Informal relationships cannot be defined. The leaders are informally chosen. Communication takes place at any level.</td>
<td>3. The focus is on superior-subordinate relationships and downward-oriented communication.</td>
</tr>
</tbody>
</table>

⁵ Bruce Tuckman (1965) in the article “Developmental sequence in small groups”, has pointed out the stages in the formation of groups in general:

- **Forming**: When members get to know each other.
- **Storming**: When there is conflict in the group.
- **Norming**: When there is greater cohesion and sense of identification on the part of members.
- **Performing**: This is characterized by members working together.

Tuckman and Jensen in 1977 in the article “Stages of small group development revisited”, proposed another stage, that is **Adjourning** or dissolving after the goals are met. The emergence of the informal networks can follow this sequence of group development within a formal structure.
The emergence of these networks can be understood by several factors:

- Proximity at the workplace
- Similarity in attitudes, values and perceptions
- Similarity and diversity in socio-economic backgrounds
- Problems faced by members in organizations.

It is pertinent to note that technology can also shape the nature of interactions at work. Informal relations develop between workers as a result of close and constant interaction. The formal structure may develop monotony in the daily routine. It can lead to friendships that provide an outlet for pent up emotions. People coming together in informal networks can also be understood by the mechanism of group formation.

3. Structure of informal relationships: Informal networks manifest themselves in organizations in the form of ‘cliques’ and ‘friendship groups’. Cliques can form across

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6 Greenberg and Baron (1997: 252) elaborated the following reasons for group formation:

<table>
<thead>
<tr>
<th>Reason</th>
<th>Explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. To satisfy mutual interests and goals.</td>
<td>By bonding together, people can share their interests (e.g., hobbies) and help meet their mutual goals.</td>
</tr>
<tr>
<td>2. To achieve security</td>
<td>Groups provide safety and protection against a common enemy.</td>
</tr>
<tr>
<td>3. To fulfill social needs</td>
<td>Being in groups helps satisfy people's basic need to be with others.</td>
</tr>
<tr>
<td>4. To fulfill need for self-esteem</td>
<td>Membership in certain groups provides people with opportunities to feel good about their accomplishments.</td>
</tr>
</tbody>
</table>

7 Clique may not have intimate contacts among their members on a daily basis.

8 Friendship groups reflect greater intimacy among members.
several levels and departments. Within the informal networks of relationships, members can play a variety of roles. They develop norms of behavior for themselves. These are not officially enforced through formal rules. However, conformity may be induced by group members.

The informal networks may be highly cohesive. Similarities of attitudes, values, opinions and behavior bind people in these networks. However, over a period of time differences may develop. The extent to which members are willing to resolve their differences has an impact on cohesiveness.

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9 Dalton’s (1959) classification of cliques in the book Men who manage as referred by Rudrabasavaraj (1984: 39-40) states:
- **Horizontal cliques** - An informal association of organizational members, belonging to similar ranks.
- **Vertical cliques** - Members drawn from different levels within a given department.
- **Mixed cliques** - Members are drawn from different ranks, departments and locations.

10 Greenberg and Baron (1997: 256) have presented a table based on Benne and Sheats (1948) from their article “Functional roles of group members.” It explains the roles played by group members:

<table>
<thead>
<tr>
<th>Task oriented Roles (Goal-oriented)</th>
<th>Relations -oriented roles (Socio -emotional)</th>
<th>Self - oriented roles (Self -focused)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Initiator -contributors</td>
<td>Harmonizers</td>
<td>Blockers</td>
</tr>
<tr>
<td>Recommend new solutions to Group problems</td>
<td>Mediate group conflicts</td>
<td>Act stubborn and resistant to the group</td>
</tr>
<tr>
<td>Information seekers</td>
<td>Compromisers</td>
<td>Recognition seekers</td>
</tr>
<tr>
<td>Attempt to obtain the necessary Facts</td>
<td>Shift own opinions to create group harmony</td>
<td>Call attention to their own achievements</td>
</tr>
<tr>
<td>Opinion givers</td>
<td>Encouragers</td>
<td>Dominators</td>
</tr>
<tr>
<td>Share own opinions with others</td>
<td>Praise and encourage others</td>
<td>Assert authority by manipulating the group</td>
</tr>
<tr>
<td>Energizers</td>
<td>Expeditors</td>
<td>Avoiders</td>
</tr>
<tr>
<td>Stimulate the group into action whenever interest drops</td>
<td>Suggest ways the group can operate more smoothly</td>
<td>Maintain distance, isolate themselves from fellow group members</td>
</tr>
</tbody>
</table>

This table can be applied to the roles played by members in informal networks. Very often members find themselves playing conflicting roles.
The factors affecting informal networks of relationships are number and composition of members. Studies on group structures indicate that smaller groups are faster at completing tasks than are larger ones. At times, while performing a collective task, members may exert less effort\textsuperscript{11}. In terms of composition, greater heterogeneity of members in informal networks contributes to diverse inputs in terms of ideas and opinions. Within these networks certain processes like synergy and social facilitation can operate\textsuperscript{12}.

4. Communication patterns: Work provides a context for informal relationships. These relationships are characterized by uninhibited behavior. Members share trials and tribulations. Informal communication can help in educating members about organizational policies and issues. The communication within these networks can encourage relational learning at work\textsuperscript{13}. It can also develop cooperative relationships among multifunctional work groups. Informal interaction contributes to social capital formation by fostering an exchange of skills and sharing of opinions. Formal and informal communication may influence each other. Organizations can reinforce interpersonal relationships between individuals. Similarly, members in informal networks may engage in performing task/tasks as prescribed by the organization. Informal contacts can extend beyond organizational boundaries.

\textsuperscript{11} This is called social loafing. The German psychologist Max Ringelmann's 'rope pulling' task as mentioned in Greenberg and Baron (1987), showed that individuals exerted less pressure while pulling in the presence of others, highly characteristic of social loafing.

\textsuperscript{12} Robbins (2003: 238) refers synergy as overall performance of the group outshining the individual performance. Social facilitation effect is the tendency for performance to improve or decline in response to the presence of others.

\textsuperscript{13} Through relationships with others at work, individuals can approach new situations, integrate, interpret new information and act effectively in situations.
Members in informal networks participate in different forms of entertainment. Informal communication can take place via cell phones and community web sites as well.

A form of informal communication is known as grapevine\textsuperscript{14}. This communication provides management with feedback about workers. It helps in interpreting management policies to the workers. Information can be modified in the course of travel. Informal communication patterns may be studied by using the sociometric technique developed by Moreno. The data collected may be presented in the form of a sociogram\textsuperscript{15}.

5. **Functions of informal relationships**: Informal relationships increase sociability among members. This enhances sense of belonging and personal worth. Members seek work-related advice. They can influence the perceptions of one another in these networks. Informal activities can be a relaxing mechanism. Informal relationships can regulate turnover and foster team spirit. The members may take a stand against pressures from authorities.

Members in informal networks can have distinct identity. It may be pertinent to note that indulgence in excessive social activity can undermine performance.

6. **Informal decision making**: The impact of informal relationships on decision making in formal organizations has been explored in this study.

\textsuperscript{14} Davis and Newstrom(1998), Robbins (2003) and others have written on the grapevine. It coexists with management's formal communication system. The term originated during the Civil War. Intelligence telegraph lines were strung loosely from tree to tree in the manner of a grapevine. Messages from the lines were incorrect. Any rumor was said to be arising from the grapevine. Today the term applies to all informal communication, including company information that is communicated informally between employees and people in the community.

\textsuperscript{15} According to Bhandarkar and Wilkinson (2000: 246) the technique of sociometry involves asking group members to indicate whom they would like to be associated with. The data collected may be presented in the form of a sociogram.
Within informal networks, decision making generally involves a choice among several alternatives. The decision represents the consensus of collective mind. The decision making sessions can involve a comprehension of the problem, an evaluation of the alternatives, the choice of an appropriate solution to be followed by an implementation procedure\textsuperscript{16}. Decision making in informal networks can be advantageous. It calls for accountability and can be a unifying experience for group members. The opinions and insights of individual members get aggregated for effective decision making.

Decision making in informal networks can be disadvantageous at times. It may increase individual's dependence on others. Members may be forced to conform to common decisions\textsuperscript{17}. The group members may also not be equipped with necessary information. This can impair decision making.

The study has also looked at the impact of work-related decisions made in informal networks on the higher ranks in organizations. Members may influence the approach towards management policies\textsuperscript{18}. Management may perceive informal relationships between employees to be the root cause of organizational problems. It may

\textsuperscript{16} Some of the known decision making techniques used generally in groups include:
- **Brainstorming** - Group members enter into a thorough discussion of alternatives before any decision.
- **The Nominal Group Technique (NGT)** - Individual ideas of members are communicated to others for critical evaluation.
- **The Delphi Technique** - A set of questions on relevant issues are sent to outside experts for their views.
- **Benchmarking** - A group selects a high-performing group as a model.

\textsuperscript{17} A phenomenon in which conformity plays an important role is groupthink. According to Miner (1992: 207), Irving Janis (1972) in his book *Victims of groupthink: A psychological study of foreign policy decisions and fiascoes* has explained the concept of groupthink. Group members engage in collective rationalizations. They develop stereotypical notions of out-groups. Groupthink can be avoided by probing and analyzing ideas.

\textsuperscript{18} Groups can restrict output due to social pressure. This was observed by Elton Mayo (1933) and others in their Hawthorne studies in the book *The Human problems of an industrial civilization*. It was observed that workers evolved their own production norms when formed into smaller groups.
restructure the informal groupings of its staff. However, management may foster fresh interactions.

Employees may engage in informal relationships in the management hierarchy. Supervisors may relax with their juniors and not enforce rules strictly. However, these friendships may be formed because of the purposes served by the individuals. Moreover, informal networks can even be formed among managerial staff.

TO CONCLUDE:

The study has been undertaken with an inter-disciplinary approach. Informal relationships in any human collective could be studied from various perspectives including that of Administrative and Management, Psychological and Sociological among others. The inter-disciplinary approach adopted here is likely to generate further insight in various fields including Industrial Sociology, Sociology of Management and Sociology of Occupation. In pursuance of this study, a detailed understanding of the available literature on the dynamics of informal relationships and decision making in formal organizations has been undertaken in the following chapter.