

INFORMAL ORGANIZATION IN THE ACHIEVEMENT OF FORMAL ORGANIZATIONAL OBJECTIVES

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ABSTRACT

There is a consensus that no individual can leave in isolation. This is more evident in formal structure where there are people from different backgrounds although with certain commonalities. It is then arguable that this relationship existing among people within formal organizations has a way of impacting on formal organizational goals. This paper therefore examines the impact of informal organization on the achievement of formal organizational objectives. This study utilized secondary sources of data. The findings of the study majorly reveal that informal

Journal of Policy and Development Studies (JPDS)

Vol. 13. Issue 4 (2023)

ISSN(p) 0189-5958

ISSN (e) 2814-1091

Home page

<https://www.ajol.info/index.php/jpds>

ARTICLE I N F O:

Keywords

Formal organization, organizational objectives, Human relations theory

organizations have significant positive impact on the achievement of formal organizational objectives. This result is strongly supported by human relations theory as interrogated in the paper. It is also revealed in the study that informal structure is not always advantageous to organizations. The major implication of these findings is for organizations to appreciate the existence of informal structure. Ensuing this submission, the paper recommends that: management of organizations must recognize the indispensability of informal organization and leverage it for the achievement of organization goals; and effective and sustained monitoring of activities of informal organization is required to keep them in tandem with the objectives of the organization etc.

Article History

Received 29th August 2023

Accepted: 15th Sept 2023

1. INTRODUCTION

Globally, formal organizations exist to achieve stated objectives designed by those (individuals) who established them. They are critical in forging a systematic and smooth flow of activities with a well-defined chain of command and interrelations across different departments. Etzioni (1961) lends credence to this position while observing that formal organizations are social systems developed with a view to realizing specific goals using procedures, rules and regulations. To corroborate this, Robins & Coutler (2012, 456) infer that “a formal organization is a “social structure that is intentionally created, managed and operated to achieve specific goals which are typically external to the organization itself. It is characterized by a clear division of labor, a hierarchy of authority, explicit rules and procedures, and impersonal relationship among members”.

The above suggests that no formal organization exists without clearly stated goals set out to achieve using various resources within its reach. This therefore brings into sharp focus the need to interrogate the interaction among human resources which are critical in determining the deployment of other resources and by extension the realization of organizational objectives. Following this line of thought, Borgatti & Foster (2003) submit that no formal organization can be in existence without informal organization. The rationale for informal structures in every organization is interaction among workers. Generally, communication among people is essential to the extent that in its absence, a significant gap is identified. Hence, it is arguable that informal organizations are unavoidable any formal organization. Our understanding of informal structure is deepened by Kraut, et al. (1990) in Rucker (2012), while averring that “individual members of groups need to communicate with each other to accomplish their production and social functions,

and within organizations, groups need to communicate with other groups. The communication they use is both formal and informal”.

Informal organization is based on individual traits and interpersonal connections of organizational participants and has a significant impact on how people behave and how the organization functions. It entails emergent traits including social networks, power, and politics as well as norms and values (Scott & Davis, 2007). Since informal norms and behavioural patterns are vital to an organization's ability to carry out its function, some scholars view the informal organization as being central to organizational existence. These researchers have questioned the significance and efficacy of highly codified organizational structures, pointing out their shortcomings and unexpected consequences while emphasizing informal structures that frequently complement, undermine, or otherwise alter formal structures (Blau, 1963; Gouldner, 1954; Scott & Davis, 2007 in Frances et al, 2021).

Drawing on this perspective, this paper aims to interrogate informal organization in the achievement of formal organizational objectives. The rest of the paper is structured as follows: methods, literature review, contributions of informal organization to the achievement of formal organizational objectives, theoretical underpinning and concluding comments.

2. METHODS

This paper utilized secondary sources of data such as journal articles, textbooks and newspapers among others. This method is suitable due to the nature of the study. White (2000, 66-67) lends credence to this method while submitting that “if the same method of data collection is from different sources...over different time...this is often termed data triangulation” and it is seen as “...complimentary, with the outcome resulting in a more thorough understanding of the problem under investigation”.

3. LITERATURE REVIEW

3.1 Informal organization

Informal organization is established by the will and shared identity of their members. It is a group of people who share a common identity and are committed to achieving a common purpose. “Informal organization grows out of interpersonal transactions deriving from the many clusters of informal influence groups having either a positive or negative impact on the formal organization itself”. Also, formal and informal networks exist concurrently and that two people who have a formal relation in one situation might have an informal relation in another” (Knezevich in Treslan, 2011). Thinking in this direction, Barnard (1934) in Isomura (2021) observes that informal organization is a common activity among people without a deliberate purpose aimed at probably leading to a common result. It is driven by flexibility but with restriction of operation within the people. Unconsciousness is striking in the above definitions and is reinforced in the opinion of Robbins & Judge (2021) that informal organization is a relationship between workers in a formal organization which arises unconsciously from interactions and has strong influence on activities in the organization. Conceptually, it is viewed as a social structure that arises within a formal system due to interactions between workers which are not officially defined as duties. Looking at it from unrestrained and corrective standpoint, Mintzberg (1983) in Brooke et al (2016) posits that informal organization is a natural occurrence that arises against the weaknesses and rigidity of

formal organizations. It aims at taking care of workers' needs for affiliation and social activities. It has a tendency of strengthening communication system within a formal organization. The above view of Mintzberg (1983) in Brooke et al (2016) is partially tenable in that informal organizational is natural but does not come into existence due to deficiencies in formal organizations. Informal organization is not weakness-sensitive as portrays by the author but can address the weakness of a formal organization and does arise due mainly to human nature.

The foregoing discussions suggest that informal organization comes into existence without a deliberate intention of its members. It is natural, unconstrained and driven by commonalities among employees. It is naturally selective to the extent that it does not accommodate every employee in a formal organization. Fundamentally, it is a spontaneous coming together of workers of like minds in a formal organization without originally intending to achieve any specific goal. Gibson et al in Pretorius (2004) specifically highlight the features of informal organization to include:

1. Patterns of interpersonal and group relationships
2. Group sentiments and norms
3. Emergent power and influence patterns
4. Emotional feelings, needs and desires
5. Effectiveness measurements
6. Personal views of organization and individual competencies
7. Perceptions of trust, openness and risk-taking behaviors
8. Affective relationships between managers and employees
9. Individual role perceptions and value orientations
10. Satisfaction and development.

3.2 Formal organization

Formal organization can manifest in various ways such as institutions, civil society organizations, non-profit organizations, government ministries, departments and agencies among others. Formal organization is a social system deliberately established, operated and run in order to achieve specific objectives which are external to the organization itself. Its attributes are laid down rules and regulations, division of labour, hierarchy of authority and impersonal relationships etc (Robbins & Coulter, 2012). This explanation is strengthened in the submission of Meyer & Rowan (1977) in Kristen (2016) while maintaining that "a system of coordinated and controlled activities that arise when work is embedded in complex network of technical relations and boundary-spanning exchanges". Formal organizations are social systems with well-defined authority structures and explicit rules and goals. Since these organizations are formed to achieve specific purposes, their structure defines the division of labor and delegation of authority among organizational stakeholders. Moreover, formal organizations operate within pre-defined plans, procedures, and policies, which inform most decisions. The primary purpose of constituting a formal organization is to facilitate the attainment of specific objectives through stepwise fulfillment of laid down departmental objectives. Formal organization tends to be more rigid, more solid and last over time, which is why they are more controlled organizations, less subject to the contingencies of the individuality of their members. In a formal structure, the limits, power and responsibilities are usually much better defined and are much more controllable and measurable than in an informal one. The features of formal organization are stated below:

1. Mission, goals and objectives Job definitions and descriptions
2. Operating policies and practices
3. Departmentalization bases
4. Span of control and hierarchical levels
5. Personnel policies and practices
6. Production and efficiency
7. Effectiveness measurements (Gibson et al in Pretorius, 2004)

4. CONTRIBUTIONS OF INFORMAL ORGANIZATION TO THE ACHIEVEMENT OF FORMAL ORGANIZATIONAL OBJECTIVES

Effect of informal organization on the realization of organizational goals is an issue of concern in the study of organizational behavior. Formal organizations are established to realize certain objectives specifically stated through hierarchical structure with clearly defined duties. This leads us to informal organization which can be viewed as social relationships and interaction existing within the formal organization which can probably not have a clear-cut position in the formal system. Andrews (2010) contends that informal structures can serve as instruments used to stimulate better skills transfer across organization. Exchange of knowledge through informal structure is viewed to be extremely productive to the overall organization (Australia Bureau of Statistics, 2002). Through the grapevine, informal structures keep their members informed on what administrative actions, policies, processes and standards that affect them. An awareness of managements' intended actions, policies, processes and standards enables employees to position themselves strategically to effectively execute tasks expected of them. When employees are strategically positioned, they become more able to perform better. Our understanding of the importance of informal organization is deepened by Kraut et al (1990) in Rocker (2012), while arguing that informal communication often takes place in research and development and helps employees in learning about one another as well as their work. It improves production and offers a crucial tool which collaborators depend on to begin, maintain and complete a joint task.

Jirotko et al (1992) observe that organizations have reportedly been viewed as either networks of unofficial relationships or frameworks that can be divided into hierarchically structured systems. The organization of cooperative work is very flat and informal, and it mainly relies on horizontal communication, thus it is not organized hierarchically. It is impossible to separate informal organization entirely from formal organization as it ensures the coming together of socio-technical systems of an organization such as work, personnel, structures, processes and information (Chan, 2002). "Informal organization also influences behaviour and other organizational outcomes by enabling, augmenting and transforming work that is only partially codified by the formal organization" (Gulati & Puranam, 2009, 423). This results to the findings that informal structure can boost the formal organization (building on formal prescriptions by "emphasizing the same set of employee behaviors") and address its weakness (by enhancing complementary attitude). For instance, the informal organization may assist in carrying out crucial organizational tasks, such as maintaining communication and group cohesion and protecting people from the dehumanizing elements of formal organization. It may accomplish this through social networks, which relies not just on officially recognized links and connections between people but also on unofficial connections such as friendships and alliances (Tichy et al, 1979 in Waldstrom, 2001). Such characteristics can be essential to the way an organization operates, acting as a safeguard against

the alienation of formal organization and facilitating decision-making, getting things done in the face of complex or conflicting external expectations, or avoiding overly onerous administrative requirements (Greenwood et al., 2011). To corroborate this, Mintzberg (1983) in Brooke et al (2016) submits that informal organizations have the capacity improve communication within formal organization as workers who belong to informal structure often interact more openly with one another, hence, there is high tendency of them sharing ideas and information that can be advantageous to the organization thereby leading to better collaboration more effective problem-solving.

Equally, it can boost performance in the formal organization. It can contribute positively to the smooth functioning of a formal organization. In a formal organization where rigidity of rules does occur, informal relationship has frequently been instrumental in overcoming the obstacle and easing the workflow. Once an informal organization starts, it infiltrates formal organizations and works on formal organizations' activities in every area, especially in human resources management. Due to internal norms and influences that have developed with the establishment of informal organizations, it is necessary to maintain the proper mindset in order to fully utilize the constructive function that informal organizations play in the management process (Xiaojuan, 2010). Managers can direct the informal organization and produce outcomes that go beyond what their formal organization alone can produce by taking into account how the informal organization can complement the formal and by managing each in its own way (Katzenbach & Khan, 2009).

Informal structures also help lighten management workload. Managers become less inclined to check up on workers when they know the informal organization is in place. This encourages trust, delegation, transfer, decentralization and greater worker support for the management, which explains a significant improvement in performance and overall productivity. Informal structure acts as a safety valve and fills the gap of managerial abilities. For instance, if a manager is weak in financial planning and analysis, a subordinate may informally lend a hand in preparing reports and assist the manager by either suggestions or direct involvement. This eventually results in effective performance of tasks. Informal structures in organizations encourage managers to prepare, plan, organize, and control in a more professional fashion. Managers who comprehend the power of the informal organization recognize that it is a check and balance on their use of control and authority. As a result, management with more careful thought and consideration, knowing that the informal organization can easily kill a poorly planned project, introduces changes and projects.

In addition, it provides a means for relieving emotional and psychological pressures (such as frustration, tension, and emotional problems) with management and other employees by allowing a person to discuss them among friends openly and candidly. Employees who through informal groups get rid of these emotional and psychological pressures have free minds to imagine and generate new ideas, concentrate and approach their duties with clear and unambiguous thoughts and therefore perform better. Since informal organization gives satisfaction to the workers, it motivates workers and also maintains ability of the work and fills up gaps and deficiency of the formal organization. For instance, a personal relationship between an employee and his superior will result in greater co-operation between them. It will also help create satisfaction, fulfillment and stability among employees in the organization. The informal organization proves very helpful

in achieving the objective and increasing efficiency and productivity of the formal organization. It makes the task of supervision easy and very effective in the organization and its basic problems.

While informal organization can significantly impact on formal organization objectives as discussed above, it is imperative to observe that it may create unique challenges and potential problems for management of organization. As Casali & Day (2010) put it “While it is pervasive and necessary to smooth organizational functioning, the informal organization is also prone to malign behaviours and consequences. The dark side of informal organization may emerge in a range of ways. For one thing, the informal organization may generate subgroups and cliques who deviate from formal organizational rules and norms”. And this could lead to disastrous outcomes (Kirkup, 2015). Another issue is that certain people may try to take advantage of unofficial positions that provide status, respect, and esteem beyond what the formal organization can provide in order to acquire advantage and privilege (Tajfel & Turner, 2004). In this case, the informal organization may establish its own hierarchies or unfavourably amplify the formal organization's hierarchies. This in turn makes lower-ranking members of formal hierarchies to frequently exhibit low self-efficacy, undervalue their contributions or ideas, and consistently submits to higher-ranking members of the workforce in social contexts (Nembhard & Edmondson, 2006).

5. THEORETICAL UNDERPINNING

A theory provides a context within which a phenomenon is better explained and understood. This paper is therefore rooted in human relations theory which is traceable to the widely known Hawthorne experiments carried out by Elton Mayo between 1924 and 1939 (Pratt & Bennett, 1979 in Ezeani, 2006). A salient tenet of human relations theory is the role of informal organization in the operation of formal organization. In other words, the proponents of the theory contend that informal organization is critical to the performance of formal organization. As Sharma et al (2012) argue, one of the obvious roles of neo-classical proponents has been to explain the impact of work groups (informal structure) on motivation and productivity. “The human relations approach recognizes the importance of the informal organization which will always be present within the formal structure. This approach demands that a rigid hierarchy of subordination that formed part of the classic theory of management should be abandoned and that the informal aspects of the organization should be given much importance. The informal organization will influence motivation of employees who will view the organization for which they work through the values and attitudes of their colleagues” (Sapru, 2013, 186).

Building on the above thrust of the theory, it suffices to infer that the indispensability of informal structure in formal organization is underscored in the reality that colleagues in workplaces will naturally interact especially when certain similarities among them such as place of origin, life style and sense of fashion are established. This in turn ensures flow of communication, better team work, effective mentorship; and makes official responsibilities less challenging and positively impact on the overall objective of the organization. As Cooley (2016) opines “human relations theory takes into the informal organizations in the workplace. What is important to a worker and what influences her productivity level may not be the official organizational chart but her or his associations with other workers”.

6. CONCLUSION

This paper interrogated the contributions of informal organization to the achievement of formal organizational objectives. Relevant literature reviewed in the study suggests that informal organization has far reaching positive effect on the achievement of formal organizational objectives through transfer of skills, communication flow, team work, trust and delegation among others. This position was buttressed using human relations theory particularly the tenet regarding informal organization. It also discerning that informal organization is natural due to human nature.

However, it was established in the study that informal organization may in certain occasions have tendencies to create challenges for management and entire organization. Arising from the foregoing submission, this paper recommends as follows:

1. Management of organizations must recognize the indispensability of informal organization and leverage it for the achievement of organization goals.
2. There is need to develop an organizational culture that strongly encourages informal organization.
3. An effective and sustained monitoring of activities of informal organization is required to keep them in tandem with the objectives of the organization.
4. In the event of damaging informal organization together with failure of the above measures, management of organizations should adopt “divide and rule” approach as a last resort.

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