Informal Structures in Organisations

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The following content will probably be included in a workbook for webinars I am running during April.

The real power within an organisation is often carried within the informal structure rather than through the procedures defined in the official documentation. The system often functions at the psychological level - the hidden dynamics are what really matter. Hence the saying:

It's not <u>what</u> you know; it's <u>who</u> you know.

Many organisations are run by a sort of (hopefully benign) secret society, with informal links across from section to section. People get things done because they know someone rather than because the procedures manual specifies it.

A way to increase your awareness of the informal dynamics is through studying the way leadership occurs. Berne (1963) proposed that organisations (or sections or groups) have three kinds of leaders:

- **the responsible leader** - the person who has the job of leader defined within their job description; often the person who is called by a leadership title such as president, manager, supervisor.

- **the effective leader** - the person who actually gets things done. This <u>may</u> be the responsible leader but it may also be someone else, such as the powerful and efficient secretary or assistant, or the trade union representative who approaches senior management to get decisions that the local manager has failed to obtain.

- **the psychological leader** - the person that people <u>feel</u> is the leader; the person they turn to at times of trouble; the one who receives their loyalty. This may be another manager who has a better style with people, or a popular trade union representative, or perhaps the company nurse or personnel officer that everyone confides in.

It is not essential that all three of these leadership roles be held by the same person. It can, however, be confusing when they are not, especially if people are not aware of the split. When this happens, there may be problems as the different leaders appear to have conflicting priorities. It can then become a battle of wills, leading to psychological game playing as each leader attempts to influence the followers.

Underlying Processes

In addition to the psychological levels of communication, there are certain processes that usually apply within any large group of people. There will be tensions between different groups, possibly related to clashes of objectives but often simply the result of many individuals trying to exist alongside each other. There will be natural conflicts because people want different things, and because there are generally not enough resources for everyone to have everything they want.

One way to become more aware of these hidden processes is to diagram the organisation as shown below, combining Berne's (1963) organisational diagrams of complex and compound into complicated and showing the agitation across the boundaries. The main circle represents the complete organisation; the smaller circles are to sub-divide it into the different hierarchical levels. The divisions within the circles are to represent the different departments and functions.

We can then add arrows to represent the dynamics across the various boundaries, as shown. There will be psychological forces acting across:
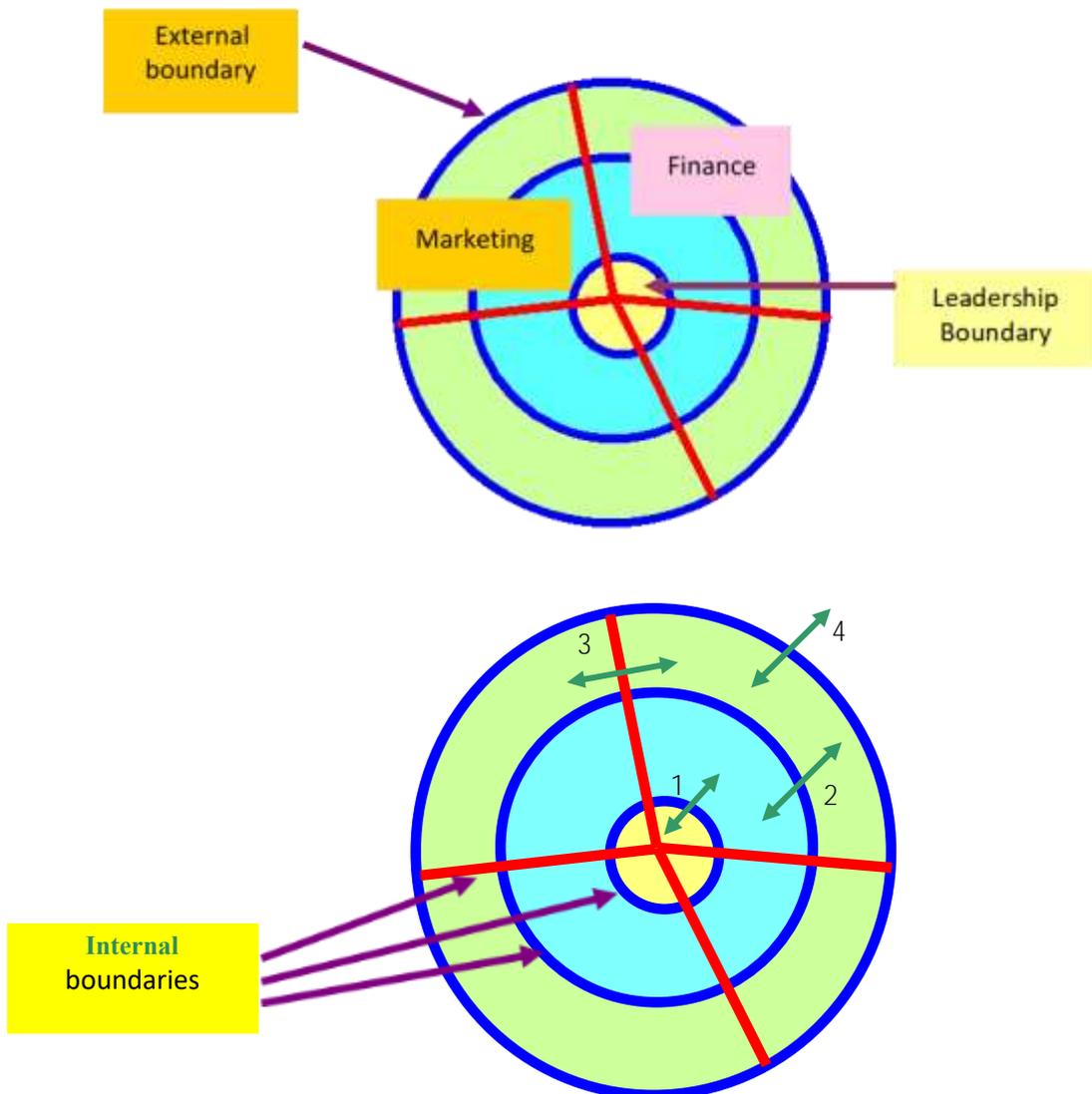
External
boundary

Finance

Marketing

Leadership
Boundary

3

4

1

2

Internal
boundaries

- the internal boundary between the leadership and the rest of the organisation

- the internal boundaries between different hierarchical levels

- the internal boundaries between different departments or functions

- the external boundary between the organisation and the external environment

The internal boundary between the leadership and the rest of the organisation

In most organisations there will naturally be dynamics between the leadership and the rest of the organisation. A 'boundary' will exist that differentiates those who are regarded as part of the leadership group and those who are not. There will be explicit and implicit 'rules' about how someone moves through this boundary.

For example, the explicit rules may relate to experience, years of service, level of expertise. The implicit rules may be about having studied at the 'right' university, having had experience within a specific function, having been mentored by an existing leader.

When a new top leader arrives, these implicit rules may change suddenly. Someone who thought they were in line for promotion after many years loyal service may suddenly find that they are now regarded as part of the 'old' group - someone from outside the organisation has been hired instead.

Part of the boundary process is the way that people are appointed into the inner circle. Questions to consider for an organisation include: are the top jobs advertised within the company for anyone to apply; are they advertised externally and, if so, where; are people selected by the existing team without even having had to express an interest; are head-hunters used, and if so, is this done in great secrecy?

The internal boundaries between different hierarchical levels

Just as there is an invisible boundary between leadership and the rest, there are also boundaries at each level of any large organisation. People pass through these as they are promoted.

Again, the formal rules are usually set down clearly; they are likely to relate to experience and expertise. The processes are likely to be more transparent than at the top level - most large organisations will have standard procedures for promotions. These are likely to include standard formats for job descriptions, requirements for internal and external advertising, and carefully designed procedures for short-listing candidates and for interviewing or otherwise assessing them. Most organisations will take great care to ensure

that promotion processes are fair and effective.

The implicit boundaries will exist at the psychological level. They may include aspects such as company stories about who (what type of person) has been promoted in the past - although such myths are not meant to affect the outcomes, they may well do so because people believe them and do not bother to apply. Another implicit boundary is unwitting bias on the part of the selector. This may not be about anything as obvious as race or gender but may cause indirect discrimination, such as when a manager believes that several years' continuous experience is essential when a specific group of people have enough experience but have obtained it in an intermittent fashion.

The internal boundaries between different departments or functions

The boundaries between departments or functions are often fraught with tensions. This is sometimes because different departments have conflicting objectives. For example, Finance Department may be tasked with keeping expenditure low while Marketing Department want to spend to meet their objective of getting as much publicity as possible. Or Production may need to plan downtime for preventative maintenance while Sales are working hard to bring in urgent orders to help the company cash flow.

Another potential cause of conflict between departments is rivalry between the managers. There is an intriguing process whereby feuding managers create feuding staff. Known as parallel process (Searles 1955), this dynamic was first noticed within therapy when therapists realised that they came to take on the attitudes of their clients.

Because of parallel process we sometimes find that there are conflicts between departments simply because their

managers do not like each other. This may be a separate dynamic to any conflicts that arise because the departments have objectives that clash.

In the same manner, managers who get on well with each other at a personal level will tend to have departments that co-operate even when the objectives do clash. Employees in these departments will work well together to find mutually acceptable outcomes.

The external boundary between the organisation and the external environment

The external boundary gives many clues about an organisation. This is the boundary through which people must pass when they join or leave the company, and whenever they enter as visitors. An obvious factor is how easy it is for people to 'enter' through the boundary - are new employees recruited frequently or rarely; can visitors enter the premises easily or are there elaborate security checks? These factors may also vary across different parts of the same organisation.

Assuming new employees are being recruited, the way they cross the external boundary may have similarities with the ways in which people cross the internal boundaries as they move up the hierarchy. Aspects to think about here are how jobs are advertised, how selection procedures work, and so on. An additional factor for the external boundary might be openness - is the organisation named within job advertisements or are vacancies filled through agencies so that the company name can be kept secret until people have been shortlisted?

How employees are treated when they leave an organisation also gives clues about the nature of the external boundary. Is there a celebration when someone decides to retire or go to work elsewhere; is termination treated as an opportunity for a

valued member of the company to move out into the world outside. Or are they treated as if they have betrayed the organisation; is there a feeling that they must be crazy to leave; are people fired without notice and not even allowed to return to their desks to say goodbye to friends?

Once someone has left, how easy is it for them to come back in to visit their former colleagues? Are they welcomed, with time taken to ask them about their new situation - or is it difficult to get through security without a formal reason for a visit? Do ex-employees work for suppliers or customers, so that the contacts are still maintained - or do they go to competitors and get treated accordingly?

The ways visitors are treated are also indicators of the external boundary. Are all visitors welcomed, offered refreshments, provided with a pleasant waiting area - or are they struggling to get the attention of a receptionist who is also the company telephone operator? Are they greeted, shown where to park, and briefed on emergency evacuation procedures in case something happens while they are on the premises - or are they 'dealt with' by a security guard who seems determined not to let them in anyway? It can be an interesting experiment to arrive at your own offices pretending to be a visitor!

Are all visitors treated equally or is there VIP treatment for some and not others? For example, does the receptionist greet customers warmly but behave negatively towards supplier representatives? Are contractors who come to repair equipment treated differently to temporary employees sent by an agency? Are there any ways in which the greetings offered might be influenced by factors related to diversity - are some visitors assumed to be more senior than others due to gender, race, dress, etc; are there access facilities for people with physical limitations?

Finally, consider how the organisation represents itself to the outside world. What kind of advertising is undertaken; what messages about corporate culture are given; what local/regional/national/ international reputation does the company have? What physical factors apply - are the premises in good condition, well maintained, easily accessible, in a 'good' location - or are they in need of updating, in an area people prefer not to visit, overcrowded with no space for meetings?

References

Berne, Eric (1963) *Structure and Dynamics of Organizations and Groups* Philadelphia: Lippincott

Searles, Harold F (1955) The informational value of the supervisor's emotional experiences *Psychiatry* 18, 135-146

Activity: Exploring the Boundaries

Apply the ideas above to an organisation with which you are familiar; this might be a client organisation, an organisation in which you are employed, or perhaps an organisation for which you are a recipient of services or goods.

Consider what you know about the four boundaries and the dynamics across them.

If necessary, make a plan to collect more information until you feel you understand the impact of these organisational boundaries.

	How do you recognise the boundary?	*What are the dynamics across the boundary?*	*How are the boundary and its dynamics relevant to you?*
the internal boundary between the leadership and the rest of the organisation			
the internal boundaries between different hierarchical levels			
the internal boundaries between different departments or functions			
the external boundary between the organisation and the external environment			