Chapter - Two

REVIEW OF LITERATURE
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Informal relationships develop in formal organizations as a natural phenomena as seen earlier. These networks established over a period of time cut across various categories and hierarchies in an organizational set up. An attempt has been made in the following narrative to locate gaps, if any, in the theoretical and empirical literature related to the study.

SOCIOLOGICAL BEARINGS:

The writings of sociologists including Ferdinand Tonnies, Emile Durkheim, Charles Horton Cooley, Max Weber and Talcott Parsons have been referred to in this study.

Ferdinand Tonnies (1855-1936) in his work Community and Association (originally German) (1974) spoke about the shift from ‘Gemeinschaft’ societies characterized by intimate relationships to ‘Gessellschaft’ societies or those characterized by impersonal relationships.

Emile Durkheim (1858-1917) in his work The Division of Labor in Society (1893) maintained that traditional societies were ‘mechanical’ in nature. Social norms were strong in these societies. However, modern societies for him manifested ‘organic’ solidarity. These societies are characterized by specialization and interdependence.

The German sociologist Max Weber (1864-1920) along with Henderson and Parsons in the book The Theory of Social and Economic organization (1947) spoke on ‘Bureaucracy’ as a form of organization which facilitated the attainment of organizational goals. Weber’s conception of bureaucracy addressed the question of division of labor where authority and responsibility of the
personnel involved were clearly defined\textsuperscript{1}. The technical superiority of this form of organization, gave it an edge over other organizations.

**Talcott Parsons** (1902-1979) in his work *The Social System* (1951) looked at organizations in terms of their contribution to society:

- *Production organizations* looked after the adaptive needs of the society.
- *The polity* pursued the political goals.
- *The integrative organization* aimed at reducing social conflict.
- *Maintenance organizations* dealt with educational and cultural activities.

**Charles Horton Cooley** (1864-1929) in his work on *Social Organization: A Study of the Larger Mind* (1909) focused on ‘primary groups’. These groups were based on intimate and face-to-face relationships. Members shared a ‘we feeling’, sympathized and identified with each other. The concept of ‘looking glass self’ developed by Cooley was important in understanding how our perceptions are shaped by others.

**Comments**: The contributions by the above mentioned sociologists can be applied to informal relationships within any formal organization. In Tonnies’ ‘Gemeinschaft’ societies, informal networks of relationships could have existed. Similarly, in terms of Durkheim’s conception of traditional societies, informal relations formed the basis. In complex societies with specialization and interdependence, the possibility of intimate relationships cannot be overruled. It may be pertinent to peruse Parson’s ‘integrative organization’ from the point of view of informal groups within the formal set up. However, it should be noted that conflicts are an inevitable part of any organization. The researcher would like to note the fact that Cooley’s

\textsuperscript{1}Weber (1947) outlined that in a bureaucracy officials are appointed on the basis of technical qualifications on the basis of formal examinations. They are subject to impersonal and uniform rules.
concept of ‘primary groups’ is characterized by informal relationships. Within these networks, members may be concerned about how they are perceived by others. Thus the concept of ‘looking glass self’ may operate in informal relationships. In Weber’s conception of Bureaucracy, formal organizations can be comprehended.

THE EVOLUTION OF MANAGEMENT THOUGHT:

In dealing with organizations, management studies have played an important role. This sub-discipline has witnessed different approaches over a period of time. The Classical approach focused on work in a ‘mechanical’ form. The Human Relations approach and Behavioral approach adopted a flexible approach to work. The Modern Systems approach and the Post-modern approach have also made contributions to management thought.

1. Classical approach: In the nineteenth century the works of Robert Owen and Charles Babbage have been highlighted in management studies. Charles Babbage’s (1792-1871) work On the Economy of Machinery and Manufactures (1833) suggested the development of a profit-sharing plan. This included bonus for employees, suggestions from employees and a share of the employees in the organization’s profits. Robert Owen (1771-1858), a British industrialist attempted to speak on the development of human resources in organizations. This has been highlighted in the work The Life and Ideas of Robert Owen (1962) by Morton.

The ideas generated by Owen and Babbage paved the way for Classical approach. According to the Classical approach, the organizations in society were designed by subdividing the work. It was specified how each task was to be undertaken.
Accordingly, individuals were placed. This approach also centered around the idea that people were motivated by economic incentives.

The *Scientific Management* approach was propounded by **Fredrick W. Taylor** (1856-1915) in his work *Scientific Management* (1947). He proposed the following principles of management in organizations:

1. Replace traditional thumb rule method with a systematic approach for work.
2. Substitute ‘on-the-job’ training of workers with systematic selection and training.
3. Foster better cooperation between administration and blue collared workers.
4. The responsibility of administration and workers should be well defined.

The extension of Taylor’s ideas was undertaken by **Hugo Munsterberg** (1863-1916) in his work on *Psychology and Industrial Efficiency* (1913). He advanced three postulates for understanding organizational behavior:

1. The *best possible man* - Select people whose mental abilities would suit the job profile.
2. The *best possible work* - Create suitable conditions for optimum output.
3. The *best possible effect* - Organizational mission to be communicated to employees effectively.

Others have also contributed towards improvement of workers’ output in organizations. **Harrington Emerson** (1848-1931) in his book *The Twelve Principles of Efficiency* (1913), introduced principles and techniques for optimizing productivity. **Henry Gantt** (1861-1919) suggested the ‘Task and Bonus Plan’ in his work *Work, Wages and Profits* (1916). This aimed at providing extra wages for extra work in addition to a guaranteed minimum wage. **Frank Gilbreth** (1868-1924) and **Lilian Gilbreth** (1878-1972) highlighted ‘Time and Motion Studies’ in their work *Applied Motion Study* (1917).
This could enable workers save on time by emphasizing desirable movements while performing tasks.

The ideas of Henri Fayol (1841-1925) in his work on General and Industrial Management (1949) contributed to Classical approach by introducing ‘Administrative Principles’ in dealing with organizations\(^2\).

Edward F.L. Brech (1909-2006) was influenced by the ideas of Fayol. In his book Organization - The Framework of Management (1963), he emphasized the area of management as a structural and as a social process. The management of organizations was based on decision making and motivation of people.

Lyndall Urwick (1891-1983) in his work Is Management a Profession? (1958) highlighted functions of management to include planning, organizing and controlling for better performance.

The contributions of Max Weber's 'Bureaucracy' as mentioned earlier needs to be highlighted in this section as well.

\(^2\)Fayol's work (1949) enunciated the following fourteen principles of management of organizations in society:
1. Division of work - This refers to specialized functions.
2. Scalar Chain - Introduction of top - bottom command system.
3. Authority and responsibility - Authority is the right to give orders. Wherever authority is exercised responsibility follows.
4. Discipline - It refers to observation of rules and regulations.
5. Unity of command - The command should emanate from a single source.
6. Unity of direction - Ulinearity of common objectives.
7. Subordination of individual interest to general interest - Organizational interests prevail over the individual ones.
9. Centralization - Power to be vested with the top management.
10. Order - Everything should be systematically organized.
11. Equity - Treatment without discrimination.
12. Stability of tenure of personnel - Job security to be introduced.
13. Initiative - Encouraging employees to execute plans.
Comments: The contributions of the above mentioned proponents of the Classical approach shed light on the various aspects of formal organizations. However, the researcher wishes to acknowledge Edward F.L.Brech's conception of management as a social process. The classical approach in management has certain limitations. It can have dehumanizing effects upon employees in terms of rigid controls over workers. It moulds human beings to fit into the requirements of the organization rather than building the employees around their strengths.

2. Neoclassical, Human Relations and Behavioral Approaches: The Neoclassical approach in understanding organizations developed in the first half of the twentieth century. Mary Parker Follett (1868-1933) one of the proponents of this approach, in her book The New State-Group Organization (1918) pointed out that people should combine their diverse talents for the enhancement of organizational goals. Chester I.Barnard's (1886-1961) views in his work The Functions of the Executive (1954) focused on an organization as a system of consciously coordinated personal activities.

The Neoclassical approach paved the way for the Behavioral approach. This approach emphasized human aspects related to work. The beginnings of this approach are traced to the Human Relations approach initiated in the United States in 1920's. It viewed individual and group interactions as a social system. The approach is based on the study conducted by Elton Mayo and his Harvard colleagues, Roethlisberger and
Dickson at Hawthorne plant of Western Electric Company, Chicago.

The Behavioral approach focused on individual behavior in organizations. Abraham Maslow's (1908-1970) *Hierarchy of Human Needs* in his work *Motivation and Personality* (1954) showed that 'lower order' needs like physiological and safety needs were not the only ones motivating individuals. People also sought 'higher order' needs like love and belongingness, esteem and self-actualization.

Frederick Herzberg's (1923-2000) *Two-Factor Hygiene and Motivation theory* is related to Maslow's hierarchy of needs. Along with Mausner and Synderman in *The motivation to work* (1959), he pointed out that monetary rewards are not sufficient to motivate people. Intrinsic rewards such as the nature of work, recognition and personal achievement were the real motivators.

Kurt Zadek Lewin (1890-1947), was a pioneer in group dynamics. In his article "Frontiers in group dynamics: Concept, method and reality in social science, social equalibria, and social change" (1947), he focused on individual behavior in group context. He conducted research on several issues in group dynamics such as interpersonal attractions, group cohesiveness and conformity. According to him the

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3The study was undertaken at the plant between 1927 and 1932. It has been highlighted by Roethlisberger and Dickson (1956) in their work *Management and the Worker*. The preliminary illumination experiment on worker productivity indicated that certain human variables led to an increase in productivity, even when illumination was held constant. The study covered three phases - (1) The Relay Assembly Test Room Experiment (2) The interviewing program and (3) The Bank Wiring Observation Room. In the first experiment, which involved the observation of six girls making telephone assemblies, it was found that regardless of variations in physical conditions, production increased. This happened even when the girls were made to return to the original physical conditions. The interviewing program whereby 21,000 people were interviewed indicated that workers are influenced by experiences in groups both inside and outside the work plant. The third and the final phase of the research involved the study of fourteen male operators for a period of six months. It revealed that as informal cliques formed among workers, production norms get established which could be in conflict with those set forth by the management.
variables of 'group cohesiveness' and 'group locomotion' would facilitate the understanding of group dynamics4.

The contributions of J.L. Moreno (1889-1974) in his work Who Shall Survive (1953) highlighted the importance of choice-rejection sociometric studies in interpersonal relations. Chris Argyris (born 1923) in his book Personality and Organization (1957) proposed that formal organizations frustrate individuals. Informal groups develop as the needs of the individuals and organizations interact. They work towards reducing the feelings of frustration.

Douglas McGregor's (1906-1964) Theory X and Theory Y in his work The Human Side of Enterprise (1960) defined assumptions about the nature of human beings at the workplace. The traditional authoritarian type of management was reflected in 'Theory X'. It assumed that people were lazy. Hence they would avoid work. Therefore external measures would be required to regulate individual behavior. 'Theory Y' adopted a humanistic approach in the understanding of behavior. According to this, workers enjoyed working. They resorted to self-control. McGregor also elaborated on the characteristics of effective work teams. Warren G. Bennis (1925-) in his book Changing Organizations: Essays on the Development and Evolution of Human Organization (1966) emphasized the transformation of bureaucratic institutions into democratic workplaces.

Rensis Likert (1903-1981) in his work New Patterns of Management (1961) showed that high producing units tended to be employee centered. According to him the 'intersection-influence system' reflected the ideal system of management. This implied

4According to Lewin, cohesiveness refers to the sum of forces binding individuals to groups. Locomotion is movement toward a desired goal (1947: pp. 5-41).
problem sharing between the employers and employees. This would integrate the goals of work groups with those of organizations.

**David C. McClelland** (1917-1998) proposed the *Three Need Theory* in his work *The Achieving Society* (1961). For him 'Achievement', 'Power; and 'Affiliation' are the three important needs. The need for affiliation has also been listed along with sixteen needs in Murray's book on *Explorations in Personality* (1938). For **Udai Pareek**, in an article "A motivational paradigm of development", there was an additional need known as 'need for extension' (1968: pp.115-124).

**Comments:** The Neoclassical, Human Relations and Behavioral approaches have a bearing on the study undertaken. The ideas of Follet and Barnard reflect how there was a transition in management thought towards an orientation centering around human beings. The investigations by Mayo and others highlighted pointed out that man is motivated by social needs. The Bank Wiring Observation Room indicated the strength of informal social relationships.

The Behavioral scientists regarded the Classical approach as degrading the human spirit. In Abraham Maslow's hierarchy of needs, the need for love and belongingness reflects the human desire to associate with others. Similarly, Herzberg's notion of 'intrinsic rewards' tends to be the real motivator.

Lewin's concepts of 'group cohesiveness' and 'group locomotion' are relevant in understanding of informal relationships. Moreno's sociometric studies and Argyris's ideas have a bearing on the study. The researcher relies on Douglas McGregor's 'Theory Y' and Warren Bennis's ideas which revealed a humanistic approach towards work. David McClelland's 'need for Affiliation' and Udai
Pareek's 'need for Extension' reveal the desires of individuals to develop relationships with others.

3. **Modern Systems Theory and Contingency Approach**: The Modern Systems approach of the 1950's viewed the organization as a system operating on input (raw material, people and information) to produce output (product and services) within an environment. According to E.L. Trist and Bamforth in their article "Some social and psychological consequences of the Longwall method of coal getting" (1951: 3-38), the organization was viewed as a sociotechnical system.

For Burns and Stalker, no particular organizational design was appropriate to all situations. This Contingency Approach developed in their study *The Management of Innovation* (1994), showed that organizations operated in varying contexts.

**Comment**: The researcher finds the Modern Systems Theory and Contingency approach having a bearing on the subject matter of this thesis.

4. **The Postmodern Approach**: The Postmodern approach tends to deconstruct observed reality. It attempts to undertake a critique of theorizing practices. It refers to available knowledge in order to construct a new theoretical perspective. It believes that organizations should be decentralized, informal and flexible. Heydebrand in the article "New organizational forms" (1989: 323-57), speaks about the emergence of a flexible organizational form. This is characterized by a flexibility of social structures. Similarly Cooke in his study entitled *Back to the Future: Modernity, Postmodernity and Locality* (1990) suggested that the flexible 'post-modern corporation' was replacing the bureaucratic structures.
Comments: It is observed that the theoretical implications of Postmodern approach seem to have leanings on the content of the dissertation.

EMPIRICAL STUDIES ON ORGANIZATIONAL STRUCTURE:

Several empirical studies have been undertaken on different aspects of organizational structure. The researcher found the following studies relevant especially from the point of view of emergence of informal networks, structure of informal networks, problems in informal social networks, informal relationships in formal organizations, informal communication, impact of informal networks on workers and management and decision making.

1. The emergence of informal relationships: Members of organizations have natural tendencies to enter into informal relationships among themselves for a variety of reasons. Some of these could be stated as follows:

➢ The role of needs -

People have a human need to ‘belong’ (ingness) in any human collective. Coon endorses the universality of this need in his article “The universality of natural groupings in human societies” (1946: 163-168).

Unconscious processes provide a context for group membership according to the Group Relations Tradition. Wilfred Bion has been credited the application of this approach in the context of teamwork as reflected in his book Experiences in Group and Other Papers (1959). He believes that a parallel group exists for providing emotional support to the members. This can interfere with the functional group.
The book *A Theory of Leadership Effectiveness* (1967) by Fiedler has explained that groups can arise out of functional needs. His typology of work groups comprises of:

- **Interacting groups** - Members co-operate to accomplish the task.
- **Coacting groups** - Members work together but still act independently.
- **Counteracting groups** - Members work together for reconciling conflicting demands.

'Social comparison needs' can lead to increasing social contact. This was highlighted by Graham in his article “Interpersonal attraction as a basis of informal organization” (1971: 483-495). Those who were rated highly by their peers chose other highly rated individuals as their companions. And those who were rated otherwise rejected similar people.

The satisfaction of mutual interests, security, fulfillment of social needs and the need for self-esteem explains the evolution of groups. This was revealed by Greenberg and Baron in their work *Behavior in Organizations: Understanding and Managing the Human Side of Work* (1997).

Deci and Ryan proposed the *Self-Determination Theory* in their work *Intrinsic Motivation and Self-Determination in Human Behavior* (1985). Humans have needs for ‘autonomy’ and ‘relatedness’. Sheldon and Bettencourt have substantiated that psychological factors, particularly need fulfillment play an integral role in the emergence of groups. This has been depicted in their article “Psychological needs and subjective well-being in
social groups” (2002: 25-38). They explained that groups fulfill affiliative needs and also self-oriented needs.

➢ The role of identity -

Turner has proposed the Self-Categorization Theory in the article “Social categorization and the self concept: a social cognitive theory of group behavior” (1985: pp. 77-122). A person’s identity consists of the acknowledgement that he/she belongs to certain groups. Accordingly, it involves the categorization of social stimuli into in-groups (categories to which one belongs) and out-groups (categories to which one does not belong). The categorization processes leads to in-group similarities and inter-category differences.

Another thinker Brewer in the article “The social self: on being the same and different at the same time” (1991: pp. 475-482) proposed the Optimal Distinctiveness Theory. He proposed that two needs govern human beings - the needs for ‘assimilation’ (the desire to be included in larger collectives) and for ‘differentiation’ (the distinction between oneself and others in a social context). For him these two needs are opposed to each other. People find it difficult to meet the opposing needs within a particular group. The more they get assimilated, greater is the distinctive identity.

➢ Proximity -

Festinger, Schachter and Back in their book Social Pressures in Informal Groups: A study of human factors in housing (1950), have stressed

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5 The application of the Optimal Distinctiveness Theory can be observed in the conflict between cliques, for example between workers and managerial cliques.
on closeness of contact as a factor in the choice of partners. This has been brought out in their study wherein respondents preferred to interact with people who lived very close by on their floor. For Riordan and Griffeth in their article “The opportunity for friendship in the workplace: An underexplored construct” (1995: pp. 141-154), the informal relationships in the work environment could arise due to groupings of departments in the organization.

**Comments:** It is pertinent to note here that informal networks can arise due to both functional and psychological needs. The *Self-Categorization Theory* has a bearing on the informal networks of relationships. Members may identify with others in their own groups which become their in-groups. This can increase the communication within their own group compared to other groups. The researcher emphasizes the role of proximity in establishing informal relationships.

2. **Composition, roles and norms:** Informal networks can be analyzed in terms of the composition of networks, the roles played by members and group norms.

Elton Mayo and George F.F. Lombard in their article “Teamwork and labor turnover in the aircraft industry of Southern California” (1945: pp. 417-418), formed three classifications of informal groups in organizations:

- **The natural group** - It would comprise of six to seven members. It would function autonomously without being supervised.
- **The family group** - It would have about 30 members who would interact regularly.
- **The large organized group** - Members would interact with management.
Any group is a social system. It comprises of internal elements like 'activities', 'interactions', and 'sentiments'. The three elements reciprocally influence each other. The internal elements are also influenced by an external system such as socio-economic differentials. This has been observed by Homans in his book 'The Human group' (1950).

The most important unit in analyzing the structure of informal networks is the 'node' which refers to the interacting individuals or groups. These relationships have been described by Allen in the article “Communication Networks - The Hidden Organizational Chart” (1976: pp. 31-35). He claims the following features for nodes:

* **Bridge** - individuals connecting two or more groups.

* **Liaison** - who has links with more than one group.

* **Isolates** - who refrain from interaction.

* **Star** - individuals with the largest number of interactions.

Krackhardt's case study of a firm that underwent a union certification campaign revealed that there were two kinds of ties: 'friendship' and 'advice' networks. These networks highlighted the importance of 'philos' relationships (friendships) over affectless working relationships (advice relationships). This has been highlighted in his article “Assessing the political landscape: structure, cognition, and power in organizations” (1990: pp. 342-369).

According to Bales in the article “A set of categories for the analysis of small group interaction” (1950: pp. 257-263), members can play 'socio-emotional' and 'task-orientated' roles. Hoffman in the article “Applying experimental research on group

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* Further, according to David Krackhardt and Jeffrey Hanson in their article “Informal networks: The company behind the charts” (1993: pp. 104-111), the most useful division for social network analysis deals with:

1. **Advice network** - reveals the people to whom others turn to get work done
2. **Trust network** - This shows the people sharing delicate information
3. **Communication network** - It shows who talks about work-related matters.
problem-solving to organizations" (1979: 375-391) added that members along with these roles can also play 'self-orientated' roles. (This has also been referred in Chapter - One, Page 5).

**Dentler and Erikson** in their article “The functions of deviance in groups” (1959: pp. 98-107) proposed that enforcement of group norms was a reminder about acceptable behavior. This has been supported by **Porter and Lawler** in their book *Behavior in Organizations* (1975). Similarly, **Feldman** in the article “The development and enforcement of group norms” (1987: pp. 47-53) also argued that norms are an expression of the core values of the group.

**Comments:** The researcher has relied on groups being considered as a social system. It is useful to analyze ‘nodes’ for understanding informal networks. Informal relationships are characterized by ‘philos’ relationships among members. Within informal networks roles can be influenced by tasks, socio-emotional and individualistic needs. The researcher notes that members in these networks may have their own behavioral patterns.

3. **Informal relationships in formal organizations:** The following paragraphs deal with the coexistence of informal and formal networks in organizations.

   An organization can start off informally. However, over a period of time it can acquire formal structure. This has been illustrated by **John Ellsworth** in the book *Factory Folkways* (1952). **Edward Gross's** article “Some functional consequences of primary controls in formal work organizations” (1953: pp. 368-373) reveals that informal cliques may form across the formal organization.
Chester Barnard in his book *The Functions of the Executive* (1954) proposed that the formal and informal systems could be tapped to produce a 'cooperating system'. For Schneider in the book *Industrial Sociology: The Social Relations of Industry and the Community* (1969), informal relationships contribute positively to organizations. They provide relief from monotony and fatigue in the formal set up. Roy concurred with this in the article "Banana time", job satisfaction and informal interaction" (1960: pp. 158-168). Smart, Brookes, Lettice, Backhouse and Burns in the article "Working the boundaries in the motor industry" (2000: pp. 941-946) revealed that informal networks resulted in effective flow of information, experience, knowledge and ideas.

William F. Whyte in his book *Human Relations in the Restaurant Industry* (1948), observed the contrast between informal and formal relationships. Reif and Monczka in their article "Perceptions of the formal and the informal organizations: Objective measurement through the semantic differential technique" (1973: pp. 389-403) have shown through their study that respondents perceived formal networks as being valuable in satisfying their needs. Formal relationships were perceived as being stable as they were prescribed by the organization.

The nature of 'formal' and 'informal power' have been elucidated by Peiro and Melia in their article "Formal and interpersonal power in organizations: testing a bifactorial model of power in role-sets" (2003: pp. 14-35). 'Formal power' can be prescribed. 'Informal power' is related to personal competencies, socio-economic background and experience. According to Goldberg and Campbell in their article

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7 Schneider(1969) has also referred to the Bank Wiring Observation Room undertaken by Elton Mayo where workers were engaged in storytelling and gambling. This helped to break monotony and provided desired recreation to them according to Schneider.

**Comments:** It has been found useful that as organizations expand in size and complexity, the administrative structure of an organization can undergo changes. Informal cliques cut across different departments in organizations. The researcher relies on Schneider’s functions of informal relationships. They fulfill the need to acquire status that cannot be secured formally. Individuals may be chosen in leadership roles rather than being appointed formally. Informal networks increase the flow of emotional responses and conversations which may or may not be work-related. They facilitate the exchange and sharing of ideas, attitudes and values. Members have their own perceptions about the utility of formal and informal relationships. Power conferred informally can ‘empower’ members.

4. **Informal communication:** There have been several studies undertaken on the different types of communication patterns in informal networks.

    **Allen’s** study in the book *Managing the Flow of Technology* (1977) shows that informal communication is determined by physical proximity. In his study, engineers whose offices were in close proximity discussed technical topics more often than otherwise. **Kiesler** and **Cummings** concur with this observation in their article “What do we know about proximity and distance in work groups? A legacy of research” (2002: pp. 57-82).

    **Wilensky** in the article “Work, Careers and Social Integration” (1960: pp. 543-560) has mentioned informal social interactions among friends as ‘nonwork-related responses’ of employees. Within the set of co-workers, friends were those with whom
one had 'sociable interaction' and with whom one would 'discuss personal matters'. This was observed by Fischer in the article "What do we mean by 'friend'? An inductive study" (1982: pp. 287-306).

Nardi and Whittaker in their article "The place of face-to-face communication in distributed work" (2002: 83-100), suggested that informal communication involved the processes of establishing and maintaining 'communication zones' and 'information exchange'. Communication zones provide the context for information exchange.

Coleman observed elements such as obligations, expectations and information flow outside the boundaries of formal links in his book in the book Foundations of Social Theory (1990). According to Jehn and Shah in their article "Informal relationships and task performance: an examination of mediating processes in friendship and acquaintance groups" (1997: pp. 775-90), morale-building communication is observed in work teams. In this regard Olson and Olson have emphasized the need for common elements in the process of information exchange in their article "Distance matters" (2000: 139-178).

Several patterns were observed in informal networks. This has been reported by Krackhardt and Hanson in their article "Informal networks: The company behind the charts" (1993: 104-111). According to them, communication could be restricted within departments. There could be networks where members were dependent on a particular individual rather than on anyone else.

Research has been done on grapevine, a form of an informal network of communication (As seen earlier in Chapter - One, Page 7). According to Allport and Postman in their book The Psychology of Rumor (1948) the grapevine tends to become active when the issues are perceived to be important and the situations are ambiguous.
Comments: The researcher notes that physical proximity plays a role in informal communication. Effective communication requires the presence of others. Informal interactions are marked by different responses which may or may not be work-related. The patterns of communication in informal networks have a bearing on the study. The grapevine forms a part of informal communication patterns in organizations.

5. Role of informal relationships in employment: The positive and negative impact of informal relationships can be seen workers and management.

Simon and Warner in their article “Matchmaker, matchmaker: the effect of old boy networks on job match quality, earnings, and tenure” (1992: pp. 306-330) observed that jobs obtained through informal contacts lasted longer than jobs obtained through sources like advertisements or other agencies. According to Rosenbaum, DeLuca, Miller and Roy in their work “Pathways into work: Short-and long-term effects of personal and institutional ties” (1999: pp. 179-196), those who found their jobs through friends and acquaintances earned more than those using other formal job search methods. Topa in the article “Social interactions, local spillovers and unemployment” (2001: pp. 261-295) states that those already employed are more likely to provide job information to others than those who are unemployed.

According to Krackhardt and Stern in their article “Informal networks and organizational crisis: an experimental simulation” (1988: pp.123-140), these relationships endorse trust, respect, co-operation and security among others.
There have been studies on employee turnover. A report published by the Hay Group\(^8\) entitled "The Retention Dilemma: Why productive workers leave - Seven suggestions for keeping them" (2001) examined the movement of employees from organizations. The report was based on Hay Insight’s employee opinion database. It measured the link between job satisfaction and organizational commitment. The report emphasized the ‘human factor’ in managing organizations. Blau and Boal in their article “Using job involvement and organizational commitment interactively to predict turnover” (1989: pp.115-127) observed the impact of informal relationships on intention to leave organizations. Paradoxically, strong friendships can make it difficult for people to leave their jobs. Riordan and Griffeth in their article “The opportunity for friendship in the workplace: An underexplored construct” (1995: pp.141-54) indicated that friendship opportunities were associated with increases in job satisfaction, organizational commitment and therefore with a decrease in the number of employees leaving organizations.

Cherniss in the article “Career commitment in human service professionals, A biographical study” (1991: pp. 419-437) contends that congenial workplace relationships lead to supportive organizational climates. Homan’s ‘cohesiveness-compliance hypotheses’ in the book *Social Behavior: Its Elementary Forms* (1961) stated that in close informal contacts there was positive reinforcement. This would improve the overall performance of the team.

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\(^8\)The Hay Group was founded in 1943 by Edward N. Hay, a pioneer in organizational management practices. It works in U.S.A, Europe, Middle East and Asia. It helps service organizations and industries to promote performance excellence among employees. The organizations include chemicals, communication, education, finance, health care, pharmaceuticals, manufacturing and technology. They have more than 7,000 clients world-wide including Microsoft, Siemens, Novartis, Johnson and Johnson, Citigroup, ABN Amro, Ford and Toyota among others.
According to Bramel and Friend in their article “The work group and its vicissitudes in social and industrial psychology” (1987: pp. 233-253), close informal contacts act as an impediment to team performance as they can prevent the critical evaluation of ideas. This has been supported by Paulus and Dzindolet in their article “Social influence processes in group brainstorming” (1993: pp. 575-86). Flache in the book The Double Edges of Networks: An Analysis of the Effect of Informal Networks on Cooperation in Social Dilemmas (1996) called this the ‘cohesiveness-resistance hypothesis’ in contrast to Homan’s ‘cohesiveness-compliance hypothesis’ as mentioned earlier.

Members in informal networks can use coercive tactics against those who exceed normal standards in production. The findings that groups control members have been confirmed by Donald Roy and Melville Dalton. Roy in the article “Work satisfaction and social reward in quota achievement: an analysis of piecework incentive” (1953: pp. 507-514) noted that workers expected others to operate selectively. Dalton in the book Men Who Manage (1959) endorsed this notion of selective manipulation by workers. Berk in his article “Organizational goals and inmate organization” (1966: pp. 522-534) has indicated that attitudes among inmates of prisons were shaped by their informal relationships. Krackhardt and Kilduff in their article “Friendship patterns and culture: the control of organizational diversity” (1990: pp. 142-154) found that members in informal networks affected each other’s evaluation.

\footnote{Roy (1953: pp. 507-514) observed that workers opted for those jobs which carried bonus and other incentives.}
Informal networks can manifest a considerable degree of autonomy. Murray's taxonomy of sixteen needs in his book *Explorations in Personality* (1938) as mentioned earlier (Page 18) speaks about 'autonomy' and 'aggression'. Members in informal networks could desire autonomy and resist the power of management\(^\text{10}\). This has been highlighted by Sayles his book *Behavior of Industrial Work Groups, Prediction and Control* (1958)\(^\text{11}\).

Coercion to comply with group norms may take the form of ridicule and even violence. Springer and Gable in their article "The impact of informal relations on organizational rewards: comparing bureaucracies in Southeast Asia" (1980: pp. 191-210) have analyzed Southeast Asian political institutions, particularly from Indonesia, Phillipines and Thailand. They found that within the bureaucracies, there are informal networks. These networks weaken the base of the formal structure of authority. This was supported by Lopez in the article "Efficiency and the fix revisited: Informal relations and mock routinization in a nonprofit nursing home" (2007: pp. 225-247).

Jon Katzenbach and Douglas Smith have reported in his book *The Wisdom of Teams: Creating the High Performance Organization* (1994), that in companies where managers worked closely with informal employee networks, respondents were more likely to describe their job environment as positive.

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\(^{10}\) This was reflected in the Bank Wiring Observation Room. Workers restricted the output. They created their own production norms in contrast to those of the management.

\(^{11}\) According to Sayles work groups could be classified into:

1. *Apathetic groups* - Indifferent pressure groups.
2. *Erratic groups* - Members were concerned with trivial issues.
3. *Strategic groups* - Members reacted strongly to unfair decisions.
4. *Conservative groups* - The skilled workers group. They were most likely to give warning before taking any action.
Comments: In view of the above discussion, informal networks can play an important role in job acquisition. They can affect job satisfaction and the intention to leave organizations. Informal relationships may result in solidarity among members. However, these networks can adversely affect team performance as members may be distracted by discussing non-work related matters. They may also influence attitudes and perceptions of members. Informal networks in organizations may work in opposition to management. The researcher emphasizes that the informal relationships at the workplace should not merely be viewed as a set of relationships threatening the formal structure of an organization. If the goals set by these networks synchronize with the broader goals of the organization, they can work towards the effective functioning of the organization. Management can integrate these networks with the broader organization.

6. Decision making: The process of organizational decision making and different aspects of decision making in problem solving groups have been explored here. The role of individual and group decision making has also been taken into consideration.

Decision making involves a choice between alternatives. Simon in his book *Administrative Behavior: A study of Decision Making Processes in Administrative Organizations* (1947) criticized the principle of 'rationality' applied to decision making. This implied maximization of a value. He proposed the 'administrative man' who searches through available options for something that 'satisfices' rather than something which 'maximizes'.

Social psychologist Solomon Asch in his book *Social Psychology* (1952) demonstrated that group pressure was exerted on individual members. They forced
them to agree with the majority's view even when it contradicted reality\textsuperscript{12}. The phenomenon of 'groupthink' was studied by Irving Janis in his book *Victims of Groupthink: A Psychological Study of Foreign Policy Decisions and Fiascoes* (1972) (As seen in Chapter - One, Page 8). Harvey in the article 'The Abilene Paradox: the management of agreement' (1974: pp. 63-80) identified a process related to 'groupthink' that he has labeled the 'Abilene Paradox'. The paradox implied that while, individually, members knew what needed to be done to solve the problem, they were reluctant to take whatever action was required. They feared disapproval and rejection.

The phenomena of 'social loafing' may arise when members, in the presence of others, do not make as much effort as they would have had they performed alone (As seen in Chapter - One, Page 6). This was first identified by Latane, Williams and Harkins in their article "Many hands make light the work: The causes and consequences of social loafing" (1979: pp. 822-832). Gabrenya, Latane and Wang in their article "Social loafing on an optimizing task: Cross-cultural differences among Chinese and Americans" (1985: pp. 223-242) reported 'loafing' in one study of Taiwanese school children. Earley in his article "Social loafing and collectivism: a comparison of the United States with the People's Republic of China" (1989: pp. 565-581) through his study of Chinese and American managers, concluded that 'loafing' would occur in collective, cultures, that is among Chinese managers, only if they worked with strangers or if people were not from their ingroups. This would not occur if they worked with ingroup members. People from individualistic cultures 'loafed' in the presence of others when they were not held accountable for their individual contributions.

\textsuperscript{12} In Asch's experiment (1952) members insisted that one of the three vertical lines on a card was the same length as the standard line on another card. However, it was not so.
A consequence of group decision making known as 'group polarization' or 'risky shift' may arise in problem solving groups. James Stoner, a scholar from MIT, in his unpublished work "A comparison of individual and group decisions involving risk" (1961), was interested in testing whether groups are more cautious than individuals. The study revealed that groups take up a more risky course of action than individual group members do. Even the later studies by Myers in the article "Discussion-induced attitude polarization" (1975: 699-714) supplement the findings on 'group polarization'. According to Wallach, Kogan, and Bem in their article "Diffusion of responsibility and level of risk taking in groups" (1964: pp. 263-274), the diffusion of responsibility in the group is the main reason for the risky shift.

One effect of group decision making is 'social facilitation'\textsuperscript{13}. Tripplett in the article "The dynamogenic factor in pace making and competition" (1898: pp. 507-533) found that competitive cyclists were much faster when they raced. According to Zajonc in the article "Social facilitation" (1965: pp. 269-274), social facilitation is caused by an experience of heightened arousal.

Maier in the article "Assets and liabilities in group problem solving: The need for an integrative function" (1967: pp. 239-249), differentiated between the effects of 'cooperative' versus 'persuasive' problem-solving interaction styles\textsuperscript{14}. Maier hypothesized that the 'cooperative' style would promote the effective utilization of resources and commitment to the final group solution. It would encourage members to

\textsuperscript{13} Social facilitation is the tendency for performance of group members to improve or to deteriorate in the presence of others (As seen in Chapter - One, Page 6).

\textsuperscript{14} As seen by Maier (1967: pp. 239-249), a 'cooperative' group style is characterized by listening, intellectual stimulation, searching for and experimenting with different ideas. A 'persuasive' group style is characterized by a few members dominating the scene and influencing others.
actively and openly participate in developing an integrative solution. According to Maier the ‘persuasive’ style would impede effective group functioning.

**Robert A. Cooke and J. Clayton Lafferty** in their book *Organizational Culture Inventory* (1989) elaborated on the *Group Styles Inventory* (GSI). It measured ‘constructive’, ‘passive’ and ‘aggressive’ group styles:

1. **Constructive styles** - Members interacted and approached the problems in ways that enabled them to fulfill needs for affiliation and achievement\(^{15}\).

2. **Passive styles** - Members were interested in pleasing one another. They allowed themselves to be dominated by the group.

3. **Aggressive group-styles** - Members overemphasized their own interests over the group.

In group decision making, members should possess the skills which are important to perform the task. This was articulated by **Deutsch** in the article “The effects of co-operation and competition on group processes” (1960: pp.414-448). **Laughlin** and **Johnson** in their article “Group and individual performance on a complementary task as a function of the initial ability level” (1966: pp. 407-414) revealed that individuals worked by themselves and in pairs on structured problems. It was only when people of high ability were paired, that they performed better than when they worked individually.

The notion of ‘Reflexivity’ in group decision making has been explained by **Michael West** in the article “Reflexivity and work group effectiveness: a conceptual integration” (1996: pp. 555-579) can play a role in group decision making. Members ‘reflected’ upon group’s objectives, strategies and processes and adapted them to their

\(^{15}\) This has also been highlighted by David McClelland (1961), as seen earlier, Page 18.
situations. ‘Reflexivity’ can be considered along two parameters, namely, task and social\textsuperscript{16}.

Elaborating on interactions in groups, Luft in his book \textit{Group Processes: An Introduction to Group Dynamics} (1970) along with Harry Ingham developed the ‘Johari window’ in 1955. The window comprises of four blocks:

1. \textit{The open area} - Representing things that the individual knows about himself/herself. The others in the group also know about it.

2. \textit{The blind area} - Containing information that the individual does not know but the group may know.

3. \textit{The hidden area} - Consisting of things which the individual is aware of but the group is not.

4. \textit{The unknown area} - Consisting of things which neither the individual nor the group knows. This formed a part of our unconscious thoughts.

Luft believed that gradually individuals reduce ‘the blind area’ by receiving feedback from other members.

\textbf{Larry Michaelsen, Warren Watson and Robert Black} in their article “A realistic test of individual versus group consensus decision making” (1989: pp. 834-839) illustrated the emergence of ‘transactive memory’ in groups. It involves a group memory system. This is made up of the knowledge held by individual group members and a communication network for sharing of this knowledge.

\textsuperscript{16} As referred to by Michael West (1996), ‘reflecting’ on task processes would include ‘reflections’ on group objectives, strategies, decisions and feedback available to the group. ‘Reflections’ on social elements would include understanding the processes of conflict resolution, facilitating development and the building of a pleasant work atmosphere.
There have been studies on individual decision making styles in groups. Scott and Bruce in their article “Decision-making style: The development and assessment of a new measure” (1995: pp. 818-831), identified four individual decision-making styles:

1. **Rational** - Searching for alternatives.
2. **Intuitive** - Going along with one’s own feelings.
3. **Dependent** - Looking for external guidance.
4. **Avoidant** - Attempts to avoid decision making.
5. **Spontaneous** - A desire to get things done as soon as possible.

Beatty in the article “Group members’ decision rule orientations and consensus” (1989: pp. 125-128) suggested that if group members share the same orientation, they are more likely to achieve consensus. Nielsen and Miller in their article “Expectations regarding the use of various group decision rules” (1992) explained that decisions based on consensus and majority rule are considered to be ‘egalitarian’.

Putnam in the article “Preference for procedural order in task-oriented small groups” (1979: pp. 193-218), highlighted in her study that prior to joining groups, members have a certain predisposition that guides them. Bormann in the book *Discussion and Group Methods: Theory and Practice* (1975) calls these preferences ‘procedural order’. Putnam ascertained that in groups composed of members with ‘high degrees of procedural order’ (HPO), the message patterns were more goal-related. In those characterized by ‘low degrees of procedural order’ (LPO), the message patterns dealt with socio-emotional group needs.

**Comments:** Within informal networks, members may have to make important work-related decisions. They may make decisions which result in ‘maximum’ gains or those
which are ‘good enough’ dependent on their situations. The researcher notes that
the process of group think seemed to have been at work in the Bank Wiring
Observation Room of the Hawthorne experiments. This pertains to informal
relationships as well. The studies on ‘social loafing’, ‘group polarization’, ‘risky shift’
and ‘social facilitation’ have a bearing on the study. Different types of interpersonal
interactional styles are prevalent in informal networks. Group decision making can
be advantageous with members bringing their inputs. The ‘Reflexivity’, ‘Johari
Window’ and ‘transactive memory’ can be applied to decision making in informal
relationships. Individuals possess their own orientations in group decisions.

CONCLUDING REMARKS:

From the foregoing pages, the researcher has attempted to understand informal
relationships and decision making with a view to establish a relationship if any between the two. As
observed in the Hawthorne studies undertaken by Elton Mayo, pressure was exerted on workers in
groups. It led them to develop their own production norms, violating those set by the management.
Thus it was revealed that informal networks can develop in formal organizations. Within formal
organizations, informal networks among employees can impact decision making at higher levels of
the organizational structure. Therefore the researcher has observed the link between informal
relationships and decision making that played an important role in the organizational environment.
This aspect has been probed in detail in this study. The data collection has been carefully
undertaken to further the relationship between informal relationships and decision making in
organizations.