

# Informal Networks

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## The Hidden System of Power & Influence in Organizations

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As I look within groups and organizations, whether it is business as usual or whether it is in times of chaos and change, do you ever wonder who really gets the job done in groups and organizations? The macro environment in which today's organizations operate in is complex, dynamic and volatile. I observe leaders and managers are being forced to constantly re-assess and redesign their organization in order to stay competitive and cost effective. Factors such as, pressures of globalization, increased competition, technology, expanding customer expectations, and changing workforce dynamics are some of driving forces behind these structural changes.

### *Organizational Structure*

Many would agree that within groups and organizations, the structure is a key component in establishing patterns of order, the system and characteristics which defines roles. The basic function of group and organizational structure is to establish patterns of human interaction to get tasks accomplished. Structure to some extent dictates, in large measure, the patterns of communication networks that are basic to information flow.

As executives, senior leaders and managers expend huge amount of time, energy and capacity focused on reorganizing and restructuring, the business does not stop for them to do this. For certain, business continues as usual-deadlines are met, products are shipped, and groups of employees deliver and achieve the business results. So, how does that happen?

### *Creating Informal Networks*

While management is busy in meetings strategizing and redesigning, groups of employees communicate, build relationships, collaborate, negotiate and exchange resources in order to get the job done. They in fact form an informal or invisible organizational system and it usually operates in parallel with the formal organization. This informal system over time inevitably generates its own informal systems of status, power networks, communication, and working arrangements and structures.

Closer analysis of these informal systems shows that there is usually a person who rises to the top and becomes the central figure, the clearing house or what some refer to as the hub of the informal network. Within the informal network, this person is the informal leader-sometimes referred to as the emergent leader. Who are these informal leaders? How come they stand out above others?

## Informal Leaders

Informal leaders are individuals without formal title or authority who serve as advocates, and heighten the contributions of others as well as their own self primarily through influence, relationship-building, and knowledge and expertise. They are credible and reliable and are known for their integrity, and are actively sought for help and guidance on tasks, organizational challenges, issues and problems. They connect with people and are motivators and energizers, promoting work satisfaction and learning amongst those around them. As leader and key influencer of the informal organization, informal leaders are therefore very important to the development and sustainability of informal networks.

I propose that even though executives, senior leaders and managers of organizations intuitively know of informal networks, and may have some understanding of the importance of informal leaders, they spend little time identifying and capitalizing on the role and impact of informal leaders in their organization. So much time and resources is spent documenting formal reporting relationships on organizational charts that they often lose sight of the fact that a key organizational task is not so much the design of the structure, but to understand and harness individual strengths and capabilities.

### *It's all about who you Know*

In many organizations, groups and communities it is a known fact that whom you know is a strong indicator of

what you know because relationships are critical for obtaining information, solving problems, learning the culture and gaining insights on how the work gets done.

The level of influence and power of the informal leader, and the strength and reliability of their contacts and connections is heavily dependent on whether they are central or on the periphery of the communication and information flow. This is why decision makers need to be aware of the informal system as the informal network structure can be impacted by organizational restructuring. If the impact is negative, then this directly hampers workflow, task accomplishments and delivering business results.

So in what ways can redesign and restructuring disrupt the informal network and influence of informal leaders? Physical distance, fragmentation across functional or departmental boundaries, hierarchical levels, and organizational lines as in alliances and mergers are aspects of organizational structure that divide networks. In these instances, it is key to get people connected and integrated quickly so that they can collaborate and pool expertise thereby limiting impact to the business.

### *Networks are Resilient*

It is important to note that in the face of disruptive restructuring, informal networks can be flexible and resilient. In many instances, as the environment changes networks adapt when projects and business demand different resources. Here we observe informal leaders reaching out beyond their current boundaries to create new connections and relationships. This results in the expansion of the network

| <b>Network</b>  | <b>Rationale</b>   |
|---|--|
| <b>Communication Network</b><br>The informal structure of an organization as represented in ongoing patterns of interaction, either in general or with respect to a given issue | To understand the informal structure. It can be particularly helpful to identify sub-groups or cliques that might represent political problems or individual roles in these networks such as highly central parties, isolates and bottlenecks.   |
| <b>Information Network</b><br>Who goes to whom for advice on work related matters   | Just assessing who communicates with whom does not guarantee that the interaction reflect exchanges of information important to one's work. It is important to understand the effectiveness with which a group traffics in information.  |
| <b>Problem Solving Network</b><br>Who goes to whom to engage in dialogue that help people solve problems at work  | Interaction with other people helps us think about important dimensions of problems we are trying to solve or consequences of actions we are considering. Some problem networks often ensure that people are solving the right problem thus improving both individual and network performance. |
| <b>Awareness Network</b><br>Who is aware of whose knowledge and skills  | Awareness of what someone else knows dictates whether and for what problems you are likely to turn to them for help. Strong knowledge networks are an essential basis for strong information   |

and in the increase in the power and influence of the informal leaders.

One of the biggest challenges facing informal leaders within networks is that there is a finite amount of time to develop sustainable relationships, and to invest the energy that is needed to maintain them. The exchange of resources such as information and advice is important for members to get their work done in a timely, effective manner. Demand for resources in informal networks give rise to five key types of informal networks in organizations (see table above)

They are:

1. Communication Network
2. Information Network
3. Problem-Solving Network
4. Awareness Network

### *Collaboration is Needed*

The restructuring and flattening of organizations means that collaboration across functions and organizations, and trusting relationships among employees and experts are critical to competitiveness and success. The global nature of business in today’s groups and organizations makes it increasingly important to get people connected more quickly so that they are more productive.

### *Balance is Critical*

Unfortunately, critical informal networks often compete with, and are fragmented by such aspects of organizations as formal structure, work processes, and culture. This can prove to be a huge issue in business where cross-collaboration is critical to success. Senior executives and management

need to seek a balance between the formal and informal structure, and spend more time capitalizing on informal networks and the role of informal leaders within their organization.



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