TheIncreasingImportanceofInformalRelationshipsinOrganizations

–AnAnalysisofthe'LurkingLions'

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To all Formal and Informal Forces

Enhance yourself...
Abstract

The increasing importance of informal relationships derives from the steadily evolving and proceeding conditions in which we are involved in on a daily basis. These conditions range from the overall environment we are living in, over to our organizational working context and end up in our very own personal setting, namely our minds: in the end, we as human beings are the primary cause for the forming of such relationships, as they are established through our needs, concerns, wishes and fears. Furthermore, we are also highly influenced by our surrounding conditions, and so are the causes, types and effects of the so formed relationships. Our research offers an analytical as well as personal approach to bring the increasing importance of informal relationships to the minds of our readers. Especially leading figures in various organizational contexts are our target audience, as they have to cope with the also growing responsibilities and requirements that are accompanied by this process.

Among scholars of this research field, there are many terms and expressions existing of such informal elements and happenings. Some speak of them as the ‘hidden assets’ of organizations, others entitle them as their ‘underlying powers’ and there also exist highly analytical notations, like for example ‘secondary adjustments’. However, all of them cannot entirely reproduce the thoughts and feelings we connect with our work. As we are now acting within the circle of these scholars, we take the liberty to add our own expression, which is best able to demonstrate our perception of such informal forces. We have given them the term ‘Lurking Lions’. They are powerful but also hard to encounter, as they are very well hidden behind the bushes of the formal organization and present without any noise. However, if our entitled lions realize some changes, threats or incentives in their environment, they are likely to reveal themselves and exert a drastic influence on the ones who caused them. By getting in contact with them, most people are likely to be overwhelmed as no one really knows about their thoughts, intentions and upcoming actions. Therefore, we tempt you to listen carefully, observe deeply and find out the nature of these ‘Lurking Lions’. By doing so, you can get a new powerful informal ally on your side.

Key Word(s): informal relationship, increasing importance, leadership, leader, condition, organization, effect, balance, lurking lion.
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1. **Introduction: Informal Happenings around us**

1.1 **One Day – Two Journeys**

As a beginning of our informal trip we want you to think of a normal day how it could happen in your and everyone’s life. You wake up, get dressed and have a nice breakfast before going to work. During eating you talk to your wife and children about the upcoming activities of the day, privately as well as at school, joke around and simply enjoy the presence of your beloved ones. Before getting to your job, you decide to make a fast stop at your favorite bakery store and buy a few snacks for the long working journey that awaits you during the day. As you are a steady customer here you know the saleswoman very well and therefore shortly talk to her about the weather, her kids and their overall well-being. Later on, while you are sitting at the desk in your office, a colleague jumps in and asks you for your help: the printer in the hallway is apparently not functioning anymore. As you are known for having a talent with technical devices it is not the first time that you have been approached with such a matter. Kind as you are, and also with a little feeling of pride, you follow him and fix the problem within a few minutes. As things evolve, you stay there a little longer and have a 10-minute chat about the difficulties of today’s technology, which easily can develop itself to one of the most approached topics during such a typical conversation between colleagues: your private life with the family, current news and happenings, and also rumors and stories that are sneaking around at the workplace. After these very interesting minutes, you head back to your office and continue working on your actual tasks again. Before leaving the office in the evening, it comes to your mind that a co-worker from another department has a birthday today. As you like him very much you pass by at his office, wish him all the best and tell him that he looks way younger than he actually is. Afterwards, you decide to go to the gym before heading home in order to receive a physical compensation to the long sitting at work. There you train very hard but still have a lot of fun as you and your personal trainer both share the same interests regarding hobbies and sports in general, which always is a present and loosening topic during the demanding workout. Finally, you arrive at your house, tired and exhausted but also happy to be able to let the day fade away with your family.
Now we ask you to think of the exact same day, but in a different way of experiencing and living it: a strictly formal version. This means that you are attending and performing all the before mentioned activities only in order to realize their objective and intentional purpose. To achieve this, it is necessary to remove all happenings that have nothing to do with your formal objectives and responsibilities during the day: they are therefore entitled as informal. Firstly, you act more rational towards your kids at breakfast, telling them to behave at school and remind them of the importance of a good education. That is what parents basically are said to do in their formal education. At the bakery store you simply order your food, give the required amount of money to the saleswoman and then head on to your office without any further private contact to her. Your formal intention only was to get a snack. As your colleague then is approaching you with his concerns about the defect printer, you tell him that you have no time for such an additional task as this is not part of your actual job responsibilities. Consequently, you prompt him to call the technical maintenance staff to fix this problem, simply because it is their job to do so. In order to wish your co-worker in the other department all the best for his birthday, you decide to call him after work, as you find it not appropriate to approach him just because of personal reasons in his office: you are still on the job and not in a bar. Last but not least, during the workout at the gym, you simply follow the instructions and advices of your personal trainer, as this is the main reason why you pay him for: to get you in a better shape and not to be a good buddy. The only thing that hasn't changed then is your happiness about spending the evening with your family.

If one had to choose now between these two different versions of the above described day, we dare to claim that most would favor the journey with informal elements. That is not surprising, as this choice feels much more familiar to us. The simple reason is that we are experiencing most parts of the described elements and behaviors every day for ourselves, even if it might be in different circumstances. It would just seem unnatural to not talk to the saleswoman in the bakery store as there exists a high amount of sympathy between the both of you, even if this has nothing to do with the actual intention of ordering food. The same can be said about the co-worker with technical deficits: he is facing a problem and even though it is not part of your formal job description, you most likely would help him if you have the capability and willingness to do so. Last but not least, the personal trainer at the gym might formally be employed to provide people with the most efficient and
secure techniques of training their bodies. However, for a lot of them he might also serve as a personal listener and useful valve to release the accrued stress of the day. All here described actions and behaviors have one thing in common: they are not based on the formal relationship that exists between the involved individuals, but on a deeper, personal and overall human basis: the informal elements.

1.2 The Meaning of Informal Relationships

What we want to point out with these two different journeys is showing and highlighting the presence and importance of various kinds of informal relationships in all parts and moments of our lives. Especially in the daily business context these very special types of interactions play a bigger role than most of today’s managers and leaders might be aware of. This can be illustrated very well by examining a famous and often used tool that is meant to describe the structure of an organization: the organizational chart. By looking at Figure 1, we should be able to see all the hierarchical levels, the leadership responsibilities of the different departments, and the relationship or power distance between certain persons or areas of a company.

Figure 1: A casual organizational chart
It shows the formal basic frame of how the organization is structured and meant to work. As we can see, the organization is split up into certain areas that all have their own spectrum of tasks on which they work more or less independently from the rest of the company. Its formal characteristics are simply recognizable as they are made explicit on this chart as well as in norms, restrictions, purposes and values of the specific organization. It is the formal way of how management defines how the company is constituted and should work. They also inhabit relationships, but only between those subjects that should be formally connected through the established structure. It can be seen as the “hard” part of an organization (Wang & Ahmed 2002, p. 6).

However, within and in between these lines of authority there also exists a not so apparent structure that very often is not recognized or even gets neglected by the formal management, as they are not able or willing to identify it: the composition of informal relationships. They are not based on this apparent pre-structured hierarchy with its elements of power, authority and status. Rather, they evolve themselves underneath this formal framework and therefore are much harder to spot for the leading authorities. There are many reasons for their presence, which will be argued and explained during our work in more detail. Just to mention a very important one: the cause and core of their existence are human beings who are not functioning in a strictly rational way. Every individual has its unique characteristics, views and needs that cannot be dealt with solely by the formal and static approach of an organization. The informal context is about interpersonal relationships and cross-functional as well as inter-organizational communication that is not based on the formal setup of a company. It refers to the “soft” part, its people and their needs, emotions, perceptions and judgments (Wang & Ahmed 2002, p. 6). A good example is the before mentioned co-worker who needed help with the printer: his formal reference to approach this problem normally would have been someone from the maintenance staff, but it was much easier, comfortable, time-sparing and therefore efficient to ask another present person with the needed expertise for advice, even though this individual was not officially responsible for this matter. Surely, everyone can think of a lot more situations that contain such informal elements and relationships in their own private and working life. The reason is that every one of us is experiencing them daily and still they do not get the attention they deserve, especially of today’s leading figures. This thesis is an approach to bring the existing and increasing important characteristics and effects
of informal relationships to their minds. As a starting point serves Figure 2: it illustrates possible constitutions of such informal bonds in a formal language every leader or manager should be able to understand, as it is described with the same tool as earlier: the organizational chart, just in a more realistic way.

Figure 2: A more realistic organizational chart

This may seem like a novel and maybe also odd new viewpoint, as some of you might never have thought about an organization existing out of more than its formal structure. Therefore, we want to outline them by referring to Simon, Smithburg and Thompson (1962), who encapsulated them very well. They define the formal organization as ‘a planned system of cooperative effort in which each participant has a recognized role to play and duties or tasks to perform’ (Simon, Smithburg & Thompson 1962, p. 5). Compared to that, the informal organization can be seen as ‘the whole pattern of actual behavior – the way members of the organization really do behave - insofar as these actual behaviors do not coincide with the formal plan’ (Simon, Smithburg & Thompson 1962, p. 87). Especially the last part is very interesting. Not coinciding with the formal plan does not mean that they naturally oppose each other and do not work collectively for the same goals. This is another question, as it mainly depends on the different conditions that are provided by organizations and faced by the people who act in it. This will be discussed later on in more detail. For us “not coinciding” rather means that the way people behave at work and get it done is not always through the formal channels and procedures, but rather through own developed ones: informal patterns (Katz 1965, p. 206).
We hereby also want to clarify the intention we want to transmit with our term for such informal relationships, groups or happenings: the ‘Lurking Lions’. During this informal journey we have steadily developed ourselves and gained valuable new knowledge concerning the actual consistence of organizations as well as the informal elements that occur within them. Our so formed central thoughts can very well be summarized with this expression, as it unites our three main perceptions of informal relationships. Firstly, they are hidden within the formal framework of an organization, just like lions who are lurking in the bushes of their territory. One has to take a thorough look in order to be aware of their existence and to encounter them. However, we hereby do not want to connect with the dangerous nature of these animals and that they should be seen as a threat, but rather with our second main characteristic: they are always active and exert a certain influence on their surroundings, even if they are not recognized. If they receive a certain incentive or need to get out of the bushes, they reveal themselves and become clearly visible through the interaction with their territory. The same accounts for informal relationships: they always affect the setting in which they occur in and the more they are needed and the stronger they are formed, the better they become visible. Our last major notion of informal happenings can be linked with the key characteristic of lions in general: they are very powerful and the more they are active, the higher the resulting effects will be. Once again we do not want to refer to the threatening perception of lions, but rather how they perform with each other and that their behavior can better be comprehended when they are being analyzed and understood. This is what we intend to do with our here conducted research, not regarding lions in general but rather in terms of our own ‘Lurking Lions’.

1.3 Purpose of our Informal Envisioning

As the title of our thesis states it, our purpose is to show and elaborate the increasing importance of informal relationships in different organizational contexts in order to clarify the major causes and reasons for their existence. As the appearance and influence of our hidden lions is likely to increase further and further due to the changes in the globalized economy and society, which will be explained later on in more detail, also the attention and awareness for them should rise in at least the same way. A lot of dynamics have changed within the last 50 - 100 years. Consequently, it is likely that the presence and importance of informal relationships also has been affected. Our aim is not to deliver a universally valid description of these intricate relationships – this is not possible as they are
constantly forming and redeveloping themselves. Neither can we provide a “one-fits-all” solution of how to approach, utilize or integrate them in every particular organization. But we are very well able and willing to construct a sensible overall framework with solid implications and empirical insight to sensitize everyone for this topic who never thought of these kinds of relations or, even worse, recognized but neglected them.

The focus of our work therefore will be grounded on different kinds of conditions from which various types of informal relationships are likely to emerge. We find it highly relevant to analyze the roots and causes that let them evolve in order to draw the right implications from the effects they generate. In order to devote the appropriate amount of attention to these settings in the way they deserve it, we split them up into so called “macro conditions” and “micro conditions”. The macro conditions will deal with the overall environment all organizations find themselves in, especially the changes in society and economy and the resulting new values, demands and challenges that are accompanied by them. In the following part of our major analysis, we will examine the more specific micro conditions: different types of business organizations that are acting within certain kinds of environments. We want to highlight the increasing importance of informal relationships by analyzing these different conditions, as they will cause various types of informal relations that all have their own specific effects on the looked at organizational setting. To also deliver a more practical insight, we provide the reader with a case study which is based upon our empirical findings we have gathered from interviews with several leaders who are working in the community center of Kalmar. It will address the characteristics of one specific type of business organization and the informal relationships that are occurring within it. Furthermore, illustrations from other types of organizations will clarify that such conditions can also arise in distinctive settings and that informal relationships not only occur within the world of business. We will exemplify that once by the means of extreme control environments like they have been predominating in concentration camps of the Nazi regime and that they still occur within the organizational context of prisons. Furthermore, we also intend and regard to not over amplify their existence, as they also have to be dealt with in a fitting amount as well as kind and manner. In connection to that, we present the case of the famous “Orpheus Chamber Orchestra”, which clearly will address this limitation effect. What all these organizational environments have in common, however, is that they distinguish
themselves from each other regarding the specific conditions that are prevailing within them. Being settled in and confronted with these diverse surroundings, human beings will develop special types of views, concerns and needs that all present different challenges and implications for the target organization, the people that are acting within them as well as the leading figures. All this will be analyzed against the background of the presence of informal relationships and in which way they are formed as well as what kind of effects these ‘Lurking Lions’ will carry with them.

From this we hope to construct a useful guideline with valuable advice of how to approach them in an appropriate way. Especially people in leading positions are meant to be our target audience, as they hold the most powerful reins to bring a change into their perception of how organizations actually function. We intend to let them recognize and understand different important aspects, characteristics and effects of informal happenings, especially in their daily working life. How to specifically manage them is not within our range of interest as they are not manageable in the traditional way. In the best case our work will serve as an eye-opener that will provide our readers with some “Aha-effects” which will be helpful for them and the people they work with – formally as well as informally – to acknowledge, understand, foster, utilize and in the best way appreciate the existence of our entitled ‘Lurking Lions’. By doing so, they might recognize their informal roar and have the chance to form one joint and effective organization that utilizes the strengths of both, formal and informal structures, at the same time. The knowledge and opportunities to do so undoubtedly exist.

1.4 The Formal Structure of our “Informal” Thesis

We structured our informal journey as followed: after this introductory part we describe how we conducted and utilized our research. This is the main issue of our methodology section. Here, an overall insight on the most important aspects of research methodologies will be provided in general as well as how we applied them specifically in our thesis. We address the single types of our research tools as well as important limitations that also need to be considered in the same way. Especially the analysis of the before mentioned business environments, our research for Pre-understanding as well as the implemented interviews for our case study take a major part within it.
Following up, we provide the reader with a first sensitizer for our topic in the form of valuable empirical facts that we have gathered from our conducted online survey: we designed and allocated a short questionnaire to gather thoughts and personal opinions from a variety of students and workers regarding their notion of informal relationships. The purpose of this Pre-understanding part is to prepare the reader for our upcoming informal journey, as it demonstrates the actual existence and relevance of our research topic and how it is perceived within real circumstances.

In the next section we discuss and highlight the existing and for our topic most important research in the form of secondary literature in order to review it from many points of views. It guides our readers from the first official encounter of informal relationships in organizations to the very important provision of a basic understanding regarding informal elements in general. Here, we highlight the main distinctions that characterize formal structures compared to informal ones and present a very important figure within such informal happenings: the informal leader. This special individual can be seen as the informal ‘Lion King’, as her or she holds a leading position within an organization without the need for any formal authority or status. This remarkable and interesting fact will be argued amongst others, like the emergence, leadership style and the different types of informal leaders as well as the various environments in which they can be found. We then slowly are heading for our main analysis section. As a preface we review existing facts regarding the before mentioned macro conditions and shed our own light on them in order to let our readers realize the changing and increasing importance of informal patterns in general. The starting point will be laid by an illustration of the most famous cause for change within the last amount of years: the globalization and its various manifestations in form of the steadily developing societal and economical environments, values and interests within today’s world. In order to elucidate the most remarkable changes within the last decades, we then put the spot on different ages and eras that have occurred in the later history. After discussing them, the overall increasing importance and presence of informal relationships should be highly present in the minds of our readers. This will serve as a good basis for our main analysis part.

Within that we study and analyze the more specific micro conditions. These emerge and manifest themselves in various ways, depending on particular types of organizations that are settled in different kinds of environments. We firstly take a thorough look at two highly unalike types of business organizations and distinguish
them regarding their formal structure, amount of formal control and informal freedom, the prevailing working procedures as well as the overall treatment of the workforce, amongst others. We also link these conditions to the size of the company as well as to the business industry it is likely to act in. After deriving implications from our findings regarding certain types of informal relationships that might evolve from these distinctive conditions, we analyze their effects on the specific organizational type. This will lead us to a detailed interpretation, concluding remarks as well as several recommendations that we have gathered from our analysis. In order to illustrate our findings also in a more practical way, we then present the reader our case study of “Kalmar Kommun”, which acts as the closing part of our analytical section. We thereby study the specific conditions and effects of informal relations within this organization to get a more practical understanding and find interesting connections or disconnections to the existing literature.

After that, our intended work nearly has come to an end. However, we find it very interesting and valuable to utilize our gathered knowledge by taking a thorough look on very special types of organizations in highly diverse environments: the extreme control setting of concentration camps and prisons as well as the art-connected environment of the “Orpheus Chamber Orchestra” allows us to establish interesting links to our analysis part regarding the types, effects and once more the importance of informal relationships. This time, however, we look at our research issue from an outer business perspective.

The most useful, interesting and at best astonishing informal facts and deductions about our ‘Lurking Lions’ then will be stated in the concluding chapter, along with thoughtful final remarks.
2. Methodology: Formal Research for “Informal” Matters

Our research purpose is to show, highlight and bring the increasing importance of informal relationships to the minds of our readers. Within this process, we apply formal research measures in order to best capture, narrow, analyze and interpret our target informal research subjects. However, it is obvious that “informality” is rather hard to grasp and comprehend. Its manifestations cannot be easily tracked by pre-defined and standardized formal processes, as they vary between different persons, their intentions as well as the certain conditions they find themselves in. It is not something that can be scientifically generalized, as it keeps changing and evolving itself all the time, just like a lion who steadily wanders through its territory. Therefore we only are able to see several, but certainly not all sides of it. For us, it is more like a phenomenon rather than an objective truth.

Even though there exists plenty of literature as well as theories and models about this informal topic, for us “informality” contains too many complex and dynamic factors as that it could be researched only through rational and objective glasses. However, we are aware of the fact that it is necessary and useful to maneuver within the formal guidelines of the helpful research methodologies and tools, which we are going to present in the upcoming section. Nevertheless, nothing speaks against thinking outside of these boxes while still respecting their formal boundaries. Maffesoli (1996, p. 78) points out his perception of an appropriate methodological tool that fits our informal reasoning very well: ‘We can no longer do without the forms of fellow-feeling which, aside from causal relationships, give a more complete vision of an increasingly complex world’.

2.1 The Methodological Views

When facing and dealing with issues that are highly related to human beings, their emotions and relationships, there is no possibility to put them into certain models or prototypes and try to use strict formulas or other methods to describe, define as well as reproduce them. Based on the existing methodologies, the most accepted way of drawing pictures of that kind of issues is to put some ultimate presumptions forward. The whole process of research is constructed in a way that allows searching for conjectures of existing problems or concerns in reality. This is where the different types of methodological views come into play (Arbnor & Bjerke 2009).
2.1.1 Analytical, Systems and Actors Views

As stated by Arbnor and Bjerke (2009, p. 60) there are three methodological views that guide the creation of business knowledge: the analytical view, the systems view and the actors view. Each and every one of them has its own preliminary requirements. In terms of the analytical view, the most important aspect is an existing analytical theory and some verified or falsified hypotheses. This view focuses on building and constructing models from the fact-filled reality in order to explain the creation of knowledge. Therefore, its main tools consist of cause-effect relationships, logical models and representative cases of research (Arbnor & Bjerke 2009, pp. 65-71, 86-99).

The systems view also relies on such analogies and homologies. However, it is highly depending on a before defined and existing system in order to build up a sensible connection among various facts. Compared with the analytical view, the systems view is not only heading for the explanation of knowledge, but also and mainly for its understanding. The gathered facts will be learnt, digested and represented of how they occur in the system. Therefore, the reader finds himself in some kind of simulation which can provide him with a lot more sense and understanding of the specific matter. The results from this view will turn out as classifications and interpretations of representative models (Arbnor & Bjerke 2009, pp. 65-75, 105-123).

Scholars who make use of the actors view cannot ground their research on existing theories. They have to develop and find out constitutional factors, a general Pre-understanding as well as the need to highly focus on their main thoughts and considerations. This all happens in a very interactive manner. Therefore the actors view is most useful if one searches for a constitutive understanding: at first the knowledge that is created might seem like a Jigsaw puzzle to the author. He has to combine the gathered facts from different sources and situations to draw an interactive picture in that specific area of study. The expected outcome will be descriptive with ideal-typified languages as well as emancipatory interactive actions (Arbnor & Bjerke 2009, pp. 66-69, 82).

2.1.2 Methodology in our Thesis: A Combination of Analytical and Systems View

According to the above mentioned characteristics and outcomes of the three methodological approaches, we will firstly choose the analytical view to analyze the
primary data from our online-survey as well as of our conducted interviews. The systems view then will be applied for the analysis within our case study on “Kalmar Kommun”. Our aim is to find and derive causal relations, explanations and hypotheses from the secondary and primary data we have gathered.

Regarding our own surveyed information, we firstly treat each of our interviewees as an independent individual in order to find common opinions or interesting chains of argumentation from their sayings, which we then can implement into the construction of our informal picture. Based upon this, we then will utilize the systems view in our later analysis, as our interviewees all are working and acting within the community center of Kalmar and therefore face the same broad environment. This leads to the so called “one plus one greater than two” effect: all their opinions, experiences and viewpoints are highly based upon the same circumstances. As the reality in a system is assumed to consist of components that are often mutually dependent on each other, they cannot simply be summed up, otherwise the before mentioned effect will make the outcome less valid (Arbnor & Bjerke 2009, pp. 71-75). In order to take account of this self-enhancing process we will treat them as a total, complex, relative, mutual and unpredictable system. In this system, as well as in reality, our interviewees share the same environment, face a common culture and follow the same rules. As their work and departments are highly connected with each other, they also will head for the same goals, at least in a bigger and common sense. All in all, we are not only looking for their individual opinions, but also for the information that derives after combining them. All this will be considered against the background of the systems view.

2.2 Three Basic Types of Research Methods

There principally exist three types of research methods (Strauss & Corbin 1990, pp. 24-26). One of them is called experimental research. It is conducted by individuals while they are experiencing the results of their studies at the same time in real occasions and circumstances. It is commonly used in sciences such as chemistry, medicine, sociology and psychology, amongst others. Another type of research is the so called non-experimental one, which is testing before declared hypotheses in a controlled environment. Contrary to the experimental one, this type of research is building upon an existing scenario in the society and its scholars are supposed to use surveys, observational and archival research as well as case studies to draw conclusions from the specific situation. All this is related to a cause-effect
relationship (Creswell 2009, pp. 189-190). The last type of study has the precise name mixed research, as it is drawing from a combination of the main characteristics of its experimental and non-experimental colleagues.

2.2.1 Qualitative and Quantitative Research

Creswell (2009, pp. 173-181) describes the qualitative approach as an inquiry process of understanding, based on different methodological types of analysis that explore a human or social program. Qualitative research usually emphasizes the meanings and characteristics of human beings and their spoken words as well as performed actions: it is about the qualitative value one can derive from the gathered data. Therefore how and why something happens plays a critical role within this type of research. Against that stands the quantitative approach, where it is more about when and in what numbers the target issues to study occur. It refers to a systematical investigation of certain phenomena, mainly in the scientific- and social-oriented fields of research. Its main tool is the empirical collection and analysis of data. The main distinctions between these two types of research methods have been argued by a large amount of scholars before. In Table 1, we have summarized their key findings regarding to the most important characteristics of both types of research methods (Cohen, Manion & Morrison 2007; Denscombe 2003; Neuman & Kreuger 2003).

<table>
<thead>
<tr>
<th>Characteristic</th>
<th>Qualitative research</th>
<th>Quantitative research</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goal</td>
<td>To understand</td>
<td>To predict</td>
</tr>
<tr>
<td>Methods</td>
<td>Observation, focus groups, interviews</td>
<td>Experiments, surveys, questionnaires</td>
</tr>
<tr>
<td>Questions</td>
<td>What is “X”?</td>
<td>How many “X”s?</td>
</tr>
<tr>
<td>Confidence level</td>
<td>Explorative, anecdotal</td>
<td>Conclusive, with a specified degree of certainty</td>
</tr>
<tr>
<td>Participants</td>
<td>Small and homogeneous groups</td>
<td>Samples with a statistical representation of the population</td>
</tr>
<tr>
<td>Reasoning</td>
<td>Theory is inductive, research procedures are particular and replication is very rare.</td>
<td>Theory is deductive, research procedures are standard and replication is assumed.</td>
</tr>
<tr>
<td>Results</td>
<td>Words and descriptions</td>
<td>Codified results, compiled as statistics</td>
</tr>
<tr>
<td>Presentation</td>
<td>Presentations tend to be in a form of texts</td>
<td>Tables, graphs, charts, and statistics are often used</td>
</tr>
<tr>
<td>Strengths</td>
<td>Rich, in-depth, narrative description of sample</td>
<td>Large sample, statistical validity, accurately reflects the population</td>
</tr>
<tr>
<td>Weaknesses</td>
<td>Small sample, not generalizable to the population at large</td>
<td>Superficial understanding of participants’ thoughts and feelings.</td>
</tr>
</tbody>
</table>

Table 1: Main differences between qualitative and quantitative research
2.2.2 Research Method in our Thesis

In our thesis we are making use of the non-experimental research method with a qualitative approach. This complex, dynamic and interpersonal topic carries along the need for a deeper understanding of its human-related issues. The quantitative approach therefore would not go as deep into our topic as we find it necessary. Our online survey, however, is rather based on a quantitative basis, but as it only serves as a matter of Pre-understanding we will not analyze it in the extensive way like we do it with our interviews. It rather serves as an empirical illustration of the relevance and perception of our topic.

Regarding our analysis of informal relationships in two distinctive organizational business environments, we mostly rely on already existing findings and theories from the literature, which we have combined in order to shed a new light on this in many fields not sufficiently concerned theme of literature. We have developed a cause-effect model which is based on our own personal process we have gone through during this informal journey as well as on various ideas and thoughts we have derived especially through our secondary research of the literature. With the help of this model, we seek to describe the informal happenings within these companies regarding their type of emergence and the effects they generate. By linking our findings from these micro conditions to the ones from the before discussed macro conditions, we are able to form a sensible framework of the increasing importance of our ‘Lurking Lions’.

Our conducted face-to-face interviews with leading figures of “Kalmar Kommun” will function as the main empirical source for our primary data, which will be used in our case study. With their help, we analyze the meanings and phenomena from the narrations of our interviewees, as it is mainly about their personal opinions and experiences within the community of Kalmar. In order to make sure that they would stay highly personal, we went through a very dynamic process during the interviews. Indeed, we utilized a pre-written set of questions which we brought with us, but in the end it rather served as a broad guideline that led us through the different topics of the conversation. We used our basic ideas and developed new questions during the process of our interviews, always depending on the narrations and stories of our participants. We found this highly valuable, as no one was able to predict in which direction the interview might head during this process: ‘The way in which one asks the research question is important because it determines, to a large
extent, the research methods that are used to answer it’ (Strauss & Corbin 1990, p. 39). The expected benefit of our study is to provide our readers with a more sensible understanding of this very important topic, which includes rich and thoughtful descriptions from real persons and occurrences.

2.3 **Grounded Theory**

The Grounded Theory was originally developed by Glaser and Strauss as a research method in sociology (Glaser & Strauss 1967). Not like the methodology that is being used in the classical quantitative research, the Grounded Theory constitutes a qualitative approach among many others and its concepts are generated from empirical data rather than from the existing literature. It is described as a ‘general inductive method possessed by no discipline or theoretical perspective or data type’ (Glaser 2005, p. 141).

2.3.1 **The Process of Grounded Theory Research**

Holton (2007, pp. 285-286) argues that Grounded Theory research requires the individual to enter the research field with no preconceived problem statements, interview protocols or an extensive review of already existing literature. This is simply due to the fact that it would make no sense to study and analyze any phenomena which already have caused certain personal valuations and conclusions in one’s mind. We all should not settle our outcome before we actually have finished our work.

The whole process of conducting a grounded theory study is following the flow of actions which is illustrated in Figure 3.

Figure 3: *Grounded Theory flow chart*
The process consists of different phases: Firstly, one has to decide about a research problem that leads to the design of appropriate research questions. The next step is to collect the necessary data, which then is coded as well as analyzed in order to being able to develop a resulting theory, model or hypothesis. Whether the process has come to an end depends on the final outcome of the last phase. If it is not satisfying, the scholar should head back to a former stage in the process as often as it is necessary. The issue then is conducted again until the result occurs in a way which satisfies the researcher and his purpose of study.

In order to achieve a meaningful theory, model or hypothesis, it is recommended to put the participants’ personal perspective aside and gain knowledge and competence in how to conceptualize the data that has been gathered from the research issue. That means the data should be analyzed without the influence from its content. Bitsch (2005, p. 77) states that a ‘grounded theory project typically does not begin with a theory from which hypotheses are deducted, but with a field of study or a research question, and what is relevant to this question is allowed to emerge during the research process’.

### 2.3.2 Grounded Theory in our Thesis

When the idea for our thesis ‘The increasing importance of informal relationships in organizations’ came to our mind, we first and foremost were thinking that this phenomenon is pretty interesting and worth studying in a more extensive way. So, if we assumed it that way, why should others not have similar thoughts about it? Thus, we started to gather information about these hidden powers that might lie within different kinds of organizations. At the beginning, we barely had a specific idea about what kind of approach, theory or model we are going to use in order to get engaged in a thoughtful research process. So, we started to seek the help from the existing literature as well as our tutors, professors and friends. Especially because of Professor Björn Bjerke and Professor Philippe Daudi, who both provided us with plenty of good ideas and advice, we more and more were able to decide about the main direction of our research. In the following time, we designed our research question and started to collect secondary and primary data by reading a large amount of literature as well as creating the questions for our online survey as well as personal interviews. We found more and more relevant references and the analysis of our main issue became deeper and deeper. After this data collection phase, we arranged as well as rearranged our gathered thoughts many times,
analyzed and sorted them to draw many helpful personal conclusions for ourselves. Within this process, we always kept close contact with our Tutors and Professor Daudi, which allowed us to raise new questions as well as problems while adjusting the main thoughts of our study. This way we narrowed down our research question and method of analysis to the point we are standing now. So, the back-and-forth model of Grounded Theory was and is very present within our work.

Furthermore, while designing the questionnaire for the interviews of our case study, we avoided to strictly follow the literature we have read so far. We rather tried to make extensive types of questions that would allow us to learn more about the opinions and viewpoints of our interviewees. Moreover, we put the thoughts we have gathered about informal relationships aside in order to not influence and guide our interviewees into a certain direction. This would have led to a less valid input and a highly biased character of the gathered information.

2.4 Data, Information and Knowledge

In our daily life, we frequently come into contact with the following words: data, information and knowledge. Here by, most individuals tend to believe that they possess the same meaning, especially regarding data and information. However, there are important and remarkable differences between them, and if they are not considered and understood, mistakes can be caused easily due to their wrong treatment. To prevent that, we will explain and clarify these terms in this section.

Prasetyo (2012, para. 4) states that data can be understood as the pure and raw facts of the world. Its manifestations can range from statistical variables and terms to all kinds of graphs and figures, which all appear on the lowest level of abstraction: they carry no meaning until they are interpreted against a given context and therefore processed into a useable form. For researchers in general, it does not make any sense if the data would stay in its initial basic form, as they seek to derive and capture useful information from it. Thus, it firstly needs to be turned into meaningful information and presented in its most useful arrangement. The process of getting information out of data can be compared to the field of photography. Imagine yourself a car: the data you connect with it is that it consists of four wheels, a body shell and a lot of complex technology as well that it is meant to drive. If you now take a picture of a specific car and look at it you might derive a more personal sense from these objective attributes that can range across different fields: you might think that it is expensive, fast and powerful and above that very
nice looking. These more personal characteristics contain a diversity of meanings. Thus, the photo can be equalized with information whereas the core characteristics of the car are the data. In the next step, knowledge can be seen as a kind of personal manual of how to utilize the car, how to drive, optimize and take care of it. Knowledge therefore is everyone’s appropriate collection and understanding of information as the outcome varies highly from person to person. Creating knowledge out of information is like a process of drawing your own map of the world and its subjective understanding. Knowledge is located at the highest level of abstraction as we as human beings are the only ones who can produce, store and utilize it. That is a major difference to data and information, as mindless machines and computers are also able to deal with them. During this data → information → knowledge transformation process, the quantitative amount becomes less but at the same time and even more important, the personal value and qualitative meaning increase extensively. This is illustrated in Figure 4.

Figure 4: Data → Information → Knowledge process

In the process of our thesis we are clearly heading for the knowledge level as we are following the before mentioned process. Firstly, we raise data from secondary sources of the existing literature as well as from our online questionnaire and face-to-face interviews. In the upcoming photographic process we review, arrange and analyze this data in order to receive the most valuable information from it. In the end, we search for deeper meanings and coherences that are based upon this information and explain it on the basis of our understanding – this way we can get and provide a deeper insight of our topic. We also want to accomplish this process highly for ourselves, as we seek to transform the data and information into knowledge that will be very useful in our future working life.
2.5 Data Collection Method: Questionnaire and Interviews

2.5.1 Primary and Secondary Data

Data is one of the most important and vital aspects of any existing research study. The latter can be conducted in different fields and might use various kinds of methodological procedures to identify important issues in order to draw own findings and conclusions from them. But all in all, every research is based on a certain type of data which is analyzed and interpreted to receive valuable information from it. Arbnor and Bjerke (2009, pp. 176-182) argue that there are two existing forms of data: primary and secondary data. Primary data is collected directly by the researcher himself through instruments such as surveys, interviews, focus groups or observations. Secondary data by contrast is derived from already existing research, so called secondary sources. It is basically primary data which has been raised and collected by other scholars before.

2.5.2 Data Collection in our Thesis

Our thesis is based on both types of data, the primary as well as the secondary one. In order to work with reliable secondary sources that are consisting of a valuable structure and quality, we mainly utilized scientific and technical reports, scholarly journals, literature review articles as well as academic and reference books. While we were searching for useful secondary sources, we made sure to utilize disaggregated data rather than aggregated one. The simple reason is that the more aggregated the data, the less accessible are the basic and objective facts, as they already have been grouped around a certain criterion. The latter is narrowly defined and therefore constrains the amount of overall useful information. The secondary data will be our major input for analyzing the different environments and conditions that serve as a basis for informal relationships in the organizational context (McCastion 2005).

During the process of collecting our primary data, we for once made use of an online questionnaire survey which serves as a Pre-understanding for the general topic of our thesis. Above that, we conducted several personal interviews with leading figures about their insights on informal relationships. Both will be presented in the next section.
2.5.2.1 Online Questionnaire

In our Pre-understanding part we make use of a simple hold questionnaire. It consists of 10 closed-ended questions: the first four are dealing with the socio-demographic background of our respondents. This allows us to analyze the gathered data among different groups of people and derive so resulting differences or similarities. The other six questions approach the basic understanding of our participants regarding informal relationships and their possible effects in organizations (Appendix 1). By conducting this research, our main intention is to recognize the issues we are dealing with among a broad range of people within their everyday life. This allows us to identify our research issue in reality, which gives us the opportunity to make our reasoning sensible and also get a better basic understanding from it for ourselves. To receive and analyze the data, we made use of a survey website that is called “Qualtrics” (Qualtrics 2013), which is an online platform that easily allows us to reach out for potential participants and analyze the data in a qualitative and convenient manner.

2.5.2.2 Face-to-Face Interviews

Firstly, we want to thank our tutor Björn Bjerke and also Christina Karlberg, who is the Head of Communications and Sustainability at “Kalmar Kommun”, for their help with our primary research. They contributed a lot of useful information, help and advice which allowed us to get in contact with 10 departmental or administrative leaders who all are working in various areas of ”Kalmar Kommun”, the community of Kalmar. We approached all of them with the kind request for a personal interview and were lucky to receive seven positive responds. Our special gratitude therefore goes to these seven interesting and very kind leaders, who donated their time in order to provide us with their valuable and insightful thoughts on our informal topic. Fortunately, we received the permission from all of our interviewees to quote and publish the content of our interviews. Moreover, all of them allowed us to record the conversation on a technical device. This way we could listen to them again and again, which was much more helpful than simple notes written down on a piece of paper. The latter is not capable of carrying certain emotions and feelings that are connected with gathered thoughts in the way spoken words can do. Thus, we reviewed them in detail, found common points and dissimilarities among them and draw valuable conclusions about the informal relationship phenomenon existing in “Kalmar Kommun”. We present and analyze our findings in a case study, which will be described later in more detail.
All interviews were conducted face-to-face. We asked and discussed about 16 questions, which all are designed in an open-ended manner. We intended to use this type of questions to not influence the viewpoints and responds of our interviewees, as it first and foremost is about their personal consideration regarding informal happenings within their environment. The four overall categories of these questions are consisting out of the basic and personal information of our interviewees, their impressions about informal relationships as well as informal leaders and their personal implications regarding this topic (see Appendix 2 for more details). Every interview lasted about 30 to 45 minutes. The participating leaders of our interviews are as follows:

**Tomas Lexinger** is the head of the Production Department (‘Serviceförvaltning’). The interview was conducted in the afternoon (13:00-14:00) on Friday 15th of March, 2013 in Gröndalsvägen 31, Kalmar.

**Kenneth Gustafsson** is the head of the community Contact Centre (‘Serviceförvaltning’). The interview was conducted in the afternoon (16:00-17:00) on Friday 15th of March, 2013 in Östra Sjögatan 18, Kalmar.

**Thomas Davidsson** is the head of Business Relations (‘Kommunledningskontor’). The interview was conducted in the afternoon (16:00-17:00) on Wednesday 20th of March, 2013 in Östra Sjögatan 26, Kalmar.

**Anette Lingmerth** is the City Commissioner of Kalmar Kommun (‘Kommunfullmäktige’). The interview was conducted in the morning (11:00-12:00) on Thursday 21st of March, 2013 in Östra Sjögatan 18, Kalmar.

**Per-Ola Johansson** is the administrative head of the Culture and Leisure Department (‘Kultur-och fritidsförvaltning’). The interview was conducted in the afternoon (14:00-15:00) on Thursday 28th of March, 2013 in Tuullslätten 4, Kalmar.

**Lars Axelsson** is the administrative head of the Elderly Care Department (‘Omsorgsförvaltning’). The interview was conducted in the morning (10:00-11:00) on Friday 5th of April, 2013 in Skeppsbrogatan 55, Kalmar.

**Annika Fonseca** is the head of the Planning Office (‘Samhällsbyggnadskontor’). The interview was conducted in the morning (10:00-11:00) on Thursday 11th of April, 2013 in Storgatan 35A, Kalmar.
2.6 Case Study of “Kalmar Kommun”

2.6.1 Case Study Methodology

A case study can be used for many purposes, but it is mostly utilized within complex social science research. Its main benefit is to highlight and analyze certain happenings, measurements and effects in specific cases and derive implications or recommendations from the given context. Yin (2003, pp. 11-15) defined three different types of case studies: the exploratory, explanatory as well as the descriptive case study. Their titles are highly connected to their functioning. The exploratory type takes the arguments and questions of a subsequent study into account in order to define and “explore” them. By doing so, scholars are able to recognize if the desired research is practically achievable. An explanatory case study by contrast is based upon certain cause and effect relationships. As the name says, it “explains” how certain actions are connected with their resulting outcome. A descriptive case study rather has an illustrating effect as it offers a “description” of a specific occurrence within a given context. Depending on the amount of cases that are being studied, they also can be divided into so called single-case studies and multiple-case studies. What all three types have in common is that they are explaining and analyzing the “how’s” and “why’s” of the issues that are being posed. That is why case study research is highly appropriate under these circumstances. However, it focuses mainly on a contemporary occurring phenomenon within a real-life context. As a matter of fact, the outcome of a case study is not simply generalizable to bigger and broader contexts. Its aim mainly lies in expanding and generalizing existing theories from the viewpoint of the treated case (Yin 2003, p. 10). Yin (2003, p. 14) states that a case study is ‘an all-encompassing method’, which also comprises its design as well as the collection and analysis techniques of the gathered data.

2.6.2 Case Study Design in our Thesis

According to Yin (2003, pp. 19-53), there are five important elements that have to be taken into account when designing a case study: the study’s question, thoughtful propositions, units of analysis, a logical linking of the data to the propositions and certain criteria for interpreting the findings. When preparing to design a case study, it firstly is necessary to decide about an interesting question which is worth “case-studying” on. The next step then will be to look for an
appropriate example or proposition which could be connected to and representative for that question. The third step is the actual collection of data that is connected to your study and makes it valuable. Lastly, the gathered facts will be analyzed and at best valuable implications can be extracted, of course always based on the specific criteria.

During our very personal process of conducting a case study, these very important and still basic recommendations have been very valuable to us. First, we thoroughly present, narrow and evaluate the basic information about “Kalmar Kommun”, like its structure, culture, working processes as well as the special disciplines of this company. Following up, we analyze this case based upon the background knowledge and circumstances we have designed in order to draw valuable connections from and to this context. As we conducted interviews with individuals who all are working in a leading position at “Kalmar Kommun”, we were able to discuss and experience the causes, existence and influence of informal relationships as well as leaders within this specific organization. We find it useful and necessary to analyze them against the background of their daily working life. By doing so, we at best can set a stable foundation for our last step: we draw thoughtful lessons from this case. The outcome should be highly valid as the data we have gathered, the subjects we have investigated and the people who are involved in this study are highly connected to this scenario.

Furthermore, we are not capable and therefore not seeking to analyze all kinds of informal relationships in as much organizations as possible. The complexity and dynamic of this topic is way too distinctive than it would allow us to derive generalized and overall recommendations from all kinds of settings. There would be a lack of pertinence and depth analysis. By designing a practical case study we are able to analyze our findings within the specific chosen environment, a closed system, that is characterized by certain attributes in its own and unique way. We also seek to explain our deep and comprehensive understanding about it, which clearly is fostered by the typology of a case study method. Therefore, we approach the construction of this case in a descriptive as well as explanatory way. This allows us to have a closer look on the system “Kalmar Kommun” with its around 6000 engaged employees. By working on this case, we want to experience and illustrate how the informal happenings exercise their impact in this flat, high-autonomous and democratic type of organization.
2.7 Limitations

Research always is connected to various possibilities but also to certain limitations. Regarding our empirical Pre-understanding part, this reflects itself in the fact that we only received 113 responses. Although the coverage and span of answers is very large, the outcome from this rather low-participant investigation surely is too subjective and one-sided. To address this limitation, we mainly will utilize these findings to draw some overall implications of informal events which are supposed to guide our readers into the important context of these kinds of relationships, maybe also regarding their own lives.

While analyzing the different types of organizational environments, conditions and specific types of entities we entirely rely on secondary data we have found in various forms of research literature, which ranges from articles in the internet to highly scientific journals, articles, reports and books. Since the main advantage of using secondary data surely is its fast access and broad range of research, there are also a couple of limitations that need to be regarded. It first and foremost always is difficult to determine the quality and relevance of the gathered data in question, especially in connection with “biased” data. Secondary sources are often positioned within different areas of research, from psychology over agriculture to financial statistics and many more. So, the original purpose and significance of this research would not withstand a simple transformation into our own specific contexts: this clearly would have a biasing impact on our study. Thus, we for once focused our research on rather disaggregated data. However, this only is possible and recommendable to a certain extent, as highly focused data and information is very useful in its own context. Therefore we utilized the data of specific areas of research in a comparable way regarding their main characteristics and basic manifestations. We certainly need to transform information we have gathered from one specific business perspective to various other types of organizational environments in order to highlight existing analogies or conflicts between those areas. This also to some degree is the case within our illustrations of concentration camps, prisons and the “Orpheus Chamber Orchestra”. However, we avoided to over-trust these highly specific sources and focused on collecting more distinctive types, as far as this has been possible.

We also have some limitation issues regarding our main analysis of the micro conditions. However, we find it not very informative and valuable to state them here.
against a general background as they are better comprehensible when presented in the analytical model directly where they occur. Therefore, we decided to list them within the analytical context in more detail in order to provide our reader with better possibilities to reconstruct them. A short estimate: we chose to analyze two extreme types of business organizations regarding their structure and the conditions that arise from them. Therefore, also our findings are based on these extreme contexts and will manifest themselves in the same way. However, our research purpose is not the intensity, but the qualitative information of the types and effects of informal elements. These, as it is the case in many research occasions, at best can be described with the aid of highly distinctive characteristics of research subjects. Especially regarding the very human oriented topic of informal relations, that already is very hard to capture, we find such an extreme approach most effective and valuable for the understanding of our readers.

Regarding our case study of “Kalmar Kommun”, we only conducted seven interviews to collect the primary empirical data from this company. We approve that this is not a very large number. Due to the restricted amount of time, we were not able to gather a lot more information and opinions, which also sadly includes the overall employee population of this company. This surely would have increased the richness of our reasoning. However, we find and see it as a fundamental and sufficient amount of data and material, as it is embedded within the analysis of the systems view. Our interviewees all are from leading positions within this organization and are connected to each other. Consequently, the quantity of our gathered data might be low, but the quality can be settled very high due to the common environment and the resulting interconnections that derive from it.

During our thesis, we will use and deal with the terms “informal relationship”, “informal group”, “informal network”, “informal leader” and other related ones rather as synonyms, even though we are very well aware of their different meaning: they vary in size, intensity, formation and constitution. The informal leader is one important person and an informal relationship can already exist out of two individuals, whereas a group and especially a network is build up in a more extensive and complex way. Yet, our purpose is to analyze their increasing importance as well as the different types and effects of these informal elements. We found out that they do not differ in their kind and manner extensively, except for the amount of impact they have through their smaller or bigger range of influence. This can be very well compared to our analogy of the ‘Lurking Lions’.
lurking lions surely has more power and intensive effects than only one of them. Still, they all show the same main informal characteristics, and that is what we are mainly interested in studying. Furthermore, our focus is laid on different conditions in which they exist. Hereby it is of no big use to extensively analyze if the informal parts are formed as networks, groups or simple relationships: the informal character of these diverse definitions counts in the first place.

Furthermore we are aware of the repetitive use of the terms “informal relationship”, “informal group”, “informal leader”, and “informal organization”, amongst others. We tried in the best way possible to use similar expressions or synonyms as far as the context allows it. Also our own interpretation ‘Lurking Lions’ has been of a big help here. However, very often only these “informal” terms fit to our argumentation as well as to the reasoning of the literature. Therefore, we hope that we have found the right, linguistic middle course and that our thesis is nice to read as well as understandable, also due to these very important expressions.
3. Pre-understanding

By looking at the word “informal” from a grammatical perspective, it gets obvious that it is the antagonistic term to “formal”. The latter expression is connected to many different areas of our life as we draw certain connections to it that easily make sense to us: a military uniform for example can be considered as formal clothes, as well as an elegant suit for men or an even more elegant dress for women. A letter from the governmental agency is called a formal document. Various situations like a wedding, a job interview, a funeral or the very important first dinner with the parents in law all have their own formal touch. According to these examples, everything we describe by or link to the word “formal” is always following certain procedures, forms or principles and there exists a common understanding about it. However, when we talk about informal aspects, the preconceived impression is something casual and without prescribed rules. At the time we have decided to settle our thesis in the informal area of organizations, we wondered whether this theme is primarily discussed in the academic area or if there also exists a broad knowledge about it in the minds of “normal” people like us. We were not sure if our research approach would stay on a rather theoretical dimension or if it also could be utilized for more practical issues. After we have created this informal journey, however, we hope and believe that our thesis can provide others with both: a theoretical as well as a practical sense, which they can apply to their own circumstances. As Karl Weick (1995, pp. 1-16) has stated in his book on sense making, there are three basic elements required in such a process: firstly a frame of reference, which can be seen as everyone’s own benchmark of how one sees, judges and interprets things. This frame is shaped through the ongoing experiences in our lives. Furthermore, we need certain stimuli that capture our attention, so called cues, which are identified by and also refer back to our existing frames. Therefore, a certain connection between these two is the last element that is needed to get a personal meaning out of any happening. Regarding to this sense making process, we have decided to firstly provide our readers with a Pre-understanding section before continuing with our further study on informal relationships. The intention of our online survey is to find out whether other people already possess certain frames of reference that are connected to this informal topic. It therefore took over the role of the before mentioned cue, as we want to discover if the last important element in our sense making process is existent among our participants: their own personal relation to this informal topic.
Due to our online-questionnaire (Appendix 1) we received 124 responses in total after two months, while 113 of them can be seen as effective, which means 11 of them have not been completely filled out by the participants. This leads to a recovery rate of over 91%. Our target group consists of almost everybody: students and workers, male as well as female, members of several kinds of organizations with different professions as well as people from various countries. The overall constitution of our results can be seen in Figure 5.

In terms of our 113 respondents, 44% of them are male and 56% are female. Thus, our results are based upon an almost equality of gender. Furthermore, our participants can be considered as multi-national, as they come from various parts of the world, with a majority of people having a German background (37%). The majority of all partakers are students (60%), who clearly outweigh our responses of people who already have a job (37%). Considering these 37%, 48% of them are engaged in private companies while 39% of them are working in state-owned companies. The rest (13%) are employees in foreign firms. Regarding all of their working experience we can see that our respondents are highly represented in all categories, whilst the majority of them rather have a low experience of up to 3 years. In terms of their position, 45% consist of casual working staff, which is highly interesting for us as a lot of them could be engaged in informal relationships.
Our primary aim of this Pre-understanding part is to check whether other individuals possess a basic knowledge of our topic and if they somehow can connect to it. However, after analyzing the data from our online survey, we ourselves also got a deeper understanding of what we are interested in and going to study next. This was a big step in our personal Grounded Theory process. At the beginning of this development, we were very curious to see whether our participants can relate to the here often used terms “informal relationship”, “informal group” or “informal leader”. From our results, 65% responded that they can establish a connection with these terms, while only 21% did not know how to relate to them (Figure 6). What we can conclude from these findings is that over two-thirds of our participants already have their own basic impression and knowledge about the important informal elements of our thesis. This makes our research more sensible and valuable as it is something other individuals mostly can connect to.

In order to provide all of our participants with the same understanding of these expressions, we explained them after this first part of our online survey by
providing them with common definitions of the before mentioned terms. This way we made sure that all following questions can be answered with a basic knowledge of these expressions, especially for those who could not make any sense out of them. With the help of these descriptions, we also can see from Figure 6 that remarkable 87% of our respondents believe that there are informal relationships or informal groups existing in most of today's organizations.

Figure 6: Notice of informal elements

Furthermore, over 94% of them, no matter if they are students or workers, consider that such informal groups have a certain influence on the performance within the organizational context (Figure 7).

Figure 7: Influence of informal elements

These results provided us with a lot of input and energy to head deeper into our topic, as we realized that the big majority of our respondents already are aware of the presence and importance of the informal elements around them. However, when
they were asked to compare the influence of the formal and informal parts on the whole organizational operations, 61% considered that formal groups exert far more and bigger effects on the performance of a firm than the informal ones, while only 29% did hold the contrary opinion (Figure 7).

This is a very interesting fact for us, as we also belonged to these 61% at the beginning of our work. After extensively studying and working on this topic, however, we now would rather add ourselves to the 29%, which shows the highly personal process we have gone through during our research. Our intention therefore also is to explain the major reasons for that. We also investigated the informal interaction rate of our working respondents, meaning how often they informally get in touch with their colleagues. The results are shown in Figure 8. People who are working in foreign companies (67%) are engaged in more daily informal contacts than the ones who are working in state-owned companies (50%) or private firms (46%). The reason here fore could be that they have to be engaged in more informal contacts due to their international responsibilities, as the latter might not be satisfyingly covered by the formal part of the company. As we asked our participants to tell us whether informal groups rather should be encouraged or hindered in their forming process, 61% of them clearly show an encouraging attitude, whereas only 11% would hinder them (Figure 8). This served as one of our basic intentions to study the significance of informal relationships, especially in terms of whether they get increasingly important and should be fostered or not.

Figure 8: Interaction rate and treatment of informal elements
This Pre-understanding survey provided us with a stable and valuable foundation for our thesis. What we mainly can conclude from it is that our informal topic already has caused some interesting impressions in others people's minds, and therefore most of them possess the necessary frames of reference in order to be able to connect to our thoughts. Almost all of them think that informal relationships are present within organizations and that they have a certain kind of influence on the work performance. Also, most of them frequently interact with their colleagues in an informal way. However, most of our respondents stated that the formal elements exert far more influence on the organization than informal ones. But at the same time, they argue that informal powers should be encouraged rather than hindered. This interesting connection provided us with the thought that some change might be in the air regarding a new and increasing importance of the informal powers and that people are aware of that. We are very curious to discuss and analyze these first findings, as we have implemented them in our own thoughts, which clearly had a big influence on the direction of our informal journey. So in the end, this online survey did not only serve as a Pre-understanding of how other people would connect to this topic, but also we for ourselves found out a lot more about our own informal understanding of the 'Lurking Lions'.
4. Literature Review: The Characteristics of Informal Elements

‘Much has been learned about the “informal organization” but little has been done’ (Ehin 2004, p. x).

This part is dedicated to analyze and highlight the literature and existing research that is important for our topic. We want to point out the major theoretical framework of our work, as well as important models that will be useful in the later part of our reasoning. At first, we find it interesting to highlight how the topic of informal relationships acquired actual relevance among researchers, namely through the so called Hawthorne studies. Subsequently it is important to clarify the most important distinctions between formal and informal structures within an organization. This will serve as a basic framework of understanding and knowledge for the upcoming analysis of the specific micro conditions. After highlighting that both parts of an organization, the formal and informal one, have their own unique characteristics that are useful and necessary in different ways, we will address one of the major figures within such informal groups: the informal leader. In order to derive useful recommendations for today’s leaders of how to approach their informal networks, we find it advisable to take a look at the different attributes and leadership styles that distinguish an informal leader from a formal one. It is important to understand why such an individual exists, how he arises and what makes him or her special. Following up, we will review and analyze the existing literature which is connected to the first type of our dealt with conditions: the macro conditions. They have gone through a lot of changes during the last decades regarding economical, societal and sociological aspects and therefore might be responsible for an in- or decrease of the importance and existence of our entitled ‘Lurking Lions’. We will highlight and combine these issues in connection to globalizing effects as well as on the steady processing ages and eras we are living in. This will also serve as a knowledge basis for the following analysis of the micro conditions.

4.1 Discovery by Coincidence: The Hawthorne Studies

‘A generation after the Hawthorne studies, no one questions the existence of informal groups in complex organizations’ (Katz 1965, p. 204).
The first major studies that have been highly accounted for discovering and analyzing informal relationships among workers in organizations have been the Hawthorne studies at the Western Electric Company in the 1920’s and 1930’s in Chicago. Conducted by George Elton Mayo, F. J. Roethlisberger and William Dickson, this research constitutes an important basis regarding the nature and cause of informal elements at the workplace (Mayo 1949; Roethlisberger & Dickson 1939). Since then, many scholars picked up the ideas and outcome of these studies and draw several valuable conclusions from them.

One very interesting aspect of the Hawthorne studies was the actual emergence of informal relationships and how they were discovered: namely rather by coincidence. Miller and William (1951) as well as Gillespie (1993) state that the main studies initially were not meant to analyze informal elements in the first place. At the Western Electric Company in Chicago several experiments were conducted in order to first and foremost study certain determinants that might affect the productivity of the workforce. The company was a large producer of telephone equipment in the United States. Therefore, the main intention was to improve the working methods and performance of the workers in order to increase the effectiveness and efficiency of the whole production process. The first analysis was based on a so called “Illumination Test” that was meant to investigate the impact of the amount of lightning on the performance of the workforce. As the researchers were not able to draw rational and logical conclusions from its outcome (the amount of lightning had no consistent correlation with the productivity) other factors that were not considered before suddenly gained a lot more attention – the influence of interpersonal relationships during the experiment (Blumberg 1968; Sarkwa 2011, p. 22).

The study that is of major interest here and that was conducted to approach this rather informal influence was the so called “Bank Wiring Room Experiment”. Here, the social structures between the employees have been observed in how they contributed or hindered the productivity of each individual. Fourteen men were removed from their natural working environment and put together in an experimental room for observation while manufacturing a certain part of the telephone, the “bank”. They had different tasks within this production process and were depending on each other to accomplish it. During that time, they were observed and analyzed regarding their actual behavior amongst themselves and their colleagues, the forming of groups and the resulting implications for the so
achieved outcome: ‘The purpose was to make detailed observations of their day-to-
day behavior’ (Wilson 1978, p. 2). It became obvious that some individuals evolved as leaders out of the group, and that the goals and norms they came up with were not congruent with the ones of the formal organization. The group for example limited its productivity to a certain extent in order to not giving the impression that they all actually were capable of producing even more than they currently did. By doing so, they avoided the risk of getting a lot more work from the formal management. But at the same time this also meant that they earned less money as the productivity of each individual was lower than it actually could have been: they were paid for the quantity of parts they produced. This clearly shows that the formal motivation, which was the monetary compensation, was outweighed by certain informal stimuli: a common sense and a high commitment to norms they themselves have developed in an informal group process (Gillespie 1993; Wilson 1978, pp. 2-7). A lot more aspects influenced the work in this group like games, group conformity, and stories to which the members stuck regarding their performance when confronted by the official management. All this regulated their behavior towards the supervisors and in between themselves in the form of sanctions, control and the cohesion of the group. They emerged in their own sense-making activity which let them built a subculture and somehow an own little organization with its beliefs, arrangements and behaviors that were not regulated or based on the formal organization. Consequently, it was obvious that these relations and structures contributed to the performance of the company as much, and even more, as the formal structure (Draper 2006; Sarkwa 2011, pp. 26-29; Wilson 1978, pp. 2-7).

Even though this study firstly revealed the importance of social relationships in the underlying pattern of a formal organization, it had to face one major point of criticism: the way it was conducted. This is known as the “Hawthorne Effect”, which implies that the outcome of this experiment is not highly valid because the participants knew that they were being studied and therefore might have changed their behavior – conscious or unconscious (Coombs & Smith 2003). Campbell and Stanley (1966, p. 7) state it very clearly: ‘It seems well-nigh unethical at the present time to allow [...] case studies of this nature [i.e., involving a single group observed at one time only]’. Besides this rightly expressed limitation, it nevertheless showed with a high emphasis that other factors besides formal influences highly affect the behavior and performance of human beings – even if this occured through the
informal influence of such an experimental design. According to Draper (2006) as well as Miller and William (1951) these studies laid the focus on a new human relations approach in the economic environment and therefore became the heart and starting point for a lot further research on informal relationships, no matter whether this happened in a valid way or not: ‘The Hawthorne studies have been described as the most important social science experiment ever conducted’ (Childress 2013, para. 15).

The basic thoughts of the Hawthorne studies contain a major interest for our work, as they prove an important aspect that was already mentioned earlier and will get evident throughout this thesis: ‘Lurking Lions’ are not manageable in a formal and traditional way. The same seemingly applies for discovering and approaching them: the original purpose of these studies was not to reveal the social structures of the Western Electric Company. They have been exposed rather as a side-effect of the initial intention to increase the productivity through formal measures. Nevertheless, they have existed ever since. We should keep in mind that there occur a lot more interrelations and interpersonal happenings in organizations than it might be obvious – the cause for that very often is of informal nature, even though we might not be able to understand it at first glance. This is due to the fact that they show highly different attributes compared to their formal counterparts. The next chapter will deal with this in more detail.

4.2 Provision of the Basics: Comparing the Formal with the Informal

Our later analysis will be based on the formal mechanisms and arrangements from which informal relationships arise. Therefore it is necessary to take a closer look at the different attributes that illustrate these two types of structures. A very helpful distinction of the most defining characteristics regarding the formal and informal part of an organization has been developed by Katzenbach and Khan (2010), which is illustrated in Figure 9. We have arranged them in three groups based on their interrelation and connection between each other, which we then analyzed with existing findings of the literature. By understanding the comparison of these basic elements, one valuable conclusion can be drawn: both sides have their justified purpose, each in its own specific way.
4.2.1 Efficient, Scalable and Predictable vs. Adaptive, Local and Innovative

The first interesting comparison is the efficient, scalable and predictable character of the formal organization on the one side and the adaptive, local and innovative one of the informal on the other side. An interesting analogy that best describes these differing attributes has been stated by Krackhardt and Hanson (1993, p. 104) in a biological manner: the formal organization can be seen as the skeleton of the organization. As it consists of formal, visible and well-structured bones, it builds up the framework of the company that provides stability and an overall guidance of how the organizational body is organized and meant to work properly. Their processes are structured and their single components work together in a way that forms a consistent and efficient bigger picture (Sarkwa 2011). Bones have the advantage of being very strong and resistant. Therefore, they are very well composed for working on standardized tasks with already experienced procedures, which is highly important for the functioning of every entity. They serve as a tool to structure and direct predictable actions very efficiently, which lowers coordination and transaction costs as the responsibilities are clearly defined and easily manageable in a formal, fast and value adding way (Bryan, Matson & Weiss 2007, p. 4): ‘The formal is best used for predictable and repeatable work that needs to be done efficiently and with little variance’ (Katzenbach & Khan 2010, p. 28). In this context the formal part makes use of highly explicit knowledge, which mostly
consists of academic and technical information that can be formally defined as well as codified in all kinds of sources, like books, online databases, formal education or the so called “best practices”: it is a static resource and best serves the anticipated tasks of the formal organization (Ehin 2004, p. 15). However, the term “static” should not be understood in a negative way. This type of knowledge is highly necessary and its inert form is crucial as it can easily be distributed among a large amount of people and therefore leads to an important precision and permanence (Katzenbach & Khan 2010, p. 21). It is the so called ‘know-what’ of an organization (Smith 2001, p. 315). Furthermore, if bones face some resistance, their stable constitution is best able to overcome and withstand it. In case that something should break them, they can easily be recovered in almost the same way as they have been before. It just needs some time and effort. The same can be said for the official procedures and constitution of the formal organization: ‘They are efficient and robust against disruptions that might threaten the cybernetic goals of the system’ (Krackhardt 1994, p. 89). However, bones as well as formal elements have the disadvantage of being very rigid and constrained, which hinders them to take care of the whole functioning of the system, especially if a fast and unpredictable adjustment is needed: ‘The formal organization doesn’t like change. And that’s mostly a good thing – the predictability and repeatability of the formal organization are among its key benefits’ (Katzenbach & Khan 2010, pp. 141, 142).

As a matter of fact, the human body as well as an organization in general is not only composed out of formal elements that can be equalized with bones: the informal relationships serve as the nervous system here. Compared to the restricted possibilities of bones, the nervous system can act very flexible to changes within the human body. The same accounts for informal elements and entities in general. Whenever a fast adoption to occurring problems is necessary, the informal organization takes over. This is especially useful in new or unexpected situations that contain highly unclear specifications. Here, adaptive changes have to be made very quickly which requires working across formal boundaries (Katzenbach & Khan 2010, p. 28). To accomplish that, the informal nervous system utilizes one of its most important tools, which allows it to move in every direction within the organizational body: fast and widespread communication: ‘One of the primary characteristics of the informal structures in organizations is their communication network, often referred to as the grapevine. Studies have shown grapevine communication to be both fast and surprisingly accurate’ (Crampton & Hodge 1998
As the nervous system of the human body can take immediate actions to changes or threats in its environment within less than a second, the informal relationships are able to build up a communication system that is much smoother than the official one: information gets passed on much faster as it serves the goals and needs of its members (Grimes 2000). This increases the capability of the organization to act flexible and adaptive to whatever changes might occur as informal elements are relying on a dynamic structure compared to the static one of their formal counterparts (Sarkwa 2011, p. 36). That allows them to utilize highly tacit knowledge, which is acquired through the constant and very personal experiences with our environment. It has a very local character, as people use stories, metaphors and analogies to share it with others (Stewart 1997). The philosopher Polanyi (1967) described this type of knowledge in a very interesting way: very often we do things without being totally conscious about it, like for example riding a bicycle or opening a closed door. So, every time we enact in such activities, we principally know more than we can tell as we do something without purposely having to think about it. Therefore, it is a highly personal and subjective form of knowledge, which gives it a very informal character (Sternberg 1997). It is known as a very dynamic resource that allows “best performance” as it ‘continues to be shaped by our continuous interactions with our immediate surroundings and other people’ (Ehin 2004, p. 16). It is the ‘know-how’ of an organization (Hansen et al. 1999 cited in Smith 2001, p. 311). The informal side utilizes this type of knowledge in an interdependent and reciprocal way among its members, which can lead to the fact that the amount of it will grow steadily day after day. The more tacit knowledge an organization can produce, retain and turn into explicit knowledge for itself in order to formally manage it, the better it will come up with new and innovative ideas.

### 4.2.2 Hierarchical and Controlling vs. Collaborative and Motivating

Compared to formal bonds that are based on a supervisor – subordinate relationship, our here presented informal relations are grounded on personal affiliation and attraction of many different kinds, meaning there is no classical authority or chain of command that is established upon a hierarchical status. The two following pairs highlight very well the distinctive causes of why people in a company act like they do in different occasions – either with their formal peers or their informal colleagues: hierarchy and control against collaboration and motivation. Within a highly formal environment that is mainly based on control
mechanisms, the workforce surely will try to deliver good results, but not because of a deeper motivation. Instead, their main reasons will be formed out of compliance to the official regulations and aspirations. In the most negative way they only conform to the existing requirements in a monotone manner and only do their job because they are told to do so, but not because they receive a bigger meaning out of it (Sarkwa 2011). One of the main reasons for this inefficient outcome is the inadequate approach of the formal management in order to motivate its workforce. They very often try to manage them like their tangible assets whereas they have to be approached in a very different way, namely by ‘motivating [them] intrinsically, rather than simply relying on rules of behavior, monetary rewards, and mastery of process’ (Katzenbach & Khan 2010, p. 78). It is highly recommendable and appropriate to control a machine or production process regarding its output and functioning. Here the rational control approach clearly fulfills its purpose. But the same tactic will barely function with human beings: in order to deliver outstanding results they have to get a personal sense out of what they are doing. This at best can be accomplished by feeling a deep commitment to the work they are performing. In this regard the traditional top-down approach is not working, as it very often causes problems like unclear goals and objectives, unexplained policies and procedures, unrealistic deadlines and budgets, a lack of cooperation and teamwork, poor and uninspiring leadership as well as a lack of open communication and trust (Ehin 2004, p. 9). All these reasons serve as a basis for the increasing importance of informal relationships, as they often are better able to provide their members with sensible solutions to these issues.

Instead of “managing” them, people should be “mobilized” in a motivating way, as stated by Katzenbach and Khan (2010, p. 80): ‘We believe the key to energizing individual behavior in an orderly way is to mobilize the informal organization to create a tailored and personal motivating experience’. A very important fact regarding to Ehin (2004) thereby is not to control them in a restricting way, but by giving them enough space so they can get engaged in a self-organizing behavior as far as possible. He therefore draws an interesting connection to the smallest elements of the human body, the DNA: ‘That is, our bodies, down to the individual cells and DNA molecules, work together in order to sustain us, but there is no central “boss” to control this dynamic activity’ (Ehin 2004, p. 14). Therefore, the hierarchical and controlling elements should rather focus on putting the workforce in the right context so that they can evolve themselves effectively. This maximizes the overall
voluntary collaboration, which then fosters the creation of much more knowledge. If organizations are capable of mobilizing their informal resources as effectively as they manage their formal ones, more employees maybe would give up the same statement as this particular one who has been working at a company named “The Home Depot” in Atlanta: ‘Don’t tell my husband, but I would really rather come in here to work on the weekend than face the drudgery at home – it’s much more enjoyable’ (Katzenbach & Khan 2010, p. 33). In this case, the established commitment to the company can hardly be exceeded.

4.2.3 Clear, Rational and Disciplined vs. Ambiguous, Emotional and Spontaneous

Dalton (1959 cited in Sarkwa 2011, p. 17) linked the formal structure with the ‘logic of cost and efficiency’ while the informal structure is characterized by the ‘logic of sentiments’. Hence, by connecting these associations to the human intellect, formal activities can be equalized with the intelligence quotient (IQ) of an organization: they are highly recommended when dealing with objective and fact-based occurrences. Contrary to that, the informal relations serve more as the emotional quotient (EQ), which helps the people to get engaged in interpersonal contacts and above that to extract the right meaning from them (Katzenbach & Khan 2010, pp. 27-28). This connotation leads us to the last important group of distinctions: the formal part is defined by clear, rational and disciplined components whilst the informal one shows more ambiguous, emotional and spontaneous elements. One might notice that the attributes of the informal side all have one thing in common: their roots are highly based on the human nature. This is not surprising because we as social beings are the essential element within them. This fact also represents one of the main reasons why they form themselves in the first place. Organizations hire people because of their distinctive formal abilities, for example in Finance, Marketing or Human relations, in order to align them with the formal tasks of the company. Certain soft skills might also be of interest, but still these hard abilities dominate the attention and focus of the workplace. Of course, this is necessary to a certain amount, but a negative side-effect might be that the person as a whole cannot be concerned and taken care of by the formal organization to the amount it actually would be desirable. This is due to its prevailing specialization of labor and pertinent command/obey relationships: the formal focus is laid on so called “task-oriented activities” that have the major aim to get the job done in the most clear, disciplined and rational way. They are captured in clear terms that have been stated by Katzenbach and Khan (2010, p. 21): strategy, priority, plan, performance objective,
program, initiative, goal, work plan, rule of engagement, metric and many more: ‘The formal organization helps create efficiency, clarify authority, communicate priorities, and align rationally driven behaviors around common objectives. Every company needs these logical things’ (Katzenbach & Khan 2010, p. 22). As a consequence, the contrary “maintenance activities” that would focus on the creation of a good atmosphere and social relationships are likely to move out of the organization’s attention and slip into the background. Thus, an individual’s lack of self-actualization would be the result (UKEssays 2013). Consequently, a gap emerges from what the organization can offer the individual and what he or she actually would oblige. Thus, certain emotional, social and psychological needs evolve, which then are satisfied by informal relationships. Maffesoli (1996, p. 87) equalizes this with ‘the call to spontaneity, to the impulsive forces which go beyond simple contractual rationality [...]’. Therefore, social bonds very often form themselves out of a system failure, common interests (e.g. work experiences), propinquity or a worker’s consensus, amongst others (Hussein 1989, p. 10): ‘In essence, the informal is the aggregate of organizational elements that primarily influence behavior through emotional means’ (Katzenbach & Khan 2010, p. 23). Thereby they provide a shared social reality, a sense of belonging, identity, self-esteem and security as well as reduction of stress at the workplace (Baker 1981 cited in Waldstrøm 2001, p. 27; Grimes 2000). Especially the latter has been examined by Burke, Weir and Duncan (1976): work always is related to stress as it demands a lot from you and needs your full effort and attention as well as energy. Thus, informal contacts serve as stress reduction through the personal attention and understanding of others. The effect can be seen as a short-term relief by being able to get rid of the issues and problems that occupy us. Already the simple fact of talking things through with like-minded persons (Burke 1971) can have a high therapeutic value, especially at the workplace and its tough day-to-day challenges (Burke & Weir 1975): ‘Informal groups also help members to compensate for feelings of dissatisfaction with the formal leader, organization or official communication system’ (Han 1983 cited in Waldstrøm 2001, p. 28). The mentioned dissatisfaction for instance occurs if the organization is not able to trustfully communicate its vision and values and therefore fails to establish an emotional link to its workforce. Such types of entities can be called “value-displayed organizations”, as they possess and communicate values in a formal way, but do not actually live and implement them within the layers of the institution. They merely refer to them in special occasions when they might seem convenient and useful and so they mainly “talk
the walk” in a disciplined way: ‘Too often leaders believe that capturing an appealing set of words on a flip chart and then broadly communicating those words is sufficient’ (Katzenbach & Khan 2010, p. 101). In such occasions the informal layer then functions as the employee’s own “value-driven organization”, which serves them as guidance in their daily working activities by following and living the values that have been established out of their own personal characteristics. That way they actually are able to “walk the talk” in an ambiguous, spontaneous and emotional manner (Katzenbach & Khan 2010, p. 88).

4.3 The Informal Leader

‘The first thing I had to do was identify them. In a company like ours that is driven by innovation, you can’t just look at an org chart to find your most important employees. The key people here are our most creative engineers - they’re the smart people, the ones who control our future - and they can be very well hidden in the organization. They are not necessarily at the top of any hierarchy.’ Eric Schmidt, Executive Chairman of Google (cited in Fryer 2001, p. 119).

As our later analysis is dealing with the effects informal relationships derive from certain conditions, we find it valuable to also highlight a very influential character that acts within that process: the informal leader. It is important to understand why and how he emerges from the ‘Lurking Lion’ group as well as what he can offer it compared to his formal counterpart. This will be particularly useful for us in order to derive recommendations and tips for the formal management of how to deal and approach the informal elements within their organization, especially in the context of a business environment. Until then, the informal leader will take over the role of the ‘Lion King’ as a first contact person that is likely to be approached.

The first and perhaps most important distinction between a formal and an informal leader is that the official one mainly leads out of his formal authority, power and status that is conferred to him by the organization. The informal leader, by contrast, does not necessarily possess any of these attributes. In fact, he does not need them as he can arise from all hierarchical levels of an organization. The people follow him for very different reasons. Pielstick (2000, p. 100) argues that informal leaders rely on a rather transformational and authentic leadership style compared to the transactional one of the formal chief. The latter primarily utilizes measures of control, sanctions and monetary compensation in order to motivate the workforce to stick most effectively to their job. Compared to that, Shamir and Eilam (2005, p.
397) show up the main attributes of authentic leaders: they evolve as leading figures not out of a formal position, but rather out of a personal fulfillment, meaning they have internalized this role within their character and personality. Therefore, their actions are driven by a deep internal commitment and passion. To put it briefly, ‘they lead from a conviction’ (Shamir & Eilam 2005, p. 397) as they ‘interpret reality and act in a way that gives their interpretations and actions a personal meaning’ (Kegan 1983, p. 220).

Connected to that, Pielstick (2000, pp. 100-103) describes these kinds of leaders in more detail. He states six key aspects that characterize the transformational leadership style of the informal leader. First and foremost, he is a very good communicator. He can articulate himself very well and is able to inspire, excite, motivate and reach his followers with metaphors, analogies and stories in an authentic way. As communication always at least involves two parties, it is equally important to be a good listener: ‘Seek first to understand, then to be understood’ (Covey 1989, p. 235). He shows a high interest in the people’s concerns, asks the right questions and reacts in a way that gives his followers a feeling of understanding. Also the non-verbal communication plays a major role here. Informal leaders ‘consistently demonstrate by their own behavior what they expect of others’ (Kouzes & Posner 1988, p. 530). All this allows him to trustfully communicate a shared vision among his followers, and not impose it on them as it is very often the case with his formal counterpart. An informal leader rather envisions them with certain values, beliefs and purposes at the workplace to which they deeply feel connected to: ‘The single defining quality of leaders is the capacity to create and realize a vision’ (Bennis 1993, p. 216). Instead of relying on the formal top-down approach, he builds up strong relationships among his followers in an interactive, mutual and collegial way. Both sides get highly engaged in them and this resulting participatory process enables them to head for the common vision in an efficient kind and manner. Through establishing these affiliations, he is capable of forming a community around him that internalizes the commitment to its needs, values and beliefs. The informal leader encourages this by treating the people with dignity and respect and by relying on altruism, fairness, honesty and integrity which highly affects the shaping and continuance of the community. Consequently, he offers (not imposes) his followers guidance and provides them with opportunities to learn and grow by teaching them in a creative, reflective but also critical way. This serves as a basis for a cognitive complexity and multiple important frames of
reference which enable the people to get engaged in their very own sense making activities. Thus, he serves as a sense-giver: ‘Individuals in groups that evolve this way attribute leadership to those members who structure experience in meaningful ways’ (Smircich & Morgan 1982, p. 258). The informal leader is able to achieve all that through his special character. Such leading figures are said to possess a high amount of self-confidence, a strong conviction, intelligence (especially connected to the before mentioned EQ), internal locus of control, openness to criticism as well as an important sense of humor that creates a comfortable working environment (Pielstick 2000, p. 100-103).

After analyzing these attributes, it gets obvious that a formal position in an organization is not necessarily required in order to call yourself a leader. So, what determines a leader in the first place? According to Hooper (2010, para. 9) it is surely not the position. An individual is not influencing others because he is a leader, but he is accepted and seen as a leader because he is influencing others in the right way. Many organizations often interpret this chain of cause and effect wrongly. Therefore, an informal leader is also not appointed or promoted to his leading position. Whereas official managers are chosen from the top of the organization, informal leaders rather emerge from within the workforce through silent acclamation, meaning without an open official acknowledgement. They are chosen by the other members and do not need any presentation (Hussein 1989, p. 12). The reason for their emergence can be equalized with informal relationships in general, just hereby referred to the formal leader instead of the formal organization: many official managers are not capable of addressing the required amount of attention, help and guidance to their workforce. The reasons are versatile: for example, a manager might be responsible for too many employees and therefore suffers from an overload and confusion of his role and responsibilities, which then are overtaken by the workforce itself, especially in form of informal leaders (Goodman 1982; Manz & Sims 1984; Wall et al. 1986; Walton 1982).

There basically exist two types of informal leaders regarding the duration of this “position”. The first is of a long lasting character: it can be a person who is known for his seniority, which provides him with a large amount of experience and therefore a diverse and big stock of knowledge. Employees know that they can turn to him in different situations as he is characterized by a big amount of expertise. Very likely, these characters have already worked for a long time in the specific organization and know its structures, processes and culture very well. They can be
seen as the ‘old Lurking Lions’. Contrary to that, many researchers emphasize the rotational nature of this special leadership type (Baker 1981; Grimes 2000; Smart 2010; UKEssays 2013; Weick 1979). They claim that every individual has the ability to emerge as such a leading figure depending on the needs of certain moments: in one situation the talent and abilities of person A might be more valuable than the one of person B. Consequently, A is more likely to emerge as the informal leader in this particular state. But if a new problem arises that is related to different circumstances, again the person who serves the current task the best will emerge from within the group. This change can be very quick. Ehin (2004, p. 107) summarizes this rotational view very precisely while describing his “No bossing” leadership model: ‘It’s a process of continuous change where different individuals (depending on their talents, skills, and expertise) are looked to for guidance and advice as a group is faced with different internal and external circumstances’.

These special individuals also can be found in all kinds of occasions, not only in the business environment. In his study with 120 MBA students, Pescosolido (2001) found out that informal leaders within this group of students had a very strong effect on the group performance and efficacy. Furthermore, a very interesting research has been conducted by Pardo, Gil-García and Burke (2007). They investigated the role of informal leaders during the outbreak of the “West Nile Virus” in New York and Colorado in 1999. This virus had the major characteristic that it could affect humans as well as animals. Thus, different public health facilities and professionals at different levels as well as a mix of public and private organizations had to be brought together and collaborate over the critical solution to this illness. Informal leaders played a crucial role here, especially by fostering interorganizational collaboration and knowledge sharing across multiple companies, sectors of the economy as well as governmental divisions. The formal leaders of these entities were not able to lead from their official position – simply because so many different organizations had to work together. As a matter of fact there was no classical hierarchy existing. Therefore, people who were able to approach others, build up trust, share information across boundaries, clarify roles, develop strategies and plans as well as apply and implement them were most important for the containment of this virus – the informal leaders. This clearly shows their influence in many different occasions and environments.
4.4 Changing Macro Conditions: Increasing Importance of Informal Relationships

After presenting the most important facts about informal elements in general, we now will analyze an equally distinctive theme: the conditions from which they arise. This chapter will not focus on the specific micro organizations, which will be the major part of our later analysis, but on the broader macro environment. The latter has changed in an extensive way within the last century. These changes, which will be discussed here, highlight one important key message: if our ‘Lurking Lions’ have always been existent within a formal territory, then they now have reached the peak of their influence and the necessity to be recognized in the world of today. And this development is not likely to stop.

4.4.1 Basis for Change: Globalization

‘It has been said that arguing against globalization is like arguing against the laws of gravity.’ Kofi Annan (cited in Crossette 2000, para. 32).

It can be discussed extensively whether the globalization entails rather positive or negative effects as there exist many different viewpoints. However, no one can neglect the overall influence it exerts on the economy, society, technology, culture and our general way of living. Especially during the last century our whole environment has made a quantum jump, also and especially in the field of business. Companies are confronted with vigorous new challenges, like coping with various markets, utilizing and updating complex technology systems, satisfying various types of demands, cultures and legislations, competing in a fierce global competition as well as facing never before existing customer expectations and workforce dynamics (Ashby & Miles 2002, pp. 93-95). The globalization led to remarkable ‘differences in the sociocultural, political, and economic characteristics of countries’ (Douglas & Wind 1986, p. 568). Especially breaking advancements in the technological area have changed our way of living in an extensive manner, one of which our grand-grandfathers never would have been able to think of: ‘To name a single remarkable difference, the world is now “wired”, a term that would have made little or no sense to the man in the street of 1920’ (Bennis & Thomas 2007, p. 3).

Levitt (1983, p. 563) clarifies the interconnecting effects of the globalization on various parts of our lives: ‘World-wide communications carry everywhere the constant drumbeat of modern possibilities to lighten and enhance work, raise living
standards, divert, and entertain’. Information and communication systems are as present and efficient as never before: it just needs a few clicks within the World Wide Web to order a product from all over the world and at best it also needs only a few days until it has been distributed. The same counts for the gathering of information. Our whole life, privately as well as at work, is now highly based upon a resource that gained an incredible value and continues to do so every day: knowledge. It is critical for the creation, development, implementation, change and adaption of our personal as well as business strategies, especially against the background of the fast pacing changes in our environment (Lahti & Beyerlein 2000). It holds available almost unrestricted opportunities.

However, by considering both sides of the coin, big opportunities also lead to even bigger responsibilities, especially in the hard and competing world of business. It is obvious that the same types of approaches, strategies and processes that functioned very well in the past century cannot cope with the existing new challenges of today. Still, a lot of companies do not seem to realize this important fact entirely. If changes occur, then they mostly are accomplished through the formal viewpoint of an organization, for example by recomposing the structure or by shifting certain responsibilities. Still, as knowledge gets more and more important, they thereby forget to also lay the focus on the even more valuable informal organizational elements that are responsible for this critical resource: the people and their informal connections between each other. The following illustrations emphasize important changes within the macro conditions and will thereby show the needs for organizations and leaders to deal with their ‘Lurking Lions’ in a more “globalized” way.

4.4.2 From the Industrial Age to the Knowledge Age

‘Organizations worldwide are experiencing a state of change, when the previous ways of doing business are no longer appropriate or workable, and it is necessary to do and act in a very different way’ (Smart 2010, p. 20).

Our whole thinking of organizations is primarily still based upon the thoughts and characteristics of an era that was present during the past three centuries: the industrial age. During that time, the focus of companies has been laid on fixed capital, raw materials and tangible assets (Smith 2001, p. 311): optimizing production and manufacturing processes, increasing productivity while at the same time lowering the costs, the efficient use of all kinds of tangible resources, especially
non-human sources like evolving technology and most of all the effective utilization of machines. The people, let us entitle them with the more precise expression “workers”, also played a distinctive role, but in an unlike manner than today. Ehin (2004, p. 21) offers a lot of insight concerning the different roles of workers and employees within organizations of the past and the present. ‘In the Industrial Age (and still today in many instances) people were primarily hired for the use of their hands and feet instead of their minds. The thinking and directing was the job of the bosses. Essentially, organizations were designed and run like machines. As a result, employees were treated as expendable interchangeable parts and costs of production’. By looking at the massive amount of people who have mostly been working in all kinds of industrial factories, it gets obvious that they were not hired to come up with innovative ideas or to think about how to improve the output at the assembly line. They in some kind were utilized and treated like machines themselves, or as Burnes (2000, p. 33) argues: people were seen as economic beings. Consequently, it is comprehensible that they and the organization itself were managed like a rational system, comparable to a machine. The leading figures entirely took over activities like planning, directing, problem solving, decision-making and the before mentioned knowledge management in general (Hankinson 1999; Hyden 1994). They provided their workforce with the necessary ‘means of production’ that should enable them to accomplish their tasks in the best possible way (Ehin 2004, p. 21). Thus, the workers most of the time only did what they have been told to do. This lead to a big efficiency, as the industrial age was characterized by standardized, experienced and repeating tasks that best could be accomplished by simply following the orders from the top management. The reason was that the industry did not find itself in a rapid changing environment like today: it relied on well-established processes and the organizations that handled them the best within their rather stable setting established a huge competitive advantage. Consequently, organizations were designed after the so called “mechanistic structure”: they were seen as totally rational entities and their design has been a rational science (Burnes 2000, p. 33). There prevailed a clear and structured hierarchy with a large power distance and a decision-making process that was based on the top-down approach. Within this hierarchy, the responsibilities were clearly defined through an entrenched departmental separation as well as functional specialization. All this has been framed by bureaucratic and rigid rules that constrained the individual freedom of the workforce: their relationships and communication and as a matter of fact the entire flow of knowledge within the company has been formally restricted
(Ahmed 1998). To refer back to the distinction of formal and informal elements: the bones, the IQ, best practices and the explicit stock of knowledge have clearly been dominating the nervous system, the EQ, best performances and the tacit flow of knowledge. Of course, informal relationships have also been present at that time, but compared to today they were rather neglectable due to the factors analyzed above: the management did not rely on its workers in a highly intellectual way and therefore did not pay much attention to the bonds between them. To a certain extent, this still prevails today. But the times and also the relevance of informal relationships have changed.

Due to the above mentioned changing, evolving and globalized world of today, the focus of modern organizations cannot be directed towards the same aspects that have prevailed during the industrial age, as they were characterized by simple, static, clear, rational and linear elements. We now are living and acting within a time that is shaped by entirely opposing factors: the knowledge age. Especially since the 1990s there has been a switch from the importance of hard and feasible resources, like machines and technologies, to knowledge and the capability to utilize it. Alavi and Leidner (2001) argue that organizational and especially leadership practices get more and more knowledge-focused. Thus, this type of resource is most critical for a sustainable competitive advantage as well as long-term success (Kogut & Zander 1992; Nonaka & Takeuchi 1995). Various sources of research prove that around 90% of today’s knowledge in any kind of organization is embedded within the heads of the people working there (Bonner 2000a; Lee 2000; Wah 1999) and even 99% of the work they do is based on or connected to knowledge (Wah 1999). In order to successfully keep up with the new dynamic forces, organizations have to be composed in a way that allows them to run their business in an equally flexible manner. This is not possible if they keep on managing their structures in a way that is entirely based upon the industrial age. Primarily, it is not about rationally managing mindless tangible assets anymore, but more about fostering the human intellect by transforming its nearly endless capabilities into useful products and services (Goffee & Jones 2000). Wagner and Sternberg (1987) argue that it is the highest possible success of today’s management to acquire, manage, retain and transform tacit knowledge in the most valuable way. But that does not mean that they have to accomplish that by themselves. To the contrary, Drucker (1988) as well as Iivari and Linger (1999) state that this knowledge work can and should not be restricted to the top decision-
makers. Consequently, they are highly dependent on the source of it: the people and their interpersonal relationships between each other, as this is a major reason of the evolvement of tacit knowledge. Against this dynamic background, they themselves now own the necessary and before mentioned means of production. The formal framework still is necessary, but rather than to strictly command and delegate, it should provide its (now better called) “knowledge workers” with the right environment and tools that minimize the cost, speed and availability of knowledge sharing (Smith 2001, p. 313). This will enable them to contribute their valuable information and connect it to a collective mind (Cecez-Kecmanovic 2004; Tsoukas 1996). As a matter of fact, the often still applied basic model of the industrial point of view is not working properly anymore. The workforce nowadays needs a different treatment and has to be empowered instead of controlled. They have to be given the possibility to manage themselves and take over responsibilities in order to at least run a small part of the organization on their own. All this is barely possible in a conventional command-and-control system. In order to being able to manage themselves, they have to be ‘unmanaged’ by the formal organization (Ehin 2004, p. 89). In the end, this unmanagement will allow them to lead others in an effective way. At best this can be achieved in a so called “organic structure”: here organizations are treated like cooperative and social systems as they are composed of informal structures, rules and norms but at the same time are encouraged through formal practices and procedures. The latter serve as advisors and builders of an appropriate environment. Most important, the people are understood as emotional beings (Burnes 2000, p. 58). They comprise a team-based approach with possibilities for horizontal collaboration and cross-functional cooperation (George, Freeling & Court 1997; Hedlund & Rolander 1990; McCalman 1996). Therefore the strong departmental barriers of the mechanistic structures are broken down in order to facilitate the integration of specialized sources of knowledge (Cross 2000). This allows the employees to proactively participate in management activities and further promotes a culture of openness and trust (Hankinson 1999). This way, the bureaucratic structures are loosened up and there is more room for informal face-to-face communications that are reciprocally designed, downwards as well as upwards (Ahmed 1998). This serves organizations as the right starting point to cope with the discontinuous activities, turbulences, high uncertainty as well as everlasting change in every part of today’s economy (Wang & Ahmed 2002, p. 8): ‘Opposed to mechanical or individualist perspectives, which are the legacy of nineteenth-century positivism, the organic perspective cannot be [...] discarded’
The main characteristics of both here discussed structures have been summarized in Figure 10.

Figure 10: Mechanistic vs. Organic structure


After analyzing the changes in the perceptions of the overall environment as well as in organizational structures, the understanding of a higher need for informal elements should be internalized by now. It should not seem strange that changes within the environment are accompanied by altering priorities and viewpoints of the most concerned subject in our thesis: human beings themselves. Consequently, we find it necessary to take a look at how the societal perspective evolved during that time, which once again should clarify the increasing importance of informal relationships.

4.4.3 From the Contractual Era to the Effectual Era

‘Whereas the former favours individuals and rational, contractual associations, the latter places the emphasis on the affective, feeling dimension’ (Maffesoli 1996, p. 72).

The before discussed changes in the environment emphasized the need for a new approach of how to mobilize the informal patterns within organizations, particularly against the background of an economical point of view. However, they only have
been concerning the circumstances the people find themselves in and that are externally presented to them, but not in their direct range of influence. Contrary to that, their very own values, priorities and needs also have been running through a process of change. This development also is highly connected to the external environment they are facing now and highlights the increasing importance of individual self-realization and interpersonal relationships. Following up, we will take account of this personal progress of human beings, especially connected to societal aspects. The research of Bennis and Thomas (2007) serves as the major basis here. They analyzed two groups of leaders, the geeks and the geezers, regarding their specific, but also highly different features that allow them to lead in the kind and manner they actually do. They grew up and acted within two very different eras, which principally can be compared to the ones analyzed before. The distinctive influence and impact of these periods let them develop highly different characteristics within their personality as well as their leadership styles: ‘All of us come of age in a particular place and time – an era – that shapes us in large and small ways. Although we are rarely aware of this influence from day to day, our era determines choices both mundane and profound […]’ (Bennis & Thomas 2007, p. 2). We will utilize these eras by focusing on the personal values, viewpoints and in particular the overall being of these two groups of leaders. This allows us to focus on our study of informal relationships and to derive general implications for all people that lived in either of these two ages, not just leading figures. We find this connection very sensible, as leaders first and foremost have to be seen and treated like human beings. Consequently, the experiences they gained from their external environment, not only specified on the business context, can be generalized towards others as the priority is not laid on their individual leadership status: ‘We see era as important, not because it defines individuals, but because it presents them with a shared history and culture and a specific arena in which to act’ (Bennis & Thomas 2007, p. 10). Thus, they experience wide-ranging inputs from their specific surroundings. We filtered them regarding the main aspects that contribute to the increasing importance of informal relationships in our own era. We at first will examine the so called “Era of Limits”, which ranges from 1945 – 1954 and represents the coming-of-age years of the group of leaders called “geezers”. As a starting point, we want to emphasize that their personal development is closely connected to the analysis, characteristics and understanding of the industrial age and therefore the before acquired results should be kept in mind. During that time, the world has been seen in an analog context, which also manifested itself as the
belief in organizational hierarchy, chain of command patterns and the general utilization of mechanical terms (Bennis & Thomas 2007, p. 11). We are very well aware of the fact that the industrial age dates back way further in the past than to the mid-20th century. However, the changes within the last years have been as intensive as never before and thus can be treated similarly as the long lasting development of the industrial age to the knowledge age: ‘The world has changed more in the eighty or so years since our oldest leaders were born than it had in the previous millennium’ (Bennis & Thomas 2007, p. 3). As a matter of fact, in our context we refer to the geezers not primarily as leading figures, but as everyone that lived during this time.

The Era of Limits was highly influenced by the effects of the Second World War: ‘Postwar youth had to live with the psychic repercussions of World War II for the rest of their lives’ (Bennis & Thomas 2007, p. 24). Everybody looked for a high amount of stability and security, which also was manifested in the command-and-control structures of organizations. The geezers were highly influenced by the experiences of their parents and grandparents during the time of the great depression: ‘As children of the depression, most of them grew up worried’ (Bennis & Thomas 2007, p. 33). Hence, the most important connection they draw to their workplace was to gain financial security in order to provide a living for themselves as well as their families. The major intention was to work hard, produce the required results and receive the appropriate compensation for their effort in form of good salaries. In order to achieve that, they fundamentally stuck to the rules and regulations of the entity they worked in to not risk their valuable job: ‘Follow the rules and obey authority, and things will work well. When things work well, everyone benefits’ (Bennis & Thomas 2007, p. 27). This rigid constraint of their autonomy was not a major issue at that time as the geezers were satisfied with the control they had over their own range of responsibilities: any more than that would have increased the amount of insecurity vastly, especially against the background of accomplishing the required goals. The more responsibilities, the harder it is to live up to these higher expectations. Moreover, their work even outweighed the importance of their private life, which got neglected to the extent the job did require it: ‘Balancing career and family was not a high-visibility issue in the Era of Limits’ (Bennis & Thomas 2007, p. 43). The priorities were set in a way to allow the family to lead a good life, but not necessarily to lead a good life with the family. Therefore, they were totally engaged within their area of work and tried to please the formal authority in the best
possible way, as the connection to the latter was much more distinctive and important than anything else.

All this does not mean that they were satisfied with this prevailing situation. As every human being, they also had personal needs, wishes and desires which are best shown by the early discovery of informal relationships through the Hawthorne studies. They were conducted even before this era and proved their existence. However, the characteristics of this environment demonstrate that they were less important than today: the people simply put them on the bottom of their priority list as they found it necessary to do so. Due to the eminent crucial role of their formal job, they in the first place went to work for the before mentioned reasons. As a consequence of that, informal relationships, especially at the workplace, were not needed and present as much as today because this era did provide the people with very different requirements than for example the “Era of Options”, which will be analyzed next. The geezers saw the workplace not mainly as a basis to socialize or interconnect with peers, nor to fulfill their emotional or social needs. There is no doubt that this also has happened to some degree, but not in the extensive way like today. The main reason can be connected to their key desires: formal security and stability. Hence, they have been more dependent on the formal part of the organization than on the informal one (Bennis & Thomas 2007, pp. 23-49). If they sought personal satisfaction, it most of the time was connected to the formal authority: ‘You did what you were told to do. Whether it was teach a class, work with children, be the headmistress of a school. [...] You could say you were successful when the person who was your superior and who you believed was the voice of God for you, when that person felt you were doing an OK job or a very good job. That was success.’ (Bennis & Thomas 2007, p. 40).

Contrary to that, the “Era of Options”, which ranged from 1991 – 2000 (but in our context rather until today), can be strongly connected to the before argued findings of the knowledge age and deals with the personal development of the group of people called “geeks”. The for us most important differences to the geezers and the here with connected dissimilar personal characteristics can be seen in the altered perception of the meaning of their job, a higher focus on a work-life balance and the overall unalike influence of the digital world of today. They did not grow up in times of insecurity, but in a recovered, advancing and fast pacing environment that is filled with opportunities to the bursting point. Therefore, they do not simply work to only make a living, but also to make history, if not for the world then at least for
them personally. They have a strong desire to build up their own identity, run through as many experiences as possible and get a significant meaning out of their work. Thus, their success factors are not mainly based upon tangible compensation but rather ‘in terms of challenge, responsibility, and the opportunity to make history. Work is a form of self-expression.’ (Bennis & Thomas 2007, p. 63). Especially in order to express themselves, they approach their work in a more participating and collaborative way, which fosters the existence of informal relationships, or how Bennis and Thomas name it, “intellectual networking”: ‘Intellectual networking consists of active participation in discussion and debate with a carefully chosen group of peers’ (Bennis & Thomas 2007, p. 68) and these ‘networks are much less formal’ (Bennis & Thomas 2007, p. 68). Such networks allow individuals to constantly learn from each other in the form of leveraging-effects and provide them with a richer variety of actions and a bigger amount of satisfaction regarding work and private related issues. Especially their quest for a balance within the latter two aspects emphasizes the increasing importance of informal relations. The affiliation to their families as well as to other human beings in general is gaining more and more significance, also and especially because of work related issues: the dynamic and interconnected economy of today requires work to be done much faster and accurate but also with less time and resources, which is not achievable by one-way command and obey arrays like it has been in the Era of Limits. It requires a team-based approach in which many talented heads work together on complex and widespread issues. This also leads to an increasing intensity of work in general and therefore to much more stress, which often is following today’s workers even when they already have left their office: ‘Working in a 24/7 world takes its toll even when the rewards are high’ (Bennis & Thomas 2007, p. 76). To accomplish their impermanent work- and personal related goals and also in order to deal with these increasing stressful challenges in an alleviating way, today’s knowledge workers more and more rely on and make use of informal elements at their workplace instead of devoting their main attention to the formal structures, like it has been done by the geezers. As a matter of fact, they by themselves decide where and in whom their loyalty lays: more than ever people at work and in their daily life rely on intimacy and trust. If these new needs and ways of working are not accepted or even opposed by still existing command/obey/control enthusiasts, the resulting effects for the formal organization are likely to be negative: the informal groups might line up in the means of a counter-organization that first and foremost is fighting for its own informal goals and therefore is consciously or unconsciously
neglecting the formal ones (Bennis & Thomas 2007, pp. 51-85). So, organizations and its most influential characters, the leaders, have to acknowledge these new and highly important informal patterns within their formal layers: ‘In order to continue to be successful, organizations have to adapt to the changing, era-shaped needs of their workers. [...] Employees cannot fully participate in organizational life if their most urgent needs are not being met’ (Bennis & Thomas 2007, pp. 173, 174).

In this section we took a closer look at the prevailing macro conditions people are facing today and came to the conclusion that informal relationships not only exist, but that they get more and more essential. Still, both parts of organizations are treated in an unequal manner and the majority of measures to handle them are mostly conducted against a formal background that is no longer effective: ‘It’s a sin to put changed people into an unchanged organization’ (Bennis & Thomas 2007, p. 175). Here, the analogy of bones and the nervous system again fits very well: a human body would not be able to work or even survive with only one of these two structures. Moreover, if measures that are useful and efficient for bones are also applied on the nervous system, they might have none or even a bad impact. All these changing factors and influences clearly highlight the need and advice for today’s leaders and organizations to put a lot more focus on the informal patterns within their range of responsibilities. The whole literature that has been discussed and presented in our review clearly highlights this central aspect in a major way: informal relationships have been existent ever since; they are present for logical reasons and will continue to do so, even in a more important manner. But we also clearly want to stress not to transform the entire attention to them. Both types of structures possess their own distinctive characteristics, ranges of influence as well as advantages and disadvantages. The formal parts still are critical necessary, as they are the bricks and stones upon which organizational shapes are constructed. In our time, however, they have to be built and arranged in a more personal and people-involving way. Otherwise the finished creation might collapse, especially if the strong wind of the knowledge and effectual era hits these conventional organizational structures with its dynamic strength. All this serves as our basis for the upcoming analysis part. The impact of the before discussed macro conditions are rather logical comprehensible, but the more complex and dynamic micro conditions show the need for a deeper analysis of how they contribute to the emergence, characteristics and effects of informal relationships.
5. Business Micro Conditions: The Basis of our “Informal” Analysis

‘In fact, there is no current theory that points to an optimal structure of the informal relations in an organization’ (Krackhardt & Stern 1988, p. 123).

Following up, we will analyze well-chosen organizational micro conditions: certain typologies of business organizations that distinguish themselves regarding their structure and size as well as the type of industry they are present in. We thereby purposely have chosen extreme manifestations of these settings, which allow us to argue and highlight the different forms of informal relationships in the most expressive way. We are not capable of analyzing every single organizational type as there exist too many combinations of the before mentioned conditions. Therefore, we will focus our research on two antagonisms: Firstly, the typology of a big company with a very tall hierarchy that is present in a stable industry. By contrast, we then will analyze the conditions that are most likely present within a small firm with a flat hierarchy which is acting in a dynamic environment. These types are very common in today’s business world as we have characterized them here: ‘Bureaucratic, or tall, and flat organizational structures are two of the most common types of organizational structures’ (Gilani n.d., para. 1). Our reasoning will be based upon their most influential distinctions, namely their types of hierarchies, which highly affect the remaining and here from developing influences of and on the company. We find the hierarchical approach very sensible, as almost all companies in the world experience the here from resulting advantages and disadvantages. Here by it does not matter if they are flat or tall organized: ‘Flat or tall, run by a tyrant or a super leader, a hierarchy is a hierarchy no matter how its seats of power are masked’ (Ehin 2004, p. 105). Thus, these two extreme hierarchical manifestations allow us to derive valuable implications of the informal happenings within them. We will draw new connections among already existing research and combine relevant studies in order to provide our readers with a better understanding of how the organizational context might influence the characteristics of informal groups and, in return, how their resulting effects on the looked at organization will manifest themselves. Mintzberg and Van der Heyden (1999) state that there is no one best way to interpret and analyze these groups. Therefore, we at least intend to provide a second best approach with our analysis of the ‘Lurking Lions’.
5.1 Description of Analytical Model

Our analysis of the before mentioned business contexts will follow this functional cause-effect model (Figure 11):

Figure 11: Informal Cause-Effect model

We argue that informal relationships are built upon the basis to equalize certain deficits within the formal conditions they are facing. If some of their needs are not approached or satisfied by the formal structure, then informal relationships are likely to take over this role. The specific needs and causes for their existence are predominating over others in the face of different environments: ‘Informal groups are shape-shifters. They are amorphous and ever-changing entities that formalize as the need arises and dissolve or reconfigure as circumstances change’ (London 2010, p. 24). Thus, we have categorized this “need” into three major dimensions: On-the-Job dimension (deals with work-related issues), Cultural dimension (concerns the deeper meanings and shared values across the company as well as the overall communication) and Affect dimension (refers to the basic individual needs of the group members as well as their personal goals). They all comprise distinctive sets of causes and needs that lead to informal contacts at the workplace. In order to comprehend our upcoming analysis, we find it necessary to firstly present them to our readers in a more general context.

First of all, the On-the-Job dimension. Here, individuals seek out for informal contacts with their peers first and foremost in order to do their job in a more productive and efficient way. It is mainly about receiving and giving advice by exchanging primarily technical and instrumental knowledge if certain problems arise during the work context: ‘It helps solve work problems’ (Hussein 1989, p. 10). The informal communication that is prevailing within this dimension can be entitled as ‘Production-related messages’ (Waldstrøm 2001, p. 13): people reach out to each
other in order to facilitate how things get done in their work context. The transactional content of these messages is consisting of exchanging information that is helpful within their specific area of work. Furthermore, this dimension can entail so called ‘Circles of Learning’: people get to know each other through common work experiences and build up valuable learning relationships all over the company (London 2010, p. 4).

‘The Cultural approach reaches into the implicit, tacit and deeper meanings and shared values in the organization’ (Waldstrøm 2001, p. 14). Some might think that the informal organization can be equalized with the culture of a company. But this is not quite right. Informal relationships can arise very quickly and transform themselves equally fast if certain circumstances afford it. As we argue here, they mostly depend on certain conditions, as they satisfy the more temporary needs of its formers. They cannot be named like the values or vision of an organizational culture, as they are constantly shaped and reshaped by its members. For the culture, however, it takes a long time to develop and establish itself. Its constitution is highly influenced by both, the formal and informal parts of the company: ‘The set of shared attitudes, values, goals and practices that characterizes (human behaviors in) a company or corporation’ (Katzenbach & Khan 2010, p. 25). The connection between them can be seen as very reciprocal: the members of the organization are highly influenced by the culture that is present, but at the same time they exert a big impact on it by themselves, which is first and foremost achieved through informal relationships that adjust and maintain how the culture “looks like”. Thus, informal relations that are built upon the Cultural approach arise from the general need of individuals to receive as well as communicate deeper meanings and shared values that enhance the overall community network in the bigger organizational context. It is about the general communication across the company as well as its resulting flow of information. They satisfy the need of knowing by so called ‘Innovation messages [which] are centred on solving organizational problems and improving the way things are done’ (Waldstrøm 2001, p. 14).

Last but not least, the Affect dimension of influence. Maffesoli (1996, p. 80) states that such a personal feeling dimension can be equalized with a ‘secret society’ that is very likely to be established in small contemporary groups. Here, mainly the psychological needs of the individuals are in the focus of attention as they might not be covered by the formal management. Here under falls the need for affiliation, a common sense of identity, the participation in a social reality, friendships, trust

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and more intimate relations as well as a sense of belonging to a group that provides one with personal attention and satisfaction (Waldstrøm 2001, p. 27). These informal bonds connect people together on a deeper psychological and behavioral basis. They might find emotional support, a broadened understanding and thereby get the feeling of belonging to something bigger than themselves. If the formal organization is not able to provide that, these bonds can be very energizing and recharging for their participants. They can be entitled as so called ‘Networks of Belonging’ or ‘Circles of Affirmation’ in which individuals can bare their personal thoughts, feelings and aspirations (London 2010, pp. 4, 19). Such personal bonds are fostered through the use of ‘Maintenance messages [which] revolve around the socio-psychological needs of the individual’ (Waldstrøm 2001, p. 14).

We will prioritize these dimensions regarding their particular influence on the evolvement of informal relationships in our presented typologies of organizations. Our analysis will show that members of an organization seek out for informal relations to their peers out of different reasons, always as a result of the conditions they are facing. For the group arrangement and the specific characteristics of these three dimensions as well as the analytical approach in general we combined the research from different scholars, especially from Farivar and Esmaeelinezhad (2012), Hussein (1989), Krackhardt and Hanson (1993), Tichy, Tushman and Fombrun (1979), as well as Waldstrøm (2001). We realize and acknowledge that informal relations in reality are likely to inhabit a mixture of these three dimensions and that they might switch within seconds while these relations occur as ‘those divisions are overlapping’ (Waldstrøm 2001, p. 14). For example, a job related discussion (On-the-Job) can lead to the receipt of attention or advice which strongly increases the own feeling of well-being (Affect). However, the proportions in which they occur are not precisely analyzable as the informal relations themselves. They are influencing people simultaneously and therefore can change rapidly according to the situation one finds himself in. Thousands of possibilities exist and therefore a clear distinction is hard to accomplish. Our intention is to examine the general forming and manifestations of these relationships. Therefore, we put our focus on each dimension independently to get a deeper insight on the kind and amount of influence it has on the forming of informal relations. The latter still can differ among certain individuals or groups. But by analyzing these contrary environments, we are able to derive general implications of how they affect the emergence, constitution and effects of the ‘Lurking Lions’ that are present in such extreme territories.
5.2 Command / Control Typology: Tall Hierarchy, Big Size, Stable Environment

5.2.1 “Tall” Conditions

In the upcoming determination and assessment of the relevant conditional elements for our analysis we made use of the insightful facts and thoughts of the scholars Baldwin, Basu, Benjamin, Gilani, Griffin, Ingram, Meehan, Ozyasar as well as Thompson (all n.d.). Their writings provided us with a lot of helpful ideas that we have sorted and combined in order to extract the most important aspects of our typologies. Based upon them, we are able to study the specific types and effects of the prevailing informal elements within these organizational businesses.

The first step in our functional chain is to determine the representative conditions of this command and control typology. Tall hierarchical structures consist of a large amount of vertical arranged layers between the top of the company and its lowest levels. The highest authority with the most power and influence is centered at the peak, mostly the CEO and his or her Top Management Team. From here, all kinds of information flow through the company in the form of a classical top-down approach: strategic changes, orders, announcements, advice as well as knowledge in general. By wandering downwards through these layers of the hierarchy, the amount of power to delegate and to make own decisions decreases extensively. Therefore, this structure is characterized by a high centralization of authority with a big power distance. Managers are acting on various different levels and they all possess different ranks which allow them to make more or less autonomous decisions. They all hold their own area of control for which they are responsible for. This area, however, barely exists at the bottom of the company. Workers in the lower ranks firstly have to approach their supervisor in order to decide about a certain issue. If this matter exceeds the supervisor’s area of control, he also has to take into account the permission of his own superior of how and what to do. Therefore, everyone in such a setting can be seen as a direct subordinate to someone else, except for the top of the organization. As a consequence of the big amount of different layers, there also exists a high degree of departmentalization and specialization, especially in the lower ranks of the company: employees work on specific tasks that do not change in an extensive way. They are told what to do and they basically follow the rules of the higher authority. Thereby they do not get in much contact with other parts of the company as the ‘internal communication
mostly [is] confined to departments’ (London 2010, p. 11). The whole structure is characterized by elements of **command-and-control**: formal rules and procedures, stringent regulations, monitoring as well as a high focus on delivering results. The culture will be focused on these rules and standards with their rigidly controlled processes and close supervision by showing a high amount of **compliance** to the formal authority. As a matter of fact, this typology clearly shows characteristics that can be linked to the before discussed **mechanistic structure**.

As we are not acting within the mechanistic and contractual era anymore, the overall conditions of this typology might not seem very desirable. Though, it still is equipped with a lot of advantages. Due to its many narrowly-working departments and functions, the company can rely on a **large amount of expertise** among their managers and employees as every part in this bigger system has its own field of work and responsibilities and therefore can focus on optimizing it. Here, we once again want to refer to the field of biology. In this kind of structure the tasks of the departments and how they work together can again be linked with the human body, more specifically with its organs: all of them work mostly independently on their specialized task in order to keep the bigger organism running. Of course, they are interconnected with each other and rely on the functioning of their organic partners, but each and every one is a major expert in what it is performing. Such a rather independent and one-dimensional working procedure allows a **better control of the workflow** as well as **expert supervision**. This leads to much less errors and a more efficient outcome. Furthermore, this kind of company is defined by **clear roles and lines of responsibility**. This expresses itself in less confusion among the workforce, especially regarding which orders they have to follow and whom they have to report to or satisfy with their work. Mostly, it will be the direct supervisor because of the before described reasons: he has the major expertise and is directly responsible for the job and working conditions of his employees. Above that, they work in a tightly controlled environment where mistakes can easily be tracked back to their origin. This will prevent the members of losing their focus on the job. Due to its large amount of layers, employees also receive a **high motivation regarding job related promotion**. They know where they can be one day as they have a clear sight on the possible advancement. As there are a lot of layers, it on the one hand might be difficult for them to get straight to the top, but in return this structure offers them the possibility to climb the ladder in a lot more and smaller steps. This will spur them on by delivering a good and better job than their peers. If they work
hard and stick to the rules, they once could be in the position of delegating instead of complying.

Especially the advantages of this structure can at best clarify our intention to link it with rather **big companies**. The bigger a company grows, the higher is the need for an effective and stable framework that coordinates and oversees its activities: ‘Generally, by the time a company organization has surpassed a thousand people, it needs a robust and coordinated formal organization’ (Katzenbach & Khan 2010, p. 42). This is not possible with only a few hierarchical and horizontally arranged levels, as this would lead to a work overload for the responsible managers and confusion about who has to do what in which specific occasion: ‘It is common for larger companies to have more than five layers’ (Gilani n.d., para. 3). This issue can be compared with the model of a skyscraper: the fundamental basis upon which it is built is equally important as to stabilize its structure the higher it grows. Due to the increasing amount of tasks, more wide-spread responsibilities as well as how all parts commonly fit into the bigger organizational picture prompts large companies to make use of a rather bureaucratic business structure. The possibility to divide the business functions into single parts in connection with clear lines of authority and power offers them a high administrative efficiency as well as a clear management structure on which they can rely on. In this case, as already previously shown in the mechanistic macro conditions, a rather high degree of bureaucracy is more sensible: ‘Bureaucracy is the inevitable – and therefore necessary – form for governing large and complex organizations’ (Bennis 1972, p. 120).

Not surprisingly, tall hierarchies also have to deal with the disadvantages of their structural deficits. As a matter of its towering construction, it takes a very long time for information to reach its desired target point, especially if it does not follow the utilized top-down approach. Suggestions, problems and personal issues from especially lower levels that are addressed to the top are not dealt with immediately as they have to go through the long-lasting structure of the hierarchy in order to be recognized, if they then are recognized at all. This can get especially dangerous if critical developments are being reported but then cannot be dealt with immediately. Deriving from that, tall and big structures are not flexible. Companies that utilize them often are very sluggish in reacting to upcoming opportunities as well as threats. Moreover, and this can be seen as one of the main disadvantages, this type of structure can be very demotivating for the workforce in a personal way. As
already discussed in the macro conditions, people are somehow treated like machines as they receive clear orders of what to do, without the possibility of bringing in their own ideas. They are controlled and supervised as well as highly personal constrained in their personal freedom. This easily can stifle their creativity and lower their working morale. Consequently, they are likely to receive much less personal satisfaction from their experience at work.

As the advantages of the hierarchy have been responsible for its affinity to be utilized by big organizations, the disadvantages in contrast are highly accountable for its presence in rather **stable industries**. Very simply put: in dynamic industries organizations must be able to deal with fast arising changes, problems and opportunities by altering their way of doing business, which includes internal processes as well as external connections to the dealt with environment. At best, such companies should head for leading a change instead of just following it, which would offer them a competitive advantage, even if it might be only temporarily. However, the above mentioned inflexibility and time-consuming duration of information exchange first and foremost do not allow tall hierarchies to successfully act in such a fast pacing environment, at least the extreme typology we are dealing with here. The incumbent command-and-control approach with its minimal provision of autonomy among the workforce would lead such a tall structured company into bankruptcy faster than the blink of an eye when facing a dynamic environment: ‘**Trying to optimize a large hierarchical company to react to changes, opportunities and threats is like trying to turn the Titanic**' (Benjamin n.d., para. 5). Consequently, they rightly rely on their strengths which clearly lie in stable industries: maximizing the efficiency and effectiveness of well-known processes by utilizing expertise knowledge as well as very well and detailed chains of command and control.

As we now have presented our first typology and pointed out its main characteristics, we in the next step will analyze the causes and types of emergence of our informal lion herds within this big and tall structured kind of environment. The now already well-known key purpose of informal elements will play a crucial role here: people in every company will reach out for informal relationships that will satisfy them with the particular needs which are not covered by the formal organization.
5.2.2 Types of “Tall” Lurking Lions

Let us first have a look at the **On-the-Job** dimension. Regarding the typology we study here, this dimension will have a rather weak influence on the forming of informal relationships. As mentioned before, the workers have a narrowly defined area of work which makes them to specialists within their fields. By once again utilizing the analogy of organs: the heart of the human body will not reach out for the lever in order to solve problems that arise in the heart’s range of responsibility. This would make no sense, as they both are only experts within their specific area of functioning. In order to accomplish their job, organs as well as employees in this environment barely have to be engaged in team-work or group discussions about work-related issues, as most of the information and orders come from the top layer of the organization: ‘Members are likely to go up the organization for advice. To the extent that this is true, a mechanistic organization will be characterized by a high degree of hierarchy in advice relations’ (Krackhardt 1994, p. 98). Their tasks can be approached very individually as they act within a stable environment which does not come up with a lot of new work-related changes that have to be solved. All in all, the overall degree of confusion in such a working environment is rather low. Tichy, Tushman and Fombrun (1979, p. 514) state this issue very precisely: ‘Given high task certainty, individuals will have little discretion in their choice of work-related contacts. This implies that the emergent network of interaction will closely follow the prescribed network in a mechanistic setting’.

The next dimension that will be considered is the **Cultural** one. In this typological context it is rather hard to establish a companywide culture that addresses all individuals equally. The overall cultural characteristics will be set by the formal organization as a matter of centralization of authoritative power as well as the top-down approach. The formal part is able to codify certain values, norms and a central vision that is meant to be pertained for the whole entity. However, as the employees are acting rather independently from each other through the before presented specialization and departmentalization, it is probable that they will seek out to establish an own sub-culture within their direct environment. The tall and rather impersonal structure of this typology as well as its rather strict regulations hinders them to take part in a cultural-forming process within a bigger organizational context. The large power distance between the single layers here by leads to a cultural communication gap between superiors and subordinates as they are acting and working in nearly different worlds. How are they supposed to develop
a related attitude and connect to the same values if they face unalike circumstances? In an extreme form this can be compared to cultural differences between diverse countries and nationalities: they are formed by highly diverse surroundings, perceptions and experiences. The same accounts for “layer-al” differences. Consequently, as the employees are mostly acting within one area of the company and common people around them, they are encouraged to form informal bonds within their departments, which manifests itself in rather narrowly defined herds of ‘Lurking Lions’. The own development of specific jargons, values, stories as well as a departmental language binds them together. They have the possibility to be engaged in a rather local cultural-forming process to which they feel more connected than to the general culture that is meant to address everyone. The before mentioned innovation messages therefore will take place as a matter of propinquity: ‘If workers remain in a common work setting over a significant period of time, there is a strong tendency to develop a pattern of interpersonal associations’ (Hussein 1989, p. 10). So, regarding this tall hierarchical typology, we assign the Cultural dimension a mediocre amount of influence on the forming of informal relationships.

The importance of the Affect dimension can be very well described by one of the basic thoughts of Ehin (2004). Let us first recover a few characteristics of the tall hierarchy that are very important in this regard: command-and-control, compliance, centralization of authority as well as the top-down approach when it comes to decision-making and therefore no real autonomy of the employees. All these aspects are directed against one of the most important and deeply grounded desires of every human being: the basic need for self-organization. Ehin (2004, p. 27-29) thereby refers back to the earliest hunter-gatherer ancestors and how they were self-organizing themselves without a strict and rigid chain of command and authority. This way they were able to survive during the early demanding times of mankind which let them successfully take part in the occurring evolutionary process. Furthermore, he points out a very interesting connection to nature, which highlights the need for any system to be allowed to self-organize itself, at least to a certain degree: ‘All one has to do to make sense of this is to visit a meadow or a forest and observe nature in action. There is no “CEO” directing the growth, activities and interactions among plants, insects and animals. Everything is interdependent and cooperation is accomplished without control. Only when we interfere and try to “manage” such systems do things go astray’ (Ehin 2004, p. 24-25). This also can be
adapted to our ‘Lurking Lions’: if external interfering measures constrain their territory in a too drastic kind and manner, they are likely to gather together and form personal bonds in order to regain some of their freedom within their formal environment. In this typology, the amount of interference can be classified as large, which already is shown by considering the above mentioned main characteristics. As employees in such an environment are not able to self-organize themselves to a degree it would be desirable, such social and psychological informal relationships serve as a balance to the intensive use of managerial authority. In this regard, the mechanistic structure highly contributes to such a “large system failure” which then leads to a big amount of informal relations that are built upon this Affect dimension: ‘Large formal organisations often fail to satisfy the social interaction needs of its members. When relationships of companionship are denied (as in line assembly work), there is a tendency for individuals to search for means outside the system’ (Hussein 1989, p. 10).

As a consequence we illustrate the strengths of these three cause-dimensions with the help of our ‘Lurking Lions’, who now clearly reveal themselves as they have received the “tall” sense of being informally needed (Figure 12). It shows ‘the cementing role that the affective plays – this close companionship, in other words’ (Maffesoli 1996, p. 88).

Figure 12: The “tall” ‘Lurking Lions’

Following up, we will discuss the effects that are most likely to emerge from these premises.
5.2.3 “Tall” Effects

‘Since […] informal networks develop partially from the need of the individuals, it should follow naturally that those networks are most successful in satisfying the needs of the individual.’ (Waldstrøm 2001, p. 37)

As we came to the conclusion that the Affect dimension has the most influence in this kind of business structure, we first and foremost also focus primarily on the effects that evolve from it. As the formal organization in this typology does not really take care of the psychological and personal needs of the workforce, they will try to find compensation within informal relationships, which might have several consequences. Firstly, the effects on the workforce itself can be defined as positive. That is logically comprehensible, as they otherwise would not be engaged in them. The interesting point, however, is that the informal groups are likely to form an informal structure that is replacing the formal one, especially regarding their need for affiliation: ‘A company with a mechanistic formal structure could have an organic informal structure’ (Thompson n.d., para. 1). Consequently, as the formal structure is not capable of supporting the social functions of its members to a desirable extent, the informal groups will emerge in this activity by themselves. As argued under point 4.2.3 they will serve as a kind of therapeutic measure: social contacts, personal attainment and therefore a general feeling of satisfaction will be the result as they are able to self-organize themselves to a much higher degree within the informal group than it is the case within the formal context. The latter sees them only as one out of thousands, but by acting within a more narrowly defined group of people that have the same experiences, face similar problems and are more at hand during the day than it might be the case with the own family, they flourish in this informal surrounding and receive their main motivation for work from their informal sources: ‘The larger organization is experienced by indirection, but membership in the small group contributes directly to the shaping of attitudes and behavior toward the entire world of work’ (Sayles 1963 cited in Reif, Monczka & Newstrom 1973, p. 390). However, if this indirection as well as the constraint over the employees reaches a critical level, the effects on the formal organization that derive from that are very likely to be negative. As we are analyzing an extreme form of a tall, hierarchical and mechanistically organization, the amount of own authority of the workforce can be seen as very low. However, every individual to some degree has the desire to be one’s own boss: ‘There exists a psychological need for power that is manifested in power-seeking behavior’ (Cobb 1986, p. 231).
Furthermore, this here described need expresses itself in any kind of context, no matter if the organization allows, hinders or fosters it. As it clearly is being hindered here, people will try to claim this power by utilizing their most powerful tool: informal relationships and groups that emerge in an opposing way to the formal management: ‘They operate quite clandestinely and their activities may oppose officially advocated objectives’ (Ehin 2004, p. 56). The tighter this personal constraint, the more opposing the effects will be. The first stage could express itself by not directly opposing the formal procedures, but simply by doing less than possible: ‘[The] informal structure may undermine organizational activities that should be conducted within [the] formal structure’ (Wang & Ahmed 2002, p. 10). This can take many forms, from staying ten minutes longer at a coffee brake up to a general passive and apathetic working style. That mostly happens without that the formal management even notices it. The informal groups here by act in the underground with a hidden influence on the formal authorities. Here, it once again is useful to mention that human beings cannot be managed in the traditional way: a machine does not care about how to accomplish its work or how tightly it is controlled, but social beings surely do. And this is reflected in their behavior: ‘Formal structures purposely designed to regulate behavior in the service of specified goals are seen to be greatly affected [,] supplemented, eroded and transformed by the emergence of informal structures. Formal structures are equated with norms and behavior patterns that exist regardless of the characteristics of the individual actors’ (Sarkwa 2011, p. 15). Furthermore, certain individuals might combine this contradictory behavior with their own opportunistic one, what is called ‘Political manoeuwrng’: ‘Individuals might want to use the informal channels of communications to influence colleagues or superiors in order to gain an advantage in the organizational politics’ (Waldstrøm 2001, p. 29). Especially the informal leader, already a very influential individual, could play a key role within such activities. On the next stage, opposing informal groups show not only a lack of interest, but rather a resistance to formal measures. To understand that, one just has to observe a lion’s behavior if his personal will and freedom is constrained in a too extensive way. The lion as well as human beings develops opposing actions to such interferences. The most common contradictory measures within the business context have been summarized by Waldstrøm (2001, pp. 31-32): informal groups for once might use their fluent and fast pacing communication channels to spread false rumors about the formal layers of the organization. This takes time away from the actual working tasks and tempts others to internalize this rumor and also change their attitude towards the concerned
formal target. Furthermore, they might develop a group thinking behavior that results in an “us vs. them” mentality. This especially is the case if they develop group norms, attitudes and behaviors which are meant to harm the official ones that have been established by the formal organization. Here also the influence of the Cultural dimension comes into play. As mentioned before, such a tall hierarchy possesses a large amount of different departments. This fact can be very dangerous against the background of opposing informal groups within the company. As departments work independently from each other and sometimes already are demonstrating a certain kind of rivaling relationship, for example concerning their budgets, the established “us vs. them” attitude might spread to several divisions, as they all evolve with their own, more or less independent informal sub-cultures. The result would be a clustered organization, in which many parties rather compete with each other instead of heading for their goals in a collective kind and manner.

In conclusion to this command and control typology, we can say that our findings have been in congruence to the general assumptions we have drawn from our implications of the macro conditions, especially regarding the extreme form of a mechanistically structured organization. We once again want to point out that we purposely analyzed such an extreme form in order to show the major effects that could arise in such a setting. Real effects in real organizations can differ largely in their intensity as well as in the combination of the three dimensions. It always depends on the specific conditions of the discussed company and how they are presented by the formal authorities as well as how they are perceived by the informal powers within them: ‘The important consideration is, therefore, the relationship that exists between formal and informal organisations’ (Hussein 1989, p. 10).

5.3 Self-organized / Collaborative Typology: Flat Hierarchy, Small Size, Dynamic Environment

5.3.1 “Flat” Conditions

In the next step we will take a closer look at a type of business organization that is settled at the other end of the hierarchical continuum: a very flat structured company. Compared to its tall counterpart, this kind of hierarchy consists only of a few levels of managers and supervisors. Therefore, the existing management layers have to take care of and supervise a broad group of employees for whom they are
responsible for. Consequently, this structure is not composed for a traditional top-down approach, as it relies on horizontal and collective working processes. It entails no rigid chain of command like it is prevailing at its tall sibling. This aspect is highly responsible for the most important difference to the before discussed typology: in this kind of business environment employees have a lot of personal autonomy. They are allowed, and even encouraged to self-organize themselves, give comments and feedback as well as be critical about what they think needs to be changed or improved. This way the organization seeks to tap into the many talents of its workforce and foster problem-solving by collaboration rather than by delegation. Instead of controlling them, they are empowered to work horizontally across the organization in order to be creative, generate new ideas, find out innovative solutions and learn from each other. As this structure highly depends on its human resources, it engages employees at all levels in the decision-making process, at least to a degree the organization finds it desirable. Consequently, orders and advice are not necessarily coming from the top of the organization, but rather spread from within, which accounts for the high amount of decentralization that prevails in a flat hierarchy. This leads to the fact that executives need to put a lot of trust in their employees, as well as their ability to deliver a good job. The relationships can be seen as much more personal as it is the case in the tall hierarchy. As a result, the workforce is more likely to feel personally connected to the goals of the company, which leads to a high amount of commitment for the organizational thought. Thus, the main characteristics of a flat hierarchy can be linked to the organic structure.

The advantages of this configuration can logically be drawn from the disadvantages of the tall typology. They both rely on a totally different approach of how to manage and structure their organizational framework and therefore entail rather opposed abilities and deficits. Firstly, a horizontal structure improves the coordination and speed of communication to a large extent, as information has to pass only through a few layers. This gets emphasized by the fact that there exist no rigid rules or bureaucratic procedures of how to approach someone at which time and place, as it is the case in an extreme tall hierarchical entity. Consequently, information and knowledge travel very fast through the levels of this organization and therefore any kind of order, advice or change can be implemented within a short amount of time. As a matter of fact, this structure develops and is able to utilize a high amount of flexibility within all of its processes, internally as well as externally. Resulting from
that, it is able to generate various fast actions and reactions to any kind of changes as it fosters communication across the whole organization. Besides that is a tall structured organization rather personally demotivating for the workforce, especially through its constraining command-and-control measures. Under such “flat” circumstances, however, an opposing effect is likely to emerge: the employees are very personally motivated as they are involved in several decision-making processes, and therefore feel like they have a direct impact on the organization and can contribute a lot to its success. They do not have the feeling of being one amongst others, but receive a boost in their work motivation through the sentiment of being personally recognized and needed. This highly reciprocal and interdependent working environment fosters and strengthens the team spirit among the workforce, their personal moral as well as the larger business vision. As a result, this prototype offers its members a high amount of job satisfaction, generally speaking.

As it is in most cases of life, the following wisdom also can be applied in this context: where there are advantages there also are disadvantages. In this very flat context it finds its expression in a possible lack of expertise among the workforce. This type of organization counts on the following assumption: the sum of the single parts is much more valuable than the whole system itself. It is built upon a shared-working approach with consensus decision-making and rather broad defined roles. Therefore, the employees are engaged in many different fields, which prevent them from having a major expertise in each and every one of them. If major problems arise in a narrowly defined context, the flat organization might not be able to deal with them all alone. Often external consultants take over this role in order to guide them towards an expertise-based problem solving procedure. Apropos guidance: in this kind of environment individuals are very likely to feel lost and do not know where to head, personally as well as in the bigger organizational context. The cause is a lack of guidance due to confusion about roles and responsibilities. This is not surprising, as the formal management has a much broader as well as quantitative stronger area of people they need to take care of. In extreme situations this might lead to an overload of managerial work as well as of whole parts of the company. As “flat” leading figures are not overseeing and controlling their subordinates in an extensive way like it is possible for their “tall” counterparts, there also is a chance of fierce power struggles among the workforce. Reasons here fore are the highly
interconnected work-chain, as well as the big personal freedom and authority people are granted with.

The rather opposing advantages and disadvantages of both typologies imply that the here discussed flat structure also might be more successfully applied within a different environment as well as endowed with a differing size of its entity. Generally speaking, this is very likely to be the case: ‘Flatter structures are common to smaller organizations’ (Gilani n.d., para. 5). Smaller entities have much more possibilities to utilize them by relying on collaborative working processes, decentralization of authorities as well as shared-decision making processes. All these characteristics get highly enhanced by their limited size. They do not find themselves confronted with the need to rely on a high amount of coordination and control, as the company itself is readily comprehensible. Furthermore, flat structures are very often used in a dynamic environment: ‘Organic organizations are most effective when the unit’s task is uncertain’ (Tichy, Tushman & Fombrun 1979, p. 514). The term “dynamic” is speaking for itself here: in such fast evolving surroundings companies must be able to act in a highly flexible way, which is one of the key characteristics of the flat hierarchy. Small start-up companies serve as a very good example here. A lot of them enter upcoming or fast changing markets with their flexible and adaptive flat composition in order to rapidly get their slice of the pie. They are very well-known for their ability to act and react fast to changes in their environment. Moreover, they very often are the ones who initiate such a change by themselves. This mainly is possible because they can rely on the high speed of communication and coordination within the company, which then leads to fast executed actions that very often catch their bigger and taller arranged rivals off-guard: ‘[…] Microsoft did not have an immediate answer for Google’s Internet search technology nor for the social media successes of Facebook and Twitter’ (Basu n.d., para. 4).

5.3.2 Types of “Flat” Lurking Lions

We now will again have a thorough look on the here prevailing kinds of ‘Lurking Lions’ with the help of our three cause-dimensions. It is interesting to see if here are some major differences compared to the outcome we have received after analyzing the tall informal elements or if there rather dominate similar patterns of informal contacts. Let us again consider the On-the-Job dimension first. As stated earlier, informal relations that are based on this measurement are established first and foremost because of work related causes. We discovered that work activities in this
organic setting are highly depending on the collaborative actions of rather autonomous acting individuals. Also lions rely on a team-based approach when it comes to hunting or defending their territory. No one forces them to do that, it rather is internalized in their natural intuition of how to perform these activities. A study of Burke, Weir and Duncan (1976) is connected to such working bonds within the field of economy. The authors analyzed informal helping relationships in an organizational business context. Within that, they present a type of managerial environment that is highly representative for exhibiting this kind of helping related contacts among the workforce. It is ‘characterized by a more open flow of information, more cooperative attitudes of trust and confidence toward others in the organization, greater psychological closeness of superiors to subordinates, and group norms of interdependence and team work, among other things’ (Burke, Weir & Duncan 1976, p. 376). Most of them can be linked to a high degree with our here analyzed organic and flat structured organization. The latter additionally is regarded to be much less power-status driven than it is the case within a tall hierarchy. This also fosters informal working relationships as the members are not obliged to refer to their direct superior as the first contact person. They are able, if not even urged, to seek out contacts with peers whom they find most valuable in order to accomplish their job in the best possible way, always depending on which task they are working on or which situation they are currently facing: ‘In an organic organization [...] status is more diffuse, and project leaders may not hesitate to seek advice from subordinates or someone from a different group in the organization. In such an environment, advice relations might not be hierarchically arranged at all’ (Krackhardt 1994, p. 98). Due to the flexible environment we are situated here, most tasks need to be approached and dealt with more quickly, which best can be done by spontaneous formed working relationships as well as groups. Of course, major problems still will be addressed with the aid of formal communication channels, but the most common procedures during the daily work are clearly built upon informal relationships. London (2010, p. 22) entitled them with the term ‘Seedbeds of Innovation’, as they are best able to cope with uncertain, complex or fast-rising issues: ‘Matching the informality of the methods with the uncertainty of the task leads to better organizational outcomes’ (Kraut et al. 2002, p. 4). Thus, there are many reasons why this dimension plays a crucial role in the forming of informal relationships against an organic composed background. Some could argue now that these relationships are not based on a total informal emergence as they are supported and even required by the formal structure, which would transform them
into an official organizational tool. However, within these supportive formal measures they still arrange themselves spontaneously. Of course, there are formal rules in place that regulate how the working procedures are to be followed, but they are much more flexible arranged as in a tall hierarchy. The flat formal organization constructs an environment in which informal working relationships are encouraged and fostered. But they still remain informal: ‘In organic organizations, emergent networks may differ considerably from prescribed networks’ (Tichy, Tushman & Fombrun 1979, p. 514).

Let us now discuss the Cultural dimension that might be responsible for the establishment of informal contacts. Compared to the many sub-cultures that can be expected within a very tall hierarchy, this setting is more likely to establish one big culture across the whole company. One major reason is the before-discussed and highly important On-the-Job facet. Through their common and reciprocal work experiences they will develop a basis of mutual trust and understanding that will highly manifest itself in the resulting culture. This also gets fostered through the fact that our here addressed typology is a rather small organization with more personal relationships. As we argued before, informal relationships are both forming and being formed by the cultural context. Via the more personal and interconnected working procedures, individuals in this context might even build up cultural norms in an unconscious way. During work, they constantly perform with people from different areas of the company. Meanwhile, they are adjusting themselves to each other so that the working environment as well as its underlying cultural basis is constructed in an appropriate manner that fit the current situation the best. Common norms, attitudes and practices are critical important in order to effectively work together. One interesting comparison can be made here: as the main reason for the clustered cultures in the tall hierarchical context has been the high personal needs of its members to receive a deeper meaning out of what they are doing (Affect), this common and collective culture evolves itself from the here prevailing open working environment (On-the-Job). The “tall” workforce is influenced more by their conscious need of personal well-being and satisfaction which is provided by both, their very important Affect dimension as well as the departmental culture they are performing in. The “flat” individuals, by contrast, establish this Cultural dimension in a more unconscious way as they are facing a more open and flexible working environment that allows them to self-organize themselves. Consequently, informal relationships that are caused because of
cultural matters are mainly resulting from this self-organizing activity. Both types of employees of course are depending on personal as well as working related issues while forming cultural values in their working life. Just the reasons as well as the proportion differ between the two structures. Consequently, the Cultural dimension here also has a mediocre influence on the informal bonds between peers, just in a different kind and manner as at our tall typology.

Some might already have realized by now that the **Affect** dimension will play the least important role in this typology. The ones who did not might find this aspect rather odd, as there are many personal needs existing that are being satisfied through the participation in informal relationships. However, we are analyzing the causes and types of their evolvement here. The main difference that is crucial to mention is the unalike approach of the two organizational structures regarding the personal needs and characteristics of their members. In the tall typology, the members are personal constrained and controlled, which hinders them to satisfy their own desires and affects their psychological and personal frame of mind. That is why they are reaching out for affiliated informal contacts in the first place, and why the Affect dimension plays such an important role in the tall, big and rather impersonal context: ‘In a large organization […] a worker […] may feel like an anonymous member rather than a unique individual’ (Sarkwa 2001, p. 35). By contrast, this feeling of being individually recognized is provided by the organic structure to a much higher extent. The people are allowed to satisfy their needs of affiliation by self-organizing themselves as well as by collaborating and socializing with other colleagues: ‘Within the mass, one runs across, bumps into and brushes against others; interaction is established, crystallizations and groups form’ (Maffesoli 1996, p. 73). Therefore, this satisfaction is not primarily striven for, but rather occurs as a side-effect to the existing informal working relationships. This type of company counts on their establishment in a work related way (as has been illustrated in Figure 10) and so, by participating in them, the people can focus on the job while at the same time not losing their status as a human and social being. As a result, the Affect dimension plays the weakest role in this typology.

The “flat” ‘Lurking Lions’ live in a highly different environment than their “tall” relatives and therefore also face distinctive conditions they have to cope with. These conditions influence their constitution and how they form themselves within the informal herd. Thus, they line up and arrange themselves mainly out of self-
organizing behavior that is related to task-oriented activities, which leads to the following “flat” constellation of our three influential lions:

Figure 13: The “flat” ‘Lurking Lions’

Resource: Lion A; Lion B; Lion C; Grass

5.3.3 “Flat” Effects

So how will the possible effects of the so resulting informal bonds look like in this discussed environment? At first glance, some could think that they might be negative by just considering the fact that they are mostly built upon work-related issues. However, as we have learned so far, work is not always related to negative feelings, as it always depends on how individuals are approached and how they accomplish their tasks. Surely, work is related to stress and claims a lot of personal time and energy from the involved individuals. But if the latter receive a personal satisfaction out of it, for example through accomplishments or by reaching a goal they think is worth suffering for, work can be intensively connected to positive emotions. These are meant to be rather high in the flat environment we have analyzed, because it encourages the individual’s ability and need for self-organization. Therefore, even though these relationships are connected with work, they enhance affirmative feelings within individuals and have an overall positive effect on their own being. By giving them space to unfold themselves, the informal elements are able to transform the meanings and intentions of the formal system into actual reality. The major positive effect of the so formed informal working relationships is the overall reduction of the management workload. They develop and construct norms, procedures as well as channels of communication that never could have been discovered by the formal authorities themselves. The workforce is best able to establish them because they are the main participating actors. If both,
the formal and the informal, are acting in concert, one can take over the tasks that cannot be solved equally effective by the other: ‘Weak, formal structure leads to an informal structure to fill the gap’ (Groat 1997 cited in Waldstrøm 2001, p. 34). The crucial word “weak” can be interpreted in two ways here: for once, the formal structure might not be highly formalized and therefore weak regarding official procedures. And secondly, in the true sense of the word, this structure could show some weaknesses regarding certain issues it cannot cope with solely by itself. For us, both kinds of interpretations fit here. As we are regarding an organic typology that is small and settled in a dynamic environment, the specific gap which the informal organization is highly capable of filling is to foster innovative ideas and processes within the company. In this connection, it in fact can be seen as their major role, especially in the beginning of an innovative process. Ideas can hardly be forced out of people. They pop up in their minds and therefore should be addressed and followed as soon as possible. Informal contacts here by serve as the first tool with their smooth and fast communication networks. Furthermore, Schroeder et al. (2000 cited in Björk & Magnusson 2008, p. 2) state that ‘Ideation to a large extent is also a social process’. That is why formally arranged groups are less likely to be innovative than spontaneous formed informal ones, as the latter demonstrate much more elements of a social process in the proper sense than it is the case with officially conducted meetings. Additionally, Allen (1977 cited in Krackhardt 1994, p. 90) states that organizations, which highly rely on innovative processes, like for example Research and Development firms, should promote communication outside the formal and hierarchical boundaries in order to address their innovative core competencies in the most effective way: ‘It appears that interaction outside the project is most important’ (Allen 1977, pp. 122-123). This implication can be broadened from the specific field of innovation to more or less all flat organized structures, especially when they have a small size and are acting in a very dynamic environment. We therefore can say that such informal working relationships can have a large positive impact on the overall performance of such a company, not only but especially in the field of innovation.

While we have been working on this thesis, we came to many insightful implications regarding the actual power of our ‘Lurking Lions’. One of them is that informal happenings, no matter how, where and when they occur, over time tear down the formal barriers of the specific company. Also Katzenbach and Khan (2010, p. 195) gave up a similar statement, only in a less intensive way: ‘The informal organization
is always testing the boundaries of the formal’. If that manifests itself as an ongoing process, the influence of the formal organization decreases further and further. So, if the informal strengths tear them down too much, it is likely that the above described positive effects can easily turn into negative ones: ‘Emergent networks, left to themselves without the aid of conscious design, will form naturally in ways that are suboptimal, even dysfunctional, for the organization’ (Krackhardt & Stern 1988, p. 123). In such a scenario, the already existing disadvantages of the flat hierarchy would get enhanced in an extensive way: an increasing lack of guidance and confusion about roles as well as work responsibilities would leave them hanging in the air. In the end, this will result in an overload of informal elements which harms the overall effectiveness of the organizational performance. Also lions possess a special type of hierarchy within their herds, which grants certain animals more authority and a higher status than others. This is crucial, as they need to follow a common spirit in order to keep the group functioning. Therefore, they have to be guided by various formal measures that are implemented through the authoritative status of certain leading herd members. Otherwise, and this can be applied for both the business and the lion context, power struggles then are very probable to occur, as such a “too informal” framework would provide a lot of room for opportunistic actions. Here, this even could happen to a higher degree than in a tall hierarchical structure, as the working tasks are much more interdependently conducted. This gives opportunistic individuals far more possibilities to manipulate processes and procedures in order to fulfill their own, often short-term goals. Overloads of managerial responsibilities as well as not existing control mechanisms strengthen this thought even more.

Resulting from that, a flat hierarchy is highly depending on its informal elements as the benefits that emanate from them can be seen as a major part of their structural advantages. But at the same time, leading figures in this kind of typology as well as the ones acting within the tall hierarchy also have to take care that the formal and informal parts stay in a healthy balance. This very important issue will be addressed in more detail at the end of our analysis.

5.4 Discussion and Interpretation of Findings

The topic of informal relationships is a very interesting and important, but also vague and not tangible topic to study. It is barely possible to approach them with purely scientific and objective measures as they stem from one of the most
subjective and complex areas of research in general: human beings and their various characteristics and behaviors. In order to meet these requirements, we have built our analysis around extreme forms of the two most commonly used structures in business organizations today. We illustrated and discussed them in an extensive way, which gave us the possibility to derive general, but also insightful implications on how informal relationships, especially regarding their forming, cause and type of existence affect the people who participate in them as well as the organizational context itself. Furthermore, we included and linked different organizational sizes as well as environments to our reasoning in order to deliver a more comprehensible and precise part of research. It can be transferred to real circumstances if one adapts and transforms our findings to his or her own personal situation in an appropriate way. Above that, our analytical intention is to highlight the presence and increasing importance of informal relationships and that they occur in various, if not all fields of economics. These two typologies, of course, do not only exist in reality like we have presented them here. Various, if not endless types of combinations are conceivable, especially regarding all the intensities which are possible within these factors. For instance, there are many big companies that act within a highly dynamic environment, and also in a very successful way. One of the best examples to mention here would be “Apple”. However, all of them have to deal with their own challenges regarding their specific conditional and structural characteristics, especially against the background of formal and informal influences. So do our two presented typologies, even though in an extreme way.

Let us first recapitulate our findings of the tall hierarchical company that was of a big size and settled in a stable environment. We found out that the informal relationships that are formed here mainly derive from the Affect dimension. The members are controlled, supervised and extensively constrained in their personal and psychological processes, especially regarding everyone's fundamental desire of self-organization. Certainly, some people might show a lower shape regarding this need than others. But generally can be said that each individual at least has the basic need to live, act and work in a way that fits his or her personal values, characteristics and methods appropriately. The findings of the before described change from the contractual to the effectual era strengthen this assumption. Thus, this deep anchored, but in the tall hierarchical context extensively hindered need for autonomy manifests itself in various other psychological factors that are approached and satisfied through the forming of informal relationships. Within
them, people basically regain their ability to lead themselves rather than being externally controlled and treated as some kind of marionettes, extremely speaking. The importance of possessing the ability to lead oneself has been extensively discussed within our Master Program, as it is the first and also major step to lead others in an appropriate and authentic manner (Daudi 2012). The prevailing conditions of the tall hierarchy clearly show that the formal settings, in which individuals find themselves in, are exceedingly responsible for how these informal contacts are formed: the key conditional characteristics of this typology considering its workforce is the impersonal approach, high amount of control as well as the restricted autonomy of the individuals. Consequently, the informal organization forms itself in a way that serves its members as an affiliated, emotional and self-organized counterpart. If the formal structure and its influence reach a critical point, the informal relationships also arrange themselves in an equally intensive but opposing way, namely as a kind of defense mechanism: they try to undermine, manipulate or readjust the actions of the official authorities. Such a counterproductive status prevails or in fact becomes even more critical as long as the formal interventions remain on such a high level or get increasingly intensive.

At the other side of the continuum, the flat hierarchy, we received a very different outcome regarding the cause and type of emerging informal relationships. However, this is not meant to be understood in a negative way as our basic thought has been approved: different conditions lead to different kinds of informal contacts. In the flat environment they formed themselves mainly out of the On-the-Job dimension. This setting provides its workforce with a high amount of autonomy, collective and collaborative working procedures as well as the involvement in decision-making processes. Consequently, the employee’s ability to lead themselves in a self-organizing way is not constrained, but rather fostered by their conditional environment. Their personal needs are not negatively affected to the amount that predominates in the case of the tall hierarchy. As a result, the informal contacts are not formed because of highly psychological reasons, as they do not have to take care of them in the first place. The formal organization is already engaged in this role, not in a superficial, but rather in a subtle kind and manner: ‘An organization that supports open climate and values active participation of its employees increases the sense of belongingness and self-worth for each member’ (Ergen 2011, p. 60). So, in this context other types of gaps prevail that can and need to be filled by the informal forces. As the formal organization rather steps back concerning work-
related interventions and commands, it provides the employees with a lot of room to act by themselves. Thus, job related issues will be the cause of informal contacts as the latter are best able to cope with the – in this dynamic environment predominating – complex and demanding tasks: they require fast communication as well as actions and adjustments. However, the resulting informal effects on the company can also turn negative, as it was the case under a tall environment. This develops itself out of the same reason, namely if the formal influence reaches a critical point. But the “critical point” here is meant in a crucial different way: the formal influence decreases to a minimum. As stated before, if the personal freedom, autonomy and decentralization of decision-making take over hand, the employees will feel lost, confused, demotivated and not committed to the organizational thought anymore. In the worst case, opportunistic behaviors like power struggles will spread across the company, which would harm the productivity extensively.

A first interpretation of this outcome is that our analytical findings of both typologies are in congruence with the general assumptions we have drawn from our implications of the macro conditions, especially regarding the extreme forms of a mechanistically as well as organically structured organization. Furthermore, they approve the different roles our ‘Lurking Lions’ are urged to take on compared to the formal authorities, especially by reconsidering the discoveries we have made regarding the different formal and informal characteristics in point 4.2.

It is clear that there exists no perfect one organizational type of how to mobilize and foster informal relationships, but from our findings we can argue that flat arranged organizations generally outweigh tall structured ones, at least against the background of human beings as their main actors. This becomes obvious by comparing the single types of informal relationships and for what kind of purpose they have been formed: the tall informal groups are formed because their own personal needs are constrained whereas the flat networks emerge in connection to work related issues. It can be seen that the flat environment is better able to utilize them in a more personal and thus also efficient way. The magic formula that is applied here is that they are not directly managed, but indirectly unmanaged. We purposely refer back to the term ‘unmanagement’ from Ehin (2004, p. 89) here, as we have mentioned it in our consideration of the changing ages, the industrial and the knowledge age. The prevailing of the latter is highly responsible for the fact that organic attempts of how to manage a company clearly outweigh the mechanistic ones. By combining this thought with the effectual era and the personal claims of
its members it hardly can be neglected anymore. In this new age, a company should not mainly consist of boundaries or restrictions of the activities it inhabits, but rather as an open framework that allows its components to work freely and self-organized in order to grant them with personal satisfactions. Surely, the flat approach cannot be generalized as the only true one, as there always are exceptions. Moreover, the extreme form of it should also not be aimed at entirely, but its basic strategy is much more people-oriented and therefore preferable compared to a rigid tall hierarchy. We, claimed by ourselves as strong geeks, argue as well as Wang and Ahmed (2002, p. 10) that the ‘organic structure proffers better opportunities to succeed in the knowledge economy.’ The reason is that this approach has internalized the thought of the increasing importance of informal relationships to a much larger extent than it is the case within a mechanistic setting. A lot of companies have already realized this fact, as they are constantly flattening their organizational types. However, we wonder if they purposely do it to foster and utilize their informal powers or just because they are keen on getting the above described effects, but at the same time do not know where they originally stem from.

The last important fact we directly have derived from our study is the following: if the conditional characteristics and here from resulting influences of the particular formal structure, no matter if tall or flat, take over and get too much, the informal elements will form themselves as a compensation-organization that is based on the so evolving requirements of the looked at situation. If that happens in a too extensive way, the resulting informal effects are very likely to turn out negative. Therefore, our intention is not only to highlight the general key issue of the increasing importance of informal elements, but also that it gets more and more essential to deal and approach them in an appropriate manner. This alone is justified by the various strong impacts they can bear on the organizational outcome, and that this affect can change in a rapid and powerful way. In this regard we connect our thoughts with the ones of Grimes (2000, p. 1). He states that informal groups can be both, the worst enemy or the best friend of a company. As we intend to amplify the latter aspect, we here by refer back to the before mentioned “healthy balance” between formal and informal elements. As both structures have their own advantages and disadvantages, it his recommendable that organizations balance them in a way that they get the best out of both so that the resulting benefits exceed the costs. In fact, this search for balance is implemented in every
organization anyway, as we have shown during our analysis. In the organic case, the retrieval for balance manifests itself in job-related aspects whereas the mechanistic one is characterized by a more personal quest for equilibrium. As we have stated before, the organic organization fits today’s requirements better than the mechanistic one. However, this one also should be highly advised to not forget about its formal responsibilities, as they still are critical important. Consequently, we point out the necessity of an informal shift in this formal way of thinking. As such a balancing act requires far more attention, we will conclude our here gathered thoughts by referring to the research of scholars that already have internalized this mind shifting reasoning: prioritize both in a balanced way.

5.5 Concluding Remark: Balance the Formal with the Informal

‘The key is to understand that the informal delivers its greatest benefits when it is balanced with the formal’ (Katzenbach & Khan 2010, p. 11).

In order to prevent a misunderstanding of the term “balance” straight from the beginning, we want to emphasize that it is not about achieving a 50:50 proportion between these two major parts of organizations. Katzenbach and Khan (2010, p. 37) defined it in a manner that fits our reasoning very well: ‘We mean that their relative influence on people’s choices and behaviors in an organization is appropriate for the performance outcomes that are expected from them.’ The crucial point here is that both structures constantly are interacting with each other and should be balanced and combined in a way that fits the specific organization the best. The informal side simply should be seen at least as equal to the formal. Many scholars show a widespread consensus by arguing that the formal and informal elements coexist, influence and supplement each other (Groat 1997; Monge & Eisenberg 1987). Some even go so far to refer to them as ‘intertwined’ (Katzenbach & Khan 2010, p. 36; Mintzberg 1983). Furthermore, there is increasing evidence that shows a positive correlation between the degree of overlap between both types of structures and the overall organizational success (Cross et al. 2001; Howard 2002; Kuipers 1999). Reif, Monczka and Newstrom (1973, p. 402) have precisely summarized the need for a combined and balanced view of organizations: ‘It is no longer appropriate to arbitrarily classify organizations as formal and informal and concentrate on improving a part while ignoring the whole’. Still, “the whole” is not approached, utilized and integrated in the way it can be seen as appropriate. Above that this certainly is a difficult task, because organizations, especially in the business
environment, predominantly still rely on the basic thoughts of the industrial age, its mechanistic structures and contractual viewpoints. In this regard, Karl Weick (1979 cited in Katzenbach & Khan 2010, p. 49) makes an interesting connection to the area of military. Companies extensively make use of terms that have their origin in the strong formal environment of the army: chief officer, headquarter, division, tactic, recruiting, discipline, staff and front line, amongst others. This is not surprising as such an outweighing formal sight has been effective for a long time. However, business companies are not acting within a military setting and therefore need to get a certain shift in their basic approach by focusing more on the informal parts of life. This does not mean to forget about the formal ones, but to treat them in a balanced and interconnected way, or as Katzenbach and Khan (2010, p. 4) state it: “The best of both” is the name of the game now. A lot of organizations and leading individuals surely are already engaged in this attitude, but they still try to achieve this balance by approaching their informal assets in a formal way with certain adjustments, modifications and enhancements of first and foremost formal measures. By doing so, they see and treat both parts of their entities as separate and distinguished elements that function independently from each other. However, this is not the case and that is why formal relationships have to be ‘balanced by an increased quality of relationships which are more “in-tensive” and immediate’ (Maffesoli 1996, p. 89). Especially in terms of today’s crucial role of knowledge, its management should be approached in the same equalized manner: ‘Knowledge management is a formal, directed process of determining what information a company has that could benefit others in the company and then devising ways to making it easily available’ (Liss 1999, p. 1). The segment ‘information a company has that could benefit others’ can be seen as the bottom-up approach of how to foster the creation of knowledge throughout the whole organization, thereby referring to the informal side, whereas ‘devising ways to making it easily available’ can be equalized with the top-down approach. Here, it will be formally codified and spread across the entity. Still, very few organizations find the right path to handle both directions in an equal and balanced way (Bonner 2000b).

The problem and reason here for is: there exists no one-fits-all approach. Several researchers – as well as ourselves – argue that the manifestations of informal networks are highly dependent on the formal structures. This relationship then affects the whole dynamics and actions of the complete organization (Reif, Monczka & Newstrom 1973; Simon 1976). It is also stated that these interactions are often
too complex to be understood by the formal management regarding how they interact and influence each other (Ibarra 1992). The result then is a lack of awareness of how to deal with these hidden assets within organizations. There are also indications that there is a strong lack of knowledge on how informal networks actually influence the organizational effectiveness (Sanders, Snijders & Stokman 1998). This leads to a significant decrease in matters of performance and the achievement of formal goals (Hollingsworth 1974). Our pre-held analysis should have brought some clarity to these insecure thought patterns, especially through one key message: the specific effects of the formal organization always influence the effects of the informal organization. As this happens in a unique way in every existing company, it is hardly possible to find an overall applicable approach of how to adjust both of them to each other: ‘Most important, the optimal balance […] will look very different depending on the company, the business and the circumstances’ (Katzenbach & Khan 2010, p. 7). The general key advice for leaders would be to modify the formal measures in the best informal way to foster and harness their informal assets as much as possible. This method always needs to be people-driven and not held like with other tangible resources. To successfully tap into these hidden assets of one’s organization, the first step is not trying to manage them directly. We know by now that this is not possible and most likely accompanied by negative side effects. The formal organization rather has to construct the most efficient framework that allows the informal patterns to work for and not against the company. As with the human body and nature in general, there exist certain boundaries and borders within the components are able to act, but the acting itself is mostly regulated by themselves. Ergen (2011, p. 64) has stated it in a remarkable way, as he points out the major thought we intend to transmit here: ‘[Informal] communication is like the blood which you cannot control […], but you can provide it a healthy body to live’. The informal blood should not be seen as a replacement for the formal body, but rather as a complement to it (London 2010, p. 11). Thus, if the blood flows too fast through the body and takes over hand (like in the extreme case of the flat hierarchy) the formal organism has to step in by adjusting the intensity and direction of the informal influence. This needs to be done not in a suppressing, but rather in a collaborative and guiding way. If however, the body hinders the flow of the blood too extensively (as in a tall hierarchy), it needs to loosen up its formal patterns and enhance the necessary and positive effects that are connected with the fast and wide-ranging communication flow of the informal blood cells. In the last part of our analytical section, we will provide our readers with some general
recommendations that are helpful in achieving such a healthy balance within their own organizational bodies. However, they have to be adapted and implemented in a very own way, as every organizations functions in its own specific manner – just like the human body.

5.6 Recommendations of how to succeed in the Balancing Act

‘Getting the best from both is a continuing challenge’ (Katzenbach & Khan 2010, p. 8).

Besides the above statement, Katzenbach and Khan (2010) also deliver a first important overall recommendation simply through the title of their book. Leaders of today need to realize and internalize that it is essential to “lead outside the lines” in order to mobilize and unmanage their employees. This means that new behaviors, thoughts and measures need to be established in order to get the best out of their workforce. To approach, utilize and enter the informal organization, it is critical to deal with them in a matching way which only can be enhanced by formal procedures, but not totally overtaken. As we have highlighted under point 4.2, the formal and informal patterns both have their unique advantages and reasons for existence. Thus, it is not possible to approach either of them with the procedures of the other, as they are based upon totally different rudiments and implications. That is the reason why the so often used official attempt to manage the informal part with formal best practices is not working like it should: ‘The efforts made to “empower” individuals and teams at all levels of organizations, to say the least, has been dismal. Central to the problem is the lack of models other than the standard prototypes for command-and-control systems’ (Ehin 2004, p. ix). As a useful and good starting point to reach out for the informal patterns serve the in 4.3 presented six leadership characteristics of the informal leader by Pielstick (2000). They should be implemented in every formal leadership approach as much as possible, as they will tighten the gap between the formal and informal part of a company. The choice and intensity, of course, has to be aligned to the specific conditions leaders find themselves in. But as their target group consists of human beings, aspects like building up relationships and an organizational community through trustful communication can never harm the intentions and goals of a company. Following up, we present several recommendations for people especially in leading positions that are based upon either one of these features or a combination of them. They can be applied to each organizational type, no matter if mechanistic or organic
structed. Nevertheless, we still will highlight where they might be more important in order to release the full strength of the ‘Lurking Lions’.

Implement a shared vision with trustful values: Especially in a high control environment it is essential that the formal organization trustfully fosters and encourages deep values among the workforce as much as possible. That will have the effect that the employees know what they are working for and that the command and control approach makes sense within this specific type of organization. The perfect outcome would be if the formal norms and values of the company manifest themselves in the behaviors and attitudes of the informal organization (Katzenbach & Khan 2010, p. 61). But this only is possible if the top of the company shows that it is as deeply committed to them as they communicate it. Therefore leading authorities should not only talk the walk but also walk the talk, meaning that it is not enough to codify the aimed at behaviors on a formal chart, but more by actively following them and also showing that to the remaining members of the entity (Katzenbach & Khan 2010, pp. 101, 192). The tall hierarchy here by still can rely on the top-down approach, but in a more sensible way, meaning that the workers are able to comprehend the decisions that are made and the actions that are taken from the top of the organization. This also includes the long term vision of the company, which should be understood and lived through all levels down to the front lines of operation. If a worker gets a meaning out of the simplest work he performs, the attitude and inner well-being of that person then leads to a personal satisfaction, which exposes itself in his behavior and consequently in the forming of supporting informal relationships (Katzenbach & Khan 2010; Pielstick 2000, p. 100-101).

Communicate more – but not quantitatively: A good communication is essential, also regarding the before presented aspect of the implementation of trustful values. However, we highly distinguish a good communication from a large amount of communication. If members of an organization constantly receive advice, orders, hints or remarks through the formal channels, it is hard for them to filter the essential messages out of this bulk of information. They soon will neglect them and show a lack of interest, as the only thing they receive is an information overload. Khatri (2009 cited in Ergen 2011, p. 61) linked such ineffective communication procedures to the existing power distance of superiors and subordinates, as it is very likely that there exists a communication gap between certain layers of an organization. This will result in a low participation and performance among the
workforce. Consequently, they will even get more engaged in the informal channels as they actively can utilize them and get more sense from their content. Therefore it is recommendable to better communicate less, but in a higher quality with messages that directly address the workforce. This allows them to connect to the included content (Cross, Nohria & Parker 2002, para. 8-13). Above that, it also is essential to hand over the role of the communicator if the situation affords it, meaning to those people who have the current needed specific know-how. This especially is the case in a mechanistic organization. Here it is important to not solely rely on the formal power and authority you as a leader might possess, but rather showing a kind of personal power by handing the word over to someone else who fits the contemporary setting the best, even if he or she has a much lower position than you. Stepping aside and listening carefully instead of solely speaking actively can grant you a big first step into the informal communication networks. Above that, a very effective idea of how to “formalize” these informal channels has been stated by Cross, Nohria and Parker (2002, para. 11): companies that want to tap into the informal communication channels and make them more accessible are prompted to build up a central and for everyone searchable database of employee expertise, where persons can be listed regarding their specific knowledge, inside as well as outside of their formal responsibilities. This is especially useful in flat hierarchies that are acting in dynamic environments, as it fosters the exchange of highly valuable knowledge, since everybody then will know whom to turn to when facing a specific problem. Smidts, Pruyn and Van Riel (2001 cited in Ergen 2011, p. 60) here by refer to the term ‘employee communication’, which fosters the valuable transaction of knowledge across various levels of the organization. This also increases the sense of belongingness to the larger organizational context and enhances the self-worthiness for each member who participates in it. Such a communication tool also offers the possibility of being formally monitored and thereby prevents a too open and broad exchange of information among the workforce, which also might harm the productivity. It is critical to be involved in these communicating activities, as only then you can estimate if there is too much, little or even non-task related exchange of information (Katzenbach & Khan 2010; Krackhardt & Hanson 1993, p. 109; Pielstick 2000, p. 101).

Motivate them with the right (non-monetary) compensation: No one normally prefers it to work for free. One exception might be if a close friend or family member needs your help and you feel committed to offer him your support. If only a part of
that commitment can be established within an organization, a big step towards harnessing the informal relationships already has been achieved. The right form of motivation plays an important role here. It comprises both, monetary as well as non-monetary incentives. The first are fundamentally important for everyone, as they provide individuals with a certain living standard and therefore highly affect their overall well-being. Especially people who are settled in higher layers of organizations might be more motivated by monetary rewards, simply because they are able to bear otherwise non motivating tasks due to the larger amount of money they earn by accomplishing them. However, this only lasts up to a certain extent as everybody is committed more deeply to tasks and requirements if they make sense and offer a certain meaning to them. This is the case if they can logically as well as emotionally be comprehended. Particularly for workers in lower layers of a big tall organization this plays a critical role, as they receive much less monetary compensation and therefore seek for motivators outside the tangible area (Katzenbach & Khan 2010, p. 62). Another reason is that the simple and repetitive work there can be boring and tedious (Katzenbach & Khan 2010, p. 72). Therefore, it is advisable to provide them with various stretch opportunities that go beyond their restricted work responsibilities in the sense of broadening their tasks, at least to a certain degree (Katzenbach & Khan 2010, p. 145). This will cause positive feelings of what they do and at best in everything they do. Otherwise, this will be overtaken by the informal organization and in the worst case can result in counterproductive behaviors by showing dissatisfaction towards the formal procedures. A very important non-monetary compensation that also can be seen as representative for others is the pride people receive from their work. If the formal authorities can manage it that the workforce feels proud of what they do, a big step towards balancing the formal and informal elements already has been achieved, as this can be seen like the starting point of a functional chain: if accomplishments and the here with connected effort get valued in the right personal way, the individual will receive a feeling of pride, which then will enhance his or her motivation to do a good job even more. Above that, they must be given the possibility to express their pride and this also must be heard and rewarded by others, at best by the formal organization (Katzenbach & Khan 2010, pp. 24, 72-79). It is not surprising that children in most occasions immediately run to their parents when they have received a feeling of pride, like a good grade at school or if they managed it to build a snowman all by themselves. It means the world to them and it makes them feel better when their actions and thoughts are recognized by
the people in their environment. In a strict hierarchy, these reference persons mostly are the informal contacts, as the impersonal style of leading the organization does not allow the formal authorities to take care of such simple, but essential matters. Of course, it is not possible for a company to address everyone individually. However, it is conceivable for the informal organization. We dare to state that all of us feel more connected to friends and informal colleagues whom we like than to strict formal sources and their mainly obliged relationships. Therefore, the formal management has to implement the basic thoughts of the informal elements by combining the interests, techniques, incentives and goals of the formal and informal side, so that both of their abilities end up in a big and proud organizational picture. Also not only the final results should be recognized and rewarded, but also the journey itself: provide the workforce with several milestones on their way to the bigger goal that should be achieved (Katzenbach & Khan 2010, p. 74). This will help them in maintaining the course by a constant motivation that serves as an energizer, especially in times that might be stressful and very demanding. Here by leading figures have to keep in mind that the type of performance extensively differs from one hierarchical layer to the next (Katzenbach & Khan 2010, p. 24). Where a top manager might feel proud by closing the deal of an important acquisition, a worker at the assembly line receives the same feeling by increasing his hourly output. Therefore, it is important to still see them as individuals as far as possible. By actively listening to them they receive the feeling of recognition, which releases a lot of stress, builds up commitment and in return favors the formal authorities in form of supportive groupings of ‘Lurking Lions’ (Katzenbach & Khan 2010).

Show character – be personal: A trustful and efficient motivation is always connected to how the social networks are approached by the official leading figures. Especially in big and tall arranged companies it is difficult for leaders to build up personal relationships with their subordinates as there are too many people acting, which hinders them to spend an adequate amount of time with each of them. However, to a certain degree everything is possible. Katzenbach and Khan (2010, p. 193) here by emphasize ‘the value of “walking around”’. This can be understood literally: a first simple but effective step could be to get in touch with your peers personally. It does not have to be in a constant manner, as this also is not possible due to your own job requirements. But if the time and work allows it, visit your people once in a while and talk to them honestly and personally about how they
feel, what problems they face and what they have accomplished during the day. Even if it is just for a few minutes, they will positively recognize your intention and keep it in mind. This grants you the possibility to put the cart before the horse: your intention and efforts are very likely to spread fast through the informal communication channels. As a consequence, they will get aligned and connected to the formal ones, which results in a trustful environment where people have the possibility to share their concerns and feel personally heard and respected. By putting yourself in the shoes of your workers, you have the possibility to experience what they are dealing with daily (Katzenbach & Khan 2010, p. 193). Thus, it will be much easier for you to integrate the informal thought patterns in your formal point of view, as it helps you to adjust your actions to the informal processes that are occurring around you (Katzenbach & Khan 2010; Pielstick 2000, p. 103).

**Involve and challenge them appropriately:** A big advantage of the organic compared to the mechanistic setting is the challenging involvement of its members. Surely, this is much harder to achieve in a rigid command-and-control approach, but not impossible. Here, as with communication, it is about the quality of involvement, not the quantity. First of all, a simple and objective statement of reaching a certain goal is not very challenging: ‘A goal of increasing sales by twenty percent for next year will not get anybody very excited. Genuine common intentions must take into consideration members’ feelings, hopes, and aspirations; otherwise they are not very meaningful’ (Ehin 2004, p. 84). Do not just tell them what they should do, but more why they should do it. Explain and clarify what the specific goal could mean for the employees and their own work in particular. There are many of these challenging aspirations, even in a command-and-control setting. One opportunity could be to provide your workers with the possibility to actively shape the formal part of the organization, at least to a certain degree. Give them for example the chance to participate in certain test programs or pilot projects, which will let them experience by themselves what certain changes might bring to their work and how they could be improved or adjusted (Katzenbach & Khan 2010, p. 195). Moreover, the involvement of subordinates specifically in strategic decision-making processes can be of great use regarding the aimed at balancing act. This especially is the case with decisions that highly affect them personally. Why not involving them in certain cost-cutting processes? If this topic is approached with a strict top-down approach, it is hard for the workforce to relive such tough decisions (Katzenbach & Khan 2010, p. 179-181). That naturally will lead to anxiety, confusion as well as to a counter-
productive behavior: ‘They [will] band together informally to resist the implementation of the cuts’ (Katzenbach & Khan 2010, p. 180). By involving them, however, they can experience and realize that sometimes it is unfortunately necessary to identify and execute cost savings. As they are the key members of various operating processes, they also and chiefly might have ideas of how at best to achieve such economies within their area of work, or even how these might be avoided. Such including patterns can help you to get the informal organization on your side, even if the decisions that you have to make are principally directed against them, as in the case of cutting costs (Ehin 2004; Katzenbach & Khan 2010; Sarkwa 2011).

Support and guide them: This maybe is one of the most difficult recommendations that we present here, as supporting and guiding the workforce to the right amount and with the appropriate intensity is like walking on a tightrope. Too much guidance can easily transform itself into the well-known command-and-control approach, while too less will leave the workforce alone with their personal and work-related concerns. Therefore it is highly recommendable to know the own organization very well, with its culture, mentality and working procedures. But still we can say that doing at least something is better than nothing, as everyone of us first has to find out how to deal with their personal ‘Lurking Lions’, and this is a natural but also intensive personal process.

In connection to highly mechanistic organized companies, Bryan, Matson and Weiss (2007, pp. 7-10) provide several useful thoughts of how to ‘formalize’ an informal network, but at the same time not losing control of it. However, we find the expression to “framework” an informal network more appropriate, as the formal organization is not directly intervening here. Instead of a classical top-down approach, networks within and in between departments are built naturally out of expertise and affiliation, but always with the guidance and support of the formal organization. In this context, the latter can be seen as road makers, whereas the informal elements utilize those roads to drive and move on them. The direction and control of the traffic still lies in the hands of the official authorities, but the people are able to drive their informal cars by themselves in the way they find it appropriate. If someone neglects the rules, the authorities still have the power to intervene: ‘Companies should design [“frameworked”] networks to extend the reach of professional work throughout the organization but not to interfere with its hierarchical decision-making processes. The idea is to achieve this extended reach by adding value for the networks’ members, not by exercising authority through hierarchical
leaders’ (Bryan, Matson & Weiss 2007, p. 8). This added value mainly comes from the newly won and larger ability of the members to at least partly self-organize themselves, which has been the main concern in the presented extreme form of a tall organized organization. In such a modified setting it is not about rigid control anymore, but rather about collaborative professional work. By looking at Figure 1 again, the four sub departments of the Technical Management division for example could be encouraged to form such a network, as they all are working for the same bigger goal and therefore are partly connected to each other. The hierarchical structure with its authorial statuses still persists, but with less intensity and more freedom for the workforce. Within these networks, personal relationships should be encouraged, as every member then is able to seek the most valuable connections by himself. This of course should not only be based on a personal level but more on a level of expertise and advice. There still need to be clear standards and protocols of how the work needs to be done, but always in communication with the network members. But still, the people have the basic possibility to reach out to whom they want to within these now loosened up boundaries. It is nothing unnatural that we as human beings prefer to work with someone whom we like (Daudi 2013). It is a good thing, as it makes us feel better and therefore more effective. Such “frameworked” networks are not ordered and built by the leader, but rather encouraged and advised by him in finding the right solutions and connections for the overall company. Thus, he holds the fitting name ‘servant leader’ (Bryan, Matson & Weiss 2007, p. 8). Therefore, the employees can build up their own network by still being guided towards the achievement of the bigger goal of the company, which allows the formal and informal patterns of a mechanistic organization to work side by side: ‘Rather than pushing knowledge and talent through a hierarchical matrix, [“frameworked”] networks let employees pull these necessities toward them’ (Bryan, Matson & Weiss 2007, p. 10).

Regarding the organic organization, especially in the extreme case we have analyzed before, it is recommendable to rather tighten the guiding boundaries a little bit. Another analogy to nature captured our mind here, particularly against the background of dynamic environments in which flat hierarchies are likely to occur: ‘Informal networks are like seedbeds where innovative ideas can germinate. But once they have taken root, they usually need some formal structure to help them flourish and bear fruit’ (London 2010, p. 25). If the formal organization leaves these collaborative and innovative sprouts all to themselves, they might grow in a
direction which harms the overall organizational plant. The critical aspect here for once is that they always have to know why they are allowed to form such informal relationships: namely in order to enhance the dynamic actions of this structure in a work-related way. If the personal and opportunistic dimension takes overhand, such relationships might create an overload of this informality, which consequently would harm the corporal effectiveness. Then, the discussions they lead and the time they spent within these relationships are not primarily focused on business anymore, but rather on issues that serve the individual more than the whole company. Secondly, members in this setting might encounter something we named “over networking”: if the informal network structure is too dense, meaning that most of the people are mainly connected through an informal basis with each other, then it might harm their actual job responsibilities. They will try to associate with members from all over the organization in order to receive the best information. Consequently, more guidance here is better than less. The connections among the informal group members have to be supported in a narrowing kind and manner, which surely accounts for a lot of time and resources. But if this can be accomplished, the resulting benefits of the so existing balance between the formal and informal patterns will be even higher (Bryan, Matson & Weiss 2007; Krackhardt 1994; Sarkwa 2011).

We have presented and highlighted the most important recommendations based on our findings of the before conducted analysis. Furthermore, Katzenbach and Khan (2010, p. 61-62) state some overall implications which indicate that this balancing act has been successfully maneuvered or is on a good way to do so. First and foremost, it is a good sign if the actions and decisions that are made within the various groups of ‘Lurking Lions’, rational as well as emotional, align with the official strategies and norms of the organization. That clearly shows that the thoughts and intentions from both sides have been successfully internalized within the members of the company. Above that, a major characteristic of such an achieved balance is when formal procedures and measures are constantly being improved by those individuals that are confronted with them, no matter if they are leaders or simple front line workers. This proves that the tacit knowledge, which is the main resource of the informal networks, is successfully transformed into explicit knowledge, meaning that there exists a fit between the formal and informal side of the company. Last but not least, it always is important to look at how people connect to each other and how much interference is needed to lead them into the right
direction. If work groups are growing organically and without much intervention of the formal organization, a good progress has already been achieved. If they then also stick to the overall official regulations and even utilize them in a fostering and efficient way, the organizational body can be proud of the healthy balance of its components. Leaders in particular then have succeeded to ‘motivate their people to higher levels of performance, not by enslaving [them] with rigid top-down metrics or by being nice to all and making friends’ (Katzenbach & Khan 2010, p. 115). They then achieved their very own personal balance between the increasingly important informal relationships and the still essential formal structures.
6. Case Study of “Kalmar Kommun”

In order to conduct a deeper exploration of the existence, formation, characteristics as well as the importance and effects of informal relationships, groups and leaders in a more practical context, we here by present our case study of “Kalmar Kommun”. This case is about a real existing organization in Kalmar, Sweden and entirely based upon the empirical data we by ourselves gathered through several meetings and interviews with performing leading figures there. Due to its composition, we can treat “Kalmar Kommun” as a representative of a flat structured organization, which allows us to put the before analyzed academic issues at least partly into reality, always with the help and in the context of this case study.

6.1 General Information about Kalmar

Kalmar is settled in the south of Sweden within the province of Småland directly at the seaside. It has around 36,000 inhabitants and is one of the oldest cities of this country. The term “Kalmar Kommun” means municipality of Kalmar if translated into English. It is the core organization which is responsible for managing, arranging and solving all kinds of issues that are concerning the community and people of Kalmar. One of its major aims herein is to provide the city with a steady, ongoing and positive development. Therefore, “Kalmar Kommun” can be seen as some kind of overall architect of the city and the happenings that are occurring within it. The outspoken vision for the future development of Kalmar focuses on the importance of democracy, solidarity and fairness. This is achieved by further developing Kalmar as a society which is socially, environmentally and economically sustainable by providing equal opportunities to everyone who is living there, despite of considering the gender, age, wealth or race of an individual (Kalmar Kommun 2013). Sweden in general has a very high level of democracy. According to comparable world rankings, it is settled almost at the top of this list, especially in recent years (Mittuniversitetet 2013). It clearly is a parliamentary democratic country.

6.1.1 Organizational Structure

In general, the basic organizational structure of “Kalmar Kommun” can be described as a flat hierarchy like it is illustrated in Figure 14. It shows up many characteristics of the before analyzed typology in point 5.3.1: there only are a few
layers between the departments and they are very horizontally arranged. During their work, they highly rely on each other which leads to a high amount of collaboration between the involved departments. Therefore, they all are involved in specific decision-making processes that not only affect their own range of responsibilities, but also particular such situations that require a combination of their professional knowledge. This especially gets clear by looking at our main section of interest, the functional departments: in every of these operative units there are several working teams existent which have different responsibilities. This for example is the case in the Planning Office. In this division, there are primarily four teams at work: the environmental team, the geographical team, the planning team as well as the administration team. Each team has its specific function, but they all need to work together in order to achieve their goals, the ones of the functional department as well as of whole “Kalmar Kommun”.

Figure 14: *Flat hierarchical structure*

Figure 15 shows the more precise organizational structure of our considered system including the seven leaders we had our interviews with, their area of responsibility as well as the mutual interconnections between their departments.

The municipal council is a political department which is situated at the top of this whole system. Its area of work is mainly settled in overlooking and managing the environmental development of Kalmar in connection with whole Sweden. It therefore debates about political plans, implements or rejects them and recommends changes, adjustments or improvements during this process. It also
builds up new and cares for already existing relationships with other cities, communities and already connected twin towns. Above that, this political department is involved in the development of the future strategy of Kalmar and where the city is aiming to head within the next years. The people who are working there are all politicians and six of them are full-time dedicated in this profession. One of them is **Anette Lingmerth**, with whom we had a very kind and thorough interview. She provided us with a lot of insights on the happenings within her department and her own involvement in this process. She implements the policies of the city, recommends changes within them and acts as a liaison between the city and the community. She also maintains and develops the relationships between Kalmar and other partner cities, like for example Entebbe, Uganda.

One hierarchical level below the municipal council are 11 political boards attached. Since our case and system is built around seven of them, we left out the remaining units that are not practically relevant to us, like for example the Election Board or the Social Welfare Board. Our attention is laid on those divisions in which our interviewees are involved in, like the Guardian and Communication Board, the Planning Board, the Service Board, the Culture and Leisure Board, the Municipal Facilities Board as well as the Elderly Care Board.

Figure 15: Structure of “Kalmar Kommun”
In the context of a tree, these boards can be seen as seven branches that are connected to the stem department – the municipal council. They forward, classify and implement the plans from the top into certain areas to draw and develop the existing blueprints in more detail. Each of them is highly connected to each other and barely can solve existing and arising issues by themselves. There prevails a lot of collaboration among them, which manifests itself in sharing opinions and expertise around their work in a highly cooperative way.

With the so resulting sound combination between the municipal council and these seven boards, a well-organized strategic structure is at hand that is waiting for its operational execution. This can be seen as the main task of the departments which are settled on the right side of Figure 15. Here, all six of our remaining interviewed leading figures are at work. Our research is primarily based on the experiences and thoughts of these six chief managers. Therefore we find it appropriate to shortly present them and their specific area of work:

**Thomas Davidsson**, the head of Business Relations. His job is to build up and keep good business as well as political relationships with the people and organizations that are planning to do business in Kalmar or are already doing so;

**Annik Fonseca**, the head of the Planning Office, whose job is settled in the area of planning, surveying and measuring building permits as well as infrastructure issues that concern Kalmar;

**Tomas Lexinger**, the head of the Production Department. He is responsible for issues concerning the construction and maintenance of streets, parks and the sea;
**Kenth Gustafsson**, the head of the community Contact Center, who is leading the Call Centre of “Kalmar Kommun”. Here, people seek help and advice regarding all kinds of aspects that are connected to the community;

**Per-Ola Johansson**, the administrative head of the Culture and Leisure Department. For a better understanding, the expression “administrative head” describes a person who is responsible for the department when the actual head is not engaged in his or her position, for example if he or she is on vacation, on a sick leave or on a business trip, amongst others. His job is to take care of all cultural and leisure activities that take place within Kalmar (e.g. museums, school of the arts, theatres and sports;

**Lars Axelsson**, the administrative head of the Elderly Care Department. He is responsible for social services like home care, assisted living facilities and other support activities for elderly people.

Table 2 provides further detailed information of our seven interesting leading figures, like how many years they already have been working in their current position as well as for how many subordinates they are directly responsible for.

<table>
<thead>
<tr>
<th>Name</th>
<th>Working Position</th>
<th>Work Experience</th>
<th>Amount of subordinates</th>
</tr>
</thead>
<tbody>
<tr>
<td>Anette Lingmerth</td>
<td>City commissioner</td>
<td>1 year and 3 months</td>
<td>5000</td>
</tr>
<tr>
<td>Thomas Davidsson</td>
<td>Head of Business Relations</td>
<td>7 years</td>
<td>45</td>
</tr>
<tr>
<td>Annika Fonseca</td>
<td>Head of Planning Office</td>
<td>2.5 years</td>
<td>26</td>
</tr>
<tr>
<td>Tomas Lexinger</td>
<td>Head of Production Department</td>
<td>6 years</td>
<td>80</td>
</tr>
<tr>
<td>Kenth Gustafsson</td>
<td>Head of Contact Center</td>
<td>6 months</td>
<td>10</td>
</tr>
<tr>
<td>Per-Ola Johansson</td>
<td>Administrative head of Culture and Leisure Department</td>
<td>6 months</td>
<td>125</td>
</tr>
<tr>
<td>Lars Axelsson</td>
<td>Administrative head of Elderly Care Department</td>
<td>20 years</td>
<td>200</td>
</tr>
</tbody>
</table>

Table 2: Detailed information of interviewees
6.1.2 Interacting Relationships

After introducing the basic elements and fundamental structure of our case study, we now want to exemplify how the whole system operates in reality. If an organization functions effectively, it can be compared to a well-running machine. Whether it can run efficiently is not only depending on the high quality of its single components, but also how well these elements fit and work together. Therefore, very good connecting parts have to be established and integrated that are capable of transforming an efficiency factor with as less deprivation as possible. This allows the single elements of a machine to work harmoniously together without losing its steady and effective rhythm. The same accounts for an organization in general as well as “Kalmar Kommun”. Our six looked at departments, the single components, have established important interacting connections between themselves in order to approach and complete their tasks with a preferably high efficiency factor. Figure 16 shows several of the main working relationships in our case.

The basic characteristics and connections are deduced from the information we have gathered during our interviews. According to ANNKA, TOMAS and PER-O LA, the interactions among their departments are very frequent, which is illustrated by the red arrows in Figure 16: ‘We have a lot of informal relationships between these three offices’ (ANNKA). Let us exemplify their interrelations with the help of a self-designed and purposely simple hold example.

“Kalmar Kommun” is involved in the construction of a new public playground for children to foster their physical activities after school. In order to approach and accomplish this matter, all of these three departments will be involved in an interconnected way. The Culture and Leisure Department (CLD) for example will design a plan on how this playground should be designed and which kind of facilities it will exhibit. The latter should satisfy both, the fun-oriented minds of the children as well as the safety-oriented thoughts of the parents in the best possible way. The Planning Office (PO) then will receive these terms of reference and decide about the provision of a building permission. Furthermore, it has to decide where and how to build this playground. After that has been decided, the Production Department (PD) will get involved in order to transform this plan into a constructed reality. If any changes or adjustments occur within this process, all three departments will have to get in contact with each other in order to commonly find an appropriate solution.
The Contact Center (CC) can be considered as the municipal bridge between our here analyzed organization and the citizens of Kalmar. Whenever they want to get in contact with “Kalmar Kommun”, they only have to pick up the phone, call the Contact Center and talk with the responsible employees about their problems or concerns. Even though this department will try its best to find a solution for them, it cannot figure out every issue by itself. KENTH told us that there are many cases in which his department has to approach others within the “Kommun” in order to solve the various concerns it gets confronted with daily. Collaboration plays a key role here. This can be seen by the violet arrows in Figure 16. Let us take the Production Department for instance. Since we all know that the winter in Kalmar can be very long and demanding, the traffic problems that are caused by snow during that time are a daily business that needs to be dealt with. So, if the Contact Center receives a call regarding such issues, like huge masses of snow in a certain part of the city, the Production Department will be informed to provide its expertise and help of how to solve this problem. After this has been achieved, the Contact Center in return will be acquainted so that it can give a respond to the concerned individuals if necessary. We have highlighted such collaborative processes with the help of “double arrows”, meaning that there exists a reciprocal connection between the involved departments, as mostly none of them can achieve a solution simply by themselves. Similar interactions commonly occur between the Contact Center and the Business Relations division (issues about jobs and immigration), the Culture
and Leisure Department (issues about leisure activities and equipment) as well as the Elderly Care Department (issues about senior citizens and nursing facilities).

Despite of the bi-directional connections between our departments, there also are one-directional types. These kinds of links are likely to appear for example with the department of Business Relations, which is illustrated by the green arrow in Figure 16. Since the members of this division are responsible for developing and keeping close business relationships with several partner organizations, the other departments will inform them when they hear any news concerning new business opportunities. This very well can be shown by a Chinese oriented example: when the ever changing Chinese New Year Eve is coming, the Culture and Leisure Department will probably make a plan to organize a Chinese cultural night within the city center. The purpose could be to attract Chinese citizens in general as well as to tie new professional bonds with Chinese businessman and their companies. Therefore, the Culture and Leisure Department will inform the Business Relations division about these plans so that it can get in contact with valuable and promising individuals and organizations.

All the intricate and changing interactions between these six departments cannot be explained in much detail within this case study. This also is not our main purpose as we rather intend to highlight the informal happenings within “Kalmar Kommun”. Instead, these examples should serve as a collaborative tip of the organizational iceberg by showing the basic connections between them. It highlights the need and capability of this organization to approach all kinds of issues with the help of interrelated measures. It is not mainly about what they are working on, but rather how they are working with each other in order to reach their goals. Therefore, various relationships have to be established. Some of them are occurring on a formal basis and, as we will see, some on an informal one. In order to get a more detailed understanding of the ‘Lurking Lions’ that are actin within “Kalmar Kommun”, we have to get deeper into this system. As a start we will take a closer look at the prevailing organizational culture of this institution.

6.1.3 Organizational Culture

The employees who are working at “Kalmar Kommun” generally have a lot of freedom in the way how they accomplish their work. Even though this organization surely also sets important and necessary principles as well as rules for the daily working processes, no one is overlooked and controlled in an extensive manner
regarding how they should work on their tasks. Trust plays a major role within this organization as the philosophy is based on consciousness, responsibility and the dedication of its employees. The working environment therefore can be seen as very democratic and without strict boundaries. Our target departments are able to communicate with each other very freely and efficiently. The chief managers prefer to work with their doors open, as their employees can approach them any time to ask for help or also to provide advices and improving suggestions from their own side. They do not need to express their concerns strictly through formally organized means. This saves a lot of time, as it fosters the communication across whole “Kalmar Kommun”, especially by narrowing down the distance between managers and employees. However, our interviewed leading figures still possess a lot of power through their status and authority, but they do not make use of it in a too extensive way. They rather rely and prefer to trust their employees as they include them in their decision-making processes and share several responsibilities with them. This allows them to learn more effectively and grow faster in a personal way. We therefore can say that our seven leaders rather can be seen as cooperative coaches of the team that is playing at “Kalmar Kommun”, which clearly has its effects on the prevailing culture.

However, such a democratic and on freedom based working environment also can bring some negative side-effects with it, and “Kalmar Kommun” is no exception here. This at best can be described with the help of a survey that has been conducted recently within this organization. All employees received a questionnaire to express their opinion regarding the current situation at their working place, thereby judging the overall working efficiency. The survey was held in an anonymous way, which makes the outcome highly reliable as no one had to fear any possible negative consequences from their statements. They were encouraged to tell the truth and also give critical suggestions in order to facilitate the further development of their company. The results first and foremost highlighted one common concern: the official communication chain in “Kalmar Kommun”. Since the structure is very flat and democratically arranged, the traditional way of communicating through a top-down approach transformed itself into a very open and reciprocal way of cooperating with each other. A lot of plans and decisions are being made and implemented through an informal context. The employees stated that there prevails a lack of clear formal principles. Such principles, however, would help to assign certain tasks and prevent further misunderstandings. Furthermore,
the workforce often does not have an overall understanding of the organizational goals, which leads to the fact that the people sometimes do not know what exactly they are working for. Consequently, they very often work in a way that is based on their own judgment, or as ANNIKA stated it: ‘Our employees have lots of freedom and I think sometimes they rather would like to have more guidance’. This lack of guidance might derive from the fact that some of the formal leaders do not have enough long-time experience in their job, like in the case of KENTH: his employees possess a lot more expertise in their working area than he does and that is why he is highly depending on their help. On the one hand, this phenomenon narrows the distance between him and his workforce but on the other hand it easily can lead to a steadily decreasing authority and influence of his status as a formal leader.

6.2 Informal Happenings in our Interviewees’ Eyes

In this section we will present the most important and valuable findings of our conducted interviews regarding the perception of informal relationships and informal leaders in the eyes of our interviewees. We share their experiences and highlight the most valuable ones that allow us to understand the influence of the informal forces within their company. It is interesting to see if this common organizational context of “Kalmar Kommun” also leads to resulting collective opinions and viewpoints regarding these informal aspects or if there are certain differences among our interviewed leaders.

6.2.1 Informal Perceptions of our Interviewees

‘You can find informal relationships in any kind of organization’——PER-OLA JOHANSSON

As we have already mentioned before, Sweden is a highly democratic country. This also manifests itself in the minds and behaviors of its inhabitants and therefore also within prevailing organizational contexts. That might be one of the reasons why the organizational hierarchy in “Kalmar Kommun” is constructed in a flat way. KENTH provided us with this basic thought as he stated: ‘In Sweden, as well as in our organization we use informal relationships more often than others’. Based upon our gathered information, we generally can say that the informal activities at “Kalmar Kommun” can be estimated as quite high. All of our seven leaders doubtlessly stated that informal relationships are existent within their departments.
and six of them even were able to provide us with clear and detailed examples of the informal happenings in their surroundings.

Thomas for example told us about the occurrence of informal relationships in his department even before the actual working time: ‘Some of them will come to work a little bit early to have a cup of coffee together and to talk with somebody they are close to’. Furthermore, the employees also are highly engaged in these informal bonds during their official working process. Tomas as well as Kenth mentioned a few occasions where they have spotted informal relations among their employees. This especially was the case right before or after officially hold meetings. That is not surprising, as such situations allow it even more to get in social contact with each other: many people from different areas of the company are present and therefore this is the perfect opportunity to get in touch with each other on a personal as well as job related basis. Moreover, these informal contacts are not constrained to the subordinates of our leaders. They also happen on their own hierarchical levels, and this even to a large extent. Annika stated that she recognizes them not only among her employees, but also in her direct working environment as well as on layers that are settled above her own. Here a very common setting has been identified as the lunch break, where people from several departments eat together and have discussions about personal as well as work-related issues. Furthermore, Annika revealed a very interesting fact: also the politicians from the upper organizational levels get engaged in these kinds of relationships as they are keen to know what is happening and discussed among the workforce. They thereby utilize the informal communication channels for their own good, as they enter a critical source that contains valuable and important information, which they otherwise could not have reached and accessed in an equally easy and effective way.

Organizations need informal relationships. Kenth described this fact in a very interesting way: ‘You cannot expect that all employees are always standing together, there must be several islands.’ What he meant by this is that informal groups serve as islands in the organizational context, which can be equalized with the large sea. If someone is drowning, looking for help, guidance or personal assistance, then this often occurs within the engagement of informal relationships. Above that, not everyone can serve as such a safe isle. Individuals seek out for other members only if they are able to connect with them on some kind of basis, which is a major characteristic of informal bonds compared to the formal ones.
According to TOMAS, informal contacts can be classified as unavoidable. However, this is not meant in a strict negative way as they are highly necessary within “Kalmar Kommun”: they contribute to the promptness and efficiency of how work gets done. In his Production Department, everything mostly has to be solved in a fast and thorough way. However, there often is no time to organize an official meeting with all the concerned and necessary individuals, as they all have to take care of their responsibilities as well as their own work. Informal helping relationships can be classified as the key procedure especially for rapidly evolving issues and how to approach them effectively: ‘We just discuss informally with a couple of people and solve the problem as soon as possible.’ (TOMAS)

ANETTE highlighted the important involvement of informal elements in connection with the prevailing uncertainty at her workplace. If people feel confused or insecure they often seek out for general advice about those issues they cannot handle properly by themselves. By doing so, they mainly receive support within an informal context. ANNIKA stated that informal relationships do this company a big favor, especially with their strong, widespread and dynamic communication channels. They are existent in all daily activities between the different levels, departments, teams as well as individuals. She also highlighted the fact that such informal bonds are able to avoid the emergence of job problems before they actually turn into reality: ‘We meet and we talk and we try to solve the problems before they are upcoming.’ Formal occasions and meetings mostly are held to approach already existing concerns, but by utilizing the informal context, the involved individuals often encounter them before they actually occur. This is due to the fact that many individuals share their personal and spontaneous thoughts about relevant topics, which can be equalized with the before discussed sharing of tacit knowledge and the so resulting innovative ideas.

‘I am not worried about informal relationships. It is mostly positive’. ——PER-OLA JOHANSSON

In terms of our seven interviewees, we realized that all of them are able to connect to the topic of our thesis, each in his or her own specific way. Considering the high value of informal relationships, especially KENTH’S portrayals of his own involvement provided us with a lot of valuable and also personal input we ourselves easily could connect to. KENTH can be considered as a rather new member of “Kalmar Kommun”, as he has been working in this position at the Contact Center
for only about six months. As a matter of fact, most of his employees possess far more experience and knowledge about the working context at his department than he does: ‘Some of my employees have 20 – 25 years of experience in this company. I can never get the experience that they have. Often they help me rather than I help them. I think it is a good way to work with informal relationships.’ Connected to that, he relies and is also depending on the informal bonds between his subordinates, as they help him with the accomplishment of his own work. They are much more integrated in the working processes as well as the organizational context than he ever would be able to after such a short amount of time. They know best whom to approach for specific issues and KENTH fosters these processes to a high degree. After joining the company, he was very glad to see that people from different levels can cooperate with each other in such an informal way. Since now, he has not found out any major negative influences of informal relationships. He is aware of the fact that they could occur but his experiences have been contrary: by observing and utilizing the ‘Lurking Lions’ in his department he is able to learn a lot from them, which allows him to get used to his new position. In order to foster the positive influence of informal relationships in his department even more, he arranges meetings outside the work context once a month where all members of his department sit together and talk without the differences of formal levels.

Contrary to KENTH’S highly positive impression was the one from ANETTE, who explained the informal influence within her work context from two different angles. Regarding the actual working performance, ‘the informal context is vital, you cannot live without that.’ But on the higher political level, it may cause and lead to some misunderstandings as people might get pulled in different directions, because they are influenced by both the formal and informal side, especially in their political decision-making process. ANETTE is not the only one who shared her impression of possible negative effects of informal bonds with us. Also ANNIKA and LARS gave us some examples about certain problems which have been caused by the informal context in their departments. ANNIKA considers the problem of not being directly involved in these social contexts, meaning standing outside of the informal group rather than within. This can entail big disadvantages: it decreases her working efficiency with these individuals, as she does not know what they are thinking as well as talking about. This also occurs when she receives orders from her superiors: there are a lot of informal discussions without ANNIKA in the board levels above her. When she gets orders, she sometimes cannot really estimate how these decisions
have been made, whether upon a personal basis or rather through formal procedures. She often receives them in an oral way and not through formal documents. Therefore, she has to guess about the nature of this information and how to implement it in her own area of work.

Lars provided us with another example of how informal groups have affected his decisions in a negative way. Compared to all the other interviewees we have spoken to, he is the one who has the most negative impressions about the informal bonds in his department. His formal task among others is to arrange the “Elderly Care Timetable”, which can be seen as a work schedule for his employees. He told us that some time ago, the schedule he has made stated that the task for Employee Group A has been to arrive at a senior citizen’s place at seven o’clock in the morning in order to bring him to the central hospital for a body check. In this example, the informal group within Group A apparently worked together and modified the timetable out of its own reasons, which were not readily comprehensible for Lars. In the end, Group A approached this task at 10 o’clock, which has been three hours later than actually planned. This caused a lot of problems and provided Lars with the feeling that they simply decided of how and when to do it by themselves. Even if this issue has been resolved afterwards: these informally made decisions disorganized his whole plan.

‘Sometime maybe they are not fighting by their fists, but they are fighting in another way to make it harder to reach a common agreement’.——TOMAS LEXINGER

6.2.2 Types of Informal Relationships

According to our gathered data, the informal relationship in “Kalmar Kommun” can broadly be classified into three types. The first one consists of Interest-oriented relationships. This type can be found easily among our organization. Some employees are much closer connected to each other because of common interests and experiences. They like to spend their time together, even after the official working time has ended like KENTH has told us with his privately arranged meetings. This builds up a strong relationship between them and highly affects the way how they work together, whom they seek out to and how they general approach their tasks.

The second one can be called Benefit-oriented relationships. If some of the employees in “Kalmar Kommun” share similar goals, it is very reasonable for them
to build up informal relationships with others who support and transform the same personal aims into a common group goal, which then can be reached together. Therefore, everyone benefits from each other. Yet, this also can have negative side-effects, as Lars stated it: 'Sometimes, employees put more emphasis on their personal benefits or personal goals'. Due to our gathered information, however, we suppose that a lot of members in this organization share the same broad goals, which they collectively try to accomplish.

Last but not the least, there are **Task-oriented relationships**. As we already have mentioned, teamwork across several departments plays a crucial role in this organization. Tomas argued that informal contacts highly increase his efficiency on the job and that he also feels more comfortable when working with somebody he is able to choose by himself, and not strictly through formal channels. People in “Kalmar Kommun” generally search for others they find most valuable to work with by themselves. Also the phenomenon of uncertainty and insecurity at the workplace, like it was mentioned by Anette, plays a big role in the forming of this kind of bonds.

Regarding these three types of informal relationships, we can say that all of them are commonly occurring within “Kalmar Kommun” and that they also are mixed in various occasions. We therefore recommend the leading figures of our system to pay a special attention to the Benefit-oriented relationships, as the other two types do not seem to have a contrary influence on this organization. However, the formation of Benefit-oriented relationships can be seen as a double-edged sword. On the one hand, the workforce will put high efforts into the organizational tasks if there are common pursuits within both, the organizational and the informal group goals. On the other hand, if certain conflicts exist and the leaders fail to solve and adjust the situation, the informal group is likely to work towards their own objectives. The members then are heading in the opposite direction as the formal authorities. This was the case in Lars’s example of his work on the Elderly Care Timetable. When such a situation occurs, Tomas, Lars and Anika stated that they firstly will have a thorough talk with the concerned individuals and try to find a common basis with them. If this is not possible, they rightly use their formal authority to lead the runaway ‘Lurking Lions’ from their informal territory back to the formal compounds. In the end it still is about delivering performance.
6.2.3 Informal leaders

‘Yes! Absolutely! There exist informal leaders and they are easy to be recognized’. — **THOMAS DAVIDSSON**

When we asked our seven interviewees the question ‘Do you recognize some individuals as “informal leaders” in your organization’, their answers all have been firmly the same: ‘Yes!’, ANETTE said, ‘in every place there is an informal leader.’ PER-Ola gave us a similar respond: ‘Informal leaders are in every organization.’ Additionally, THOMAS confidently told us that ‘with my eyes, I can easily see who the informal leader is’. So, what makes them so obvious? According to TOMAS and KENTH, they always step forward a little bit more than other individuals: ‘They always can make things happen without talking that much, they are those who can be relied on’ (TOMAS). ANNIKA came up with the very interesting statement that they have a very strong influence on people, sometimes even stronger than formal leaders: ‘When I say something and the informal leader says something, workers choose to listen to him instead of me.’

After confronting them with the question about whether the informal leadership role is likely to change from person to person or if this is a rather constant phenomenon, three of our interviewees (PER-Ola, LARS & ANNIKA) said that this important informal role is steadily changing, because of two different reasons. One is the constant variation of certain tasks and issues that occur in “Kalmar Kommun” and the herewith connected different needed expertise of certain individuals. The other reason can be connected directly to ANNIKA’S Planning Office: when new people join her department, they very often want to prove themselves with their knowledge, creativity and high amount of motivation. They want to make an impact by not simply following the prevailing stable patterns. Thereby, they consciously or unconsciously challenge already existing informal leaders, which then might lead to their replacement.

Contrary to this rotational viewpoint, TOMAS, KENTH and THOMAS told us that the informal leaders within their departments are mostly not changing. KENTH immediately was able to recognize two employees in his area that he would entitle as informal leaders. His perception is that it mainly depends on the personality of the individual instead of the working task at hand. Furthermore, ANETTE stated that she is not so sure about the different types of informal leaders within her area of work because she is not so closely connected to them.
Regarding the rotational type of informal leaders within “Kalmar Kommun”, one interesting implication can be drawn. The different viewpoints of our leaders are interestingly connected to the amount of employees they are responsible for. PER- OLA and LARS for example supervise over 100 employees through their leadership. They are on the rotational side, which might be due to the fact that the tasks in their departments vary to a larger amount than it might be the case in other divisions. Therefore, various individuals are needed to approach them. Contrary to that, TOMAS, KENTH and THOMAS all are responsible for less than 100 employees and they have a rather stable perception of informal leadership. This might stem from the small size of their departments, in which some individuals possess a high amount of expertise in what they are doing and therefore are considered as informal leading figures. Above that, the perception of ANETTE is also fitting in the context of size. She cannot really tell about the nature of the informal ‘Lion Kings’, which is comprehensible as she is responsible for over 5000 employees. Thus, she is hardly able to have a clear insight regarding their occurrence.

The characteristics of informal leaders highly vary from person to person as their existence highly depends on the situation, the organizational culture as well as the persons within that environment. Some people can evolve as informal leaders in several occasions while others are emerging from rather one specific context they find themselves in. Even in the common working environment of “Kalmar Kommun”, our interviewees have unalike perceptions of informal leaders and their characteristics as they vary largely from department to department.

’If someone can emerge as an informal leader, he or she definitely has something special’. ——LARS AXELSSON

TOMAS underlined that informal leaders are very independent persons. When they receive a task, they are able to work on it by themselves. Further on, LARS and ANNKA think that knowledge and the experience of an individual are the most important features. The employee who has a long time experience within his or her area of work can easily evolve as an informal leader. According to THOMAS, this is one of the major reasons why people look up to these figures, as they are seeking for guidance and help in their own work context. One interesting situation occurred in LARS’S department, which is some kind of special but also typical case: some individuals who can be seen as informal leaders have already worked in the Culture and Leisure Department for a long time and therefore had a huge amount of

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Lars had the perception that they felt threatened and challenged regarding their status, as the new employees might be better educated or exert a new and fresh influence on the other members. As a result and in order to save their face as well as their special status, the prevailing informal leaders showed a very high amount of confidence towards their new peers, by not being exceedingly friendly or helpful. However, they were not so self-confident at all, as they simply feared the possibility of being overtaken by someone from a younger generation, who comes along with a lot of valuable and current knowledge.

Furthermore, Thomas stated that especially self-confidence is responsible for such a high informal status. Yet, Kenth and Annika pointed out that an individual who possesses too much of this characteristic cannot really conquer others to be his followers. The latter notion might derive from the fact that there is a behavioral pattern predominating in Sweden as well as in other Scandinavian countries. It is called “Jantelagen”. This term has been brought to us by Kenth and basically entails the notion that no individual should view himself as something better than his fellow peers. If people do so, they might have some problems to build up good relationships with others. The feature that highly characterizes informal leaders in Kenth’s department is a large amount of reputation and skill, but without making a public spectacle out of it. By not showing such a “Jantelagen”-like behavior, one easily can get into trouble, especially at the work place. Annika provided us with a fitting example: there was a young employee who has been working in her department some time ago and he was keen on being involved in every operation he could get into. He had the self-perception of being able to solve all kinds of matters in the best possible way. Therefore, he purposely took over control in many different situations. As a matter of fact, it was hard to cooperate with him. Beyond that, he neglected his actual job responsibilities as some kind of sacrifice to being involved in as much processes as possible. In his attempt to be an informal leader he failed desperately, because he tried to achieve this status in a too forceful kind and manner. Consequently, he got fired because he regarded himself as something better than he actually was. This is not the general Swedish way of thinking and he probably already knows that by now.

‘The informal leaders give energy to the group. If they would not be existent, the performance would not be that good’.——KENTH GUSTAFSSON
All of our interviewees agree that informal leaders play a very important role in their working place. In Annika’s case, the informal leaders have a very strong influence within her department and she acknowledges that it is very important for her to have a good relationship with them: ‘I have to’, she said. Another important effect regarding informal leaders has been mentioned by Kenth: they simply will bring something different and fresh to their surroundings. It makes no sense if everyone tells their superiors rather the same things by mainly being polite in order to please them. An effective organization also needs someone who can take on a challenge and spread productive advice, also in the form of criticism: ‘It is the informal leader who actually runs the work’ (Per-Ola). Though the formal leaders have the authority to plan and delegate the work within their departments, they very often are not the ones who put this plan into reality. The formal leader rather plays the role of a supervisor while the informal one is highly engaged in leading the actual program.

The same that counts for informal relationships also can be applied for informal leaders: there are productive as well as counterproductive types existent. Per-Ola already has his own awareness of the latter one: ‘It can be very dangerous if the informal leader has a bad influence on others.’ Informal leaders can be equalized with a precious fortune for organizations, but only if they are fostered and implemented in the right way. Lars knows that it is important to recognize these informal peers within his department in order to avoid that they might head into a distinct direction. He also thinks that formal leaders have to work closely together with the informal ones. As a formal leader, you should not only sit on your tall, status driven throne but also get down once in a while in order to build up good and close relationships with your employees – and therefore also with the informal leaders.

‘I try to be a leader who does not need informal leaders’. —— Tomas Lexinger

Organizations need both, formal as well as informal leaders. So why not trying to combine these roles? According to our findings, five of our seven leaders encourage themselves to steadily get in contact with their employees in an informal way. Kenth for example approaches this issue with the simple measure of getting out of his office once in a while in order to seek the important contact with his employees. Most of our leaders interact informally in their departments on a daily basis, like for example during coffee and lunch breaks. Here, they talk and discuss informally.
about their work or their private lives. They simply try to be one of the ‘Lurking Lions’ by listening to the thoughts and demands of their employees. Nevertheless, two of them rather refused to have informal interactions with their subordinates. One of them is Lars, as he first and foremost sees himself as a formal leader and therefore does not need to influence the group in an informal way. His major thought is to keep a certain distance between him and his workforce. This does not mean, however, that he establishes some kind of formal wall around him. He still seeks to have good relationships with his employees, but mainly in a work-related and not too close kind and manner. The other one is Anette, who said that she does not consider herself as an informal leader at all. Her main intention is ‘to not lose my face in front of others’, which prevents her from building up close informal relationships with her employees. Actually, our findings suggest that the reason why Lars and Anette do not get engaged in informal actions as much as the other leaders is not mainly a matter of their personality, but rather because of the same objective reason we already have stated before: they are responsible for far more employees than our other five leading figures. This makes it difficult for them to personally build up relationships within their department and among their peers. They would need to put a lot more effort in these activities, which also gets emphasized through the fact of their bigger formal responsibilities. Both prevent them extensively of being informally engaged within their department.

6.3 Interpretation of Informal Happenings

Taking “Kalmar Kommun” as a complex and relative system, our leaders can be seen as highly democratic. The overall atmosphere at best can be described by the following example that was mentioned by Per-Ola from the Culture and Leisure Department. Imagine summer time is coming and a lot of people will try to go on vacation during this period. Therefore, there will be some overlaps as a lot of employees are likely to take their free days for holidays at the same time as most of the others do. As we know, this is a common problem among organizations and it is hardly possible to satisfy everyone in the same way. Let us say that at least two persons need to be present during that time in order to take care of the basic work. Our formal leaders therefore would have the power to simply delegate this decision to their workforce. However, they firstly will approach their employees and discuss this problem with them in order to find a common solution. Our gathered information constructs a highly democratic system, in which the employees have
the freedom to share their opinions and also to make decisions within their range of responsibility.

After observing and analyzing the case of “Kalmar Kommun” we can draw the conclusion that this organization is utilizing its informal powers very efficiently. However, this municipal setting might easily deter in a too intensive informal direction. On the surface, everything seems to function well: the formal authorities delegate tasks and responsibilities efficiently through the top-down approach while at the same time fostering the self-organizing activities of the employees through a bottom-up approach. However, by having a closer look at the relationship network that is prevailing in “Kalmar Kommun”, the processes also can be seen as very fragile: all in all the members are acting very independently from the formal prescribed guidelines. The relationships are highly settled within an informal context, as there are many and also multifaceted relations between the departments. Due to this open environment, people might feel no formal boundaries between each other, as they can approach many issues in a very informal way. When facing problems or working on tasks, employees might already have gotten used to finding solutions solely through informal channels, which clearly decreases the influence of the formal organization. As a result, compared with other organizations, the informal context in “Kalmar Kommun” can be entitled as very strong. Formal leaders in this system provide their employees with a lot of possibilities and opportunities in order to let them grow by themselves. As argued before, such measures surely are recommendable, but only to a certain extent. Informal contacts are highly necessary within this organization, but they also have to be formally directed in order to function most effectively. As we stated earlier, the main reason why informal bonds are being formed among employees is because they often do not receive enough advice and guidance from the formal authorities. So, in order to accomplish their tasks, they primarily search for compensation outside of the formal framework, and very often this leads to task-oriented relationships with informal leaders. This carries a lot of informally made decisions with it, which also can manifest itself in a counterproductive manner, especially if the formal influence would decrease further and further. We therefore can conclude that the formal part of “Kalmar Kommun” should take a thorough look on these informal happenings, as they easily might establish a neutral or even negative influence.
6.4 A “Jantelagen” Recommendation

In “Kalmar Kommun”, the formal and informal relationships can be seen as two distinctive melodies that are being played by different actors in the same municipal concert hall. The formal one can be regarded as the major theme of this organization – to create a democratic, stable, secure and equal society in the city of Kalmar. It is the main formal organizational goal of “Kalmar Kommun” and all of our leaders are trying their best to achieve it. The informal elements, by contrast, have the possibility to largely play their own melody – namely through a high amount of freedom and autonomy in the way how they structure their work and whom they approach to solve it. These two melodies are being played together at the same time and in the same place. Thus, there is no doubt that both of them have a specific influence on each other, which also affects the general quality of the resulting song the people of Kalmar are going to listen to. The interaction between these melodies can be vividly described with the help of a sound-wave. If both, the formal and informal one meet and fit perfectly to each other, the resulting song will have the same frequency, will be less disturbed and therefore can be played in a louder, more powerful and also effective way. This fit can be equalized with the so resulting better working achievements in “Kalmar Kommun”. However, if both melodies are constantly being played on different levels, with an unalike intensity and with various forms of sound-waves, a negative effect will be created. The resulting song will sound disturbed and lose its unique character, which can be connected to the decreasing work performance that is likely to happen here. Thus, the role of the formal as well as informal leaders in “Kalmar Kommun” is to take over the role of cooperating conductors. They have to enhance and lower the organizational setting in a way that the resulting song benefits the community of Kalmar. The overall outcome is highly depending on the cooperation between them. We therefore offer the following recommendation to our leading figures in a very “Jantelagen” kind and manner: while fostering the informal assets within your work settings, do not forget about the formal ones. Keep a certain balance between your formal responsibilities and the informal space you offer to your employees. Musically speaking we advise both types of conductors to commonly work together in order to achieve a healthy balanced musical piece for this already well-performing organization. The last advice, however, always lies in the hands of the formal conductor, here in the form of ANNika: ‘Both – if it is too informal or too formal – is not good.’
7. Further “Informal” Investigations

In this last section of our informal journey we are keen on broadening our interest and view on the existence and meaning of informal relationships. We therefore lay our point of interest on two types of distinctive outer business contexts that both contain informal relationships, each in its own specific way: for once we will discuss the field of extreme control organizations in the form of concentration camps and prisons. Such extraordinary environments with the highest amount of possible control over human beings are shocking, but also interesting settings in order to study the relations between the inhabitants. Secondly, we will have a thorough look at the “Orpheus Chamber Orchestra”, which is famous for its collaborative style of playing music. The most distinguishing characteristic compared to other typical orchestras is that Orpheus spares a very important, if not the most important member: the conductor. From each of both cases one very interesting implication can be drawn regarding the characteristics, effects and meanings of the prevailing informal elements. By looking at the extreme control environments we will see that informal relationships exist even under the most threatening circumstances and fulfill their own, even though sad purpose. In the case of the Orpheus orchestra, it will get evident that too much informality might be as harming as too much formality, just in a different kind and manner. Both of these implications will serve as a thoughtful and worthwhile closing line for our informal journey.

7.1 Totalitarian Control Environments

‘Imagine being locked-up in a gulag, concentration camp, prisoner of war camp or a state prison. Looking from the inside out from any one of these four horrendous places would send a cold chill down anybody’s spine. To me they exemplify the ultimate in controlled settings. Consequently, if self-organization is possible in these environments, then it is achievable anywhere’ (Ehin 2004, p. 59).

Goffman (1961) rightly entitled these types of organizations we present here with the term “total institutions”. They distinguish themselves in many ways from the before analyzed working environments. For once, their members are not “participating” within them out of a free will, but because they are externally forced to do so. They are placed there because of the external authority of certain individuals or the specific organization as a whole, like in the case of concentration camps and prisons. The second key characteristic is that the people in such total
institutions not only are present for a certain amount of time during the day, like in the before analyzed business context, but constantly live there as long as they are obliged to do so. All the actions and behaviors are under a constant influential control, which manifests itself in the resulting behaviors of the inmates: they barely have the opportunity to show any signs or actions out of a personal and free will. They are forcefully told what to do and how to do it, as there are tight schedules that compel them to follow a strict procedure, like working, washing, eating and sleeping. Furthermore, they do not have any personal autonomy or status that allows them to resist against this extreme environment, as all the primary power lies within the formal authorities. However, even under these highest possible control settings, informal relationships are existent. Goffman (1961, pp. 54, 55), connected to these extreme circumstances, gave them the name “secondary adjustments”: ‘Secondary adjustments provide the inmate with important evidence that he is still his own man, with some control of his environment’. This term makes perfectly sense: they adjust themselves as far as possible to the existing environments, but on a secondary way, meaning not through the primary formal structures that exert control over them. Our intention is to have a thorough look on these secondary adjustments and learn more about them under the conditions of totalitarian control environments, for once in the setting of a concentration camp and secondly within a prison (Wilson 1978, pp. 187-189).

7.1.1 Concentration Camp

‘[…] total authoritarian power gives these organizations their unique atmosphere and shapes the social relationships that form among the inmates’ (Wilson 1978, p. 188).

Originally, concentration camps have been established by Hermann Göring, who was the Prussian chief of police during the Nazi regime. The initial intention of their forming was to exert control over communists who have been captivated during World War II. However, as the Nazis became more powerful, also the amount of state enemies grew to the same extent. Thus, these camps have been utilized to control a ‘variety of German criminals, Communists, gypsies, religious groups unsympathetic to Naziism, homosexuals, Jews, and many others considered undesirable by the state’ (Wilson 1978, p. 190). Their major functions
were comprised of measures that are outrageously directed against the human nature: to break prisoners as individuals, to spread terror among the rest of the population and to provide the Gestapo members with a training ground and an experimental laboratory in which human beings were treated and studied under worse conditions than any animal might ever have experienced it (Bettelheim 1943, p. 418). There basically existed two kinds of camps: the main function of the first type was to exterminate the inmates at a quick and effective rate; the second was utilized to exert control over those human beings that were prioritized strong enough to work in the camps. Only the last type of camp will be of interest here, as it provides a better basis of how and why informal relationships were formed among the inmates. In human history, there seldom have been more extreme conditions in which individuals have found themselves in than it has been the case with German concentration camps. But still secondary adjustments were existent there, at least to some degree (Wilson 1978, pp. 189-191).

Because of the extensive amount of control and the sparse personal contact with other inmates, relationships among them were very hard to establish. Block (1947) argues that the high and constant death rate in the camps prevented a further and more intensive establishment of such social ties. Therefore, most of these relations were limited to the immediate surroundings of the inmates, like in barracks or the same labor groups, and were rather of a temporarily nature. Luchterhand (1967) reports that most of these secondary adjustments were either based upon an “exploitive” or “friendly” nature. Both, however, evolved from the most basic human need we can think of, namely the will to survive. Above that, Bondy (1943) states that all inmates lacked a sense of responsibility, which manifested itself in the exploitive forming of informal ties. Some of them for example consisted of stealing food and other scarce resources from fellow inmates by fooling them in an opportunistic way. Informal bonds primarily were created in order to gain a personal advantage out of them, regardless of how this affected the target person. Some went even that far to form these bonds in order to utilize them against their “partners” in front of the formal authorities. Bondy (1943) and Abel (1951) argue that inmates tended to adopt the values of the jailors, like their methods, speech and manner in order to exploit and betray other inmates if they discovered some minor deviating behaviors. Their intention was to look better and be in a more favorable position as their peers. This often caused the death of many people, even though they have been sticking to the rules and did nothing forbidden. Extreme
circumstances lead to extreme measures, also in the case of informal relationships. Nevertheless, also friendly bonds have been tied among the inmates. Cohen (1953) reports, that comradeship existed in all camps, at least to a certain degree. Individuals supported each other as much as possible, which mostly constrained itself on psychological measures due to the extreme surroundings they found themselves in: ‘In the barracks after work and during meals the inmates would talk among themselves and form friendships’ (Wilson 1978, p. 192). This even was the case despite of the fact that talking as well as interacting was forbidden and could lead to immense punishments, in the worst case even the death of the involved inmates (Wilson 1978, pp. 191-192).

The extreme example of a concentration camp provides us with two interconnected insights. Firstly, it proves that informal bonds are existent even under the most life-threatening circumstances. The inmates knew that they would take a huge risk by getting in touch with each other as such social activities were highly prohibited by this severe control setting. Secondly, and even more insightful, such personal contacts have been formed especially because of this extreme environment. They served as the major and mostly only point of reference which helped to endure within concentration camps, as they took over the role of the essential “staying-alive measure”. Connected to the latter, it might be bold to draw a connection to the business setting and the implications we have drawn from our analysis of the high control environment of the mechanistic structure. Nevertheless, leaving these totally distinctive environments regarding the treatment of human beings aside, there still exists a certain fit: the higher the individual control, the more informal relationships are formed out of personal reasons, as the latter are the ones who are constrained to the highest degree. That is why most relationships within concentration camps rather can be seen as exploitive. The people somehow were forced into them by the extreme conditions they have been facing.
7.1.2 Prison

‘In highly dependent subsystems, members find it advantageous to form interdependent relationships to cope with a hostile environment – that is, the extreme control by the external authority’ (Wilson 1978, p. 277).

Prisons also can be seen as very tight controlled systems, but they still are not as frightful and inhumanly organized as concentration camps. This also will become obvious in the existing informal relationships that are formed within them. First of all, prisons also have their own special reasons for existence, but they rather can be seen as some kind of service for society. This is one of the major distinguishing aspects compared to concentration camps, which were entirely based upon the sick thoughts and intentions of the Nazi regime. According to Cressey (1960 cited in Wilson 1978, p. 192), prisons mainly fulfill the goals of retribution for criminals, deterrence against criminal behavior, protection for society and rehabilitation for the prisoners. This special type of organization therefore is characterized by an ‘almost complete totalitarian control over inmates, with corporal punishment and extreme isolation imposed for violation of rules’ (Cressey 1960, p. 83). The word “almost” means a big difference here, especially compared to concentration camps: in the setting of a prison, the internees still hold their basic human rights and therefore are granted with much more personal autonomy and freedom compared to the inmates of a concentration camp. It is interesting to see how this fact manifests itself in the forming of secondary adjustments (Wilson 1978, pp. 192-193).

The latter are often entitled as “inmate codes” among prison researchers. They consist of ‘norms or rules that are allegedly accepted by all inmates as guides for their behavior in prison’ (Wilson 1978, p. 193). Just as the formal authorities of the prison have their guidelines of how to approach and treat the prisoners, also the latter created their own informal guiding principles. Sykes and Messinger (1960 cited in Wilson 1978, p. 193) divided the most important ones into five categories: the first is to never tell the guards about the informal happenings within the prison; secondly, any conflict among the prisoners should be avoided, which is followed by the third dimension to never take advantage of one another; the fourth principle is
simply to be and stay strong by not showing any weaknesses, especially to the guards; the final category is comprised of the maxim to never get engaged in any positive relationships with the formal authorities, even if it benefits the inmate. These very well-conceived principles show that they do not occur by coincidence: they were formed in a way to make the life for prisoners much easier and bearable. With these informal maxims they create their own personal balance to the almost complete totalitarian influence and control of the formal power holders. Any prisoner who does not comply with these informal principles has to expect the condemnation of the other inmates. This reflects itself in certain names that are assigned to these individuals: a ‘rat’ or ‘squealer’ for example is a person who betrayed another inmate whereas a ‘politician’ is in steady contact with the formal officials and bargains with them for certain favors (Wilson 1978, p. 194). Consequently, prisoners establish their own informal subsystem within the bigger formal institution, which can be more fittingly described by the term “shadow organization”, which was brought to us by a close advisor (Daudi 2013). This especially occurs in areas where the prisoners can exert the highest amount of autonomy and influence, which often would be the cellblock in which they are confined. Particularly in these narrowly defined areas, the secondary adjustments also express themselves in certain behaviors that are clearly directed against the formal organization. This can range from tedious actions, like purposely neglecting formal orders, stealing from the authorities or even collectively cheating on them. The more daring ones are well known among many Hollywood Blockbusters, like the famous attempts of breaking out of the prison. Inmates support each other in activities like building tunnels or constructing so called airplanes in order to escape from their captivity, as they barely can execute them all alone. They require detailed planning and as many experiences from different prisoners as possible, which at best can be accomplished through the usage of informal relationships (Ehin 2004, p. 59; Wilson 1978, p. 193-199).

The setting of a prison provides us with further knowledge about the forming of informal bonds among its members, especially in regard to the exerted amount of control. Compared to the inmates of a concentration camp, prisoners have far more possibilities to get engaged in these secondary adjustments. As they are granted with more autonomy, the informal relationships also are formed in a far more extensive, open and influential way than in a concentration camp. This means, if members of such high control settings are given the formal finger, they informally
reach out for the whole hand as much as the conditions allow them to. This enhances our thought that the prevailing conditions are the major reason of how and why informal elements come together. Here by it does not matter if we look at them through an inner or outer business perspective. The conditions always are a major determinant for their existence. The here presented extreme forms of organizations provide us with the safe assumption that informal elements exist everywhere: ‘If you have a chance ask a person who has survived any of these places of incarceration to tell you in some detail “how” they made it out alive. You will hardly believe what types of prohibited activities have taken place under the strictest forms of surveillance in these penal complexes’ (Ehin 2004, p. 59).

7.2 The Balancing Act of the “Orpheus Chamber Orchestra”

The “Orpheus Chamber Orchestra” was founded in 1972 from a group of musicians around the cellist Julian Fifer. It is one of the most famous and successful classical orchestras in the world. In the year 2001, it even won a Grammy, the highest possible award in the area of music, for their performance of “Shadow Dances: Stravinsky Miniatures”. Straight from the day Orpheus was founded, it distinguished itself from other orchestras in one major characteristic. The members had the basic thought of playing and composing music without the central figure of every classical orchestral setting: the conductor. They did not make this choice because they were against this authoritative approach, but rather because they highly trusted in the talents and capabilities of their musicians. This distinct style of making music at such a qualitatively high level manifested itself in an evolving process through which Orpheus has gone through over the years. In the early days after this special type of orchestra has been established, all the musicians themselves took over the role of the conductor. The latter normally serves as the leading figure, quasi the musical CEO of an orchestra. He makes key decisions during the performance, like lowering or enhancing the speed of the play, mellowing or highlighting certain moments and basically giving the musical piece a very personal interpretation. In such a casual setting, the musicians adjust their own musical style and behavior to

Resource: Bach Cantatas
the orders of the conductor. They rather act passively and focus on their musical talents to play the instruments in the way they are told to do. At Orpheus, however, this is not possible and even more than that, not desirable. Thus, its members follow what economists would call a shared and distributed leadership approach. Every musician can be seen as a little, but essential piece of this big musical puzzle as every one of them has the same high amount of responsibilities and therefore acts as an equal partner. They all interpret the music in their own way and adjust it to the others’ style of playing. Before rehearsing a musical piece, the members openly discuss their ideas with their colleagues, which is very unusual for an orchestra as the conductor normally is engaged in this role. It is very exciting but also very challenging for them to find a common conclusion as well as a plan for execution of how to finally play a certain piece of music. Practically no performance of the same musical work sounds identical, as it always gets interpreted and played in a slightly different kind and manner. As the musicians constantly have to listen carefully and interact with each other, the resulting music comprises a very own intensive and dynamic energy. This manifests itself in an extra amount of enthusiasm and quality within their musical performance, which is heard and appreciated by their audience. However, this extra amount of quality also required an extra amount of effort: ‘Although this overwhelmingly informal atmosphere produced great music, the musicians found that it was emotionally and physically draining, as well as very time-consuming for everyone involved’ (Katzenbach & Khan 2010, p. 56). It always took them a large amount of time until the final decision of how to play a composition has been concluded. All members went through long lasting discussions with many different arguments about the ways of interpretation. This lead to a greater number as well as more intensive rehearsals until finally all opinions and musical styles have been synchronized and combined to a harmonically sounding piece of music. Some members, however, could not cope with these high requirements and therefore sadly left the orchestra, as they were frustrated and exhausted from these extensively high demands (Katzenbach & Khan 2010, pp. 54-56; Orpheus 2013; UconnJorgensen 2011).

What can we extract from the progress Orpheus has been going through up until now? First of all, informal relationships played the major role in the way how this orchestra was organized. As the central formal leading figure, the conductor, was not present, all members were engaged in highly informal processes without an official guideline of how to approach and perform their musical work. There was
nothing like a typical chain of command, a centralization of authority or pre-defined roles that told them what to do and how to do it. They entirely relied on their informal procedures, which led to a better performance but at the cost of a very high personal engagement. They all were highly engaged in collaborative and decentralized decision-making processes, economically speaking. If we compare the characteristics of Orpheus at that time to the business context, we can speak of it as a “shared-access” organization as it is described by Ehin (2004, p. 63). Such a system is an “overt” self-organized entity that is ‘composed of highly interconnected parallel-operating networks composed of self-reliant autonomous members and free flowing teams. These autonomous elements are kept on course not by a top down command and control structure, but by a common identity that maintains dynamic order [...]’. This organizational type denies any kind of hierarchy, as the work is self-directed and managed by each individual member. All in all, it can be seen as the one structure that totally neglects any kind of formal procedures and influences, as it was the case of Orpheus up to this point. This was the major reason for its great musical performance, but also for the so emerged and above stated problems. The most critical aspect here was that they were not searching for guidance or advice that was related to performance issues, but rather that they have been overwhelmed by the responsibilities and efforts which come along with such intensive and solely existing informal relationships. At this point, it once again is useful to refer back to our comparing groups of formal and informal characteristics, which can be seen in Figure 9. By being completely engaged in the informal patterns, the musicians were highly motivated and their process of making music was spontaneous, collaborative, adaptive and innovative. However, as the formal part was totally absent, they missed a clear, predictable and especially efficient style of conducting their work. So, let us have a look at how Orpheus approached this concern and how the members managed to overcome it.

The musicians realized that they had to make some changes in their informal approach of making and playing music. As Orpheus got more and more successful, especially after the time they have won the Grammy, the already existing stressful demands for the members did increase even more. However, all of them basically were satisfied and happy of how their musical process took place and therefore still neglected the option of implementing a central leading conductor. The musicians did not want to totally formalize their musical process, as the informal elements, which were highly responsible for their marvelous style of playing music, otherwise
would have been lost. They searched for a solution that allowed them to keep their dynamic approach, while at the same time relieving the musicians from some of these intensive burdens. Shortly said, they were searching for their own personal balance regarding formal and informal elements. They found it in the so called “Orpheus process”, a team-based structure with a special adjusting procedure of how to interpret the performed music. This process is built around a “core system”: ‘A small group of elected leaders (the core) would be chosen when they began rehearsals for a new piece’ (Katzenbach & Khan 2010, p. 57). Two things are very interesting here: First, the core is being elected from the inside, meaning it arises from the circle of musicians and is not delegated from a higher authority. Therefore it can be seen as informally elected. Second, instead of one leader, several are chosen. This also contributes to the fact that Orpheus still wants to hold on to its dynamic and non-authoritative leadership style. The Orpheus process mainly consists of one simple but effective pattern. The core would initially work through the piece that was currently at focus and then come up with suggestions and also decisions of how it should be played. During that process, the remaining musicians would not be present. The few leading core members build up the basic concept, which then is presented to the rest of the group. Then, when the whole orchestra meets to rehearse the musical piece, the core leads the rest of the members into the before decided musical direction. However, they still are holding on to their significant participatory and dynamic elements as everybody is able to make suggestions of how this basic musical framework could be adjusted or even improved. They still openly argue, question or reject the existing ideas. The advantage, however, is that they do not have to build the musical piece and its interpretation from scratch, but rather modify the already existing ideas. Above that, the core leaders are not being elected for a lifetime. For each piece of music a new constellation of musicians is chosen to take over the role of the core members. This also allows them to keep their unique musical style which is hardly identifiable, particularly because of this reason. In the end, the core system succeeded, as it allows the Orpheus musicians to keep their special approach of making music while at the same time providing them with the necessary amount of structure that improves their productivity and efficiency (Katzenbach & Khan 2010, pp. 56-57; Orpheus 2013; UconnJorgensen 2011).

It offers us with a lot of personal insight to see that the basic model that we have deduced and utilized in our analysis of the business context also is applicable in
the distinctive musical setting of an orchestra. But as we already have stated before: informal relationships exist everywhere and play an important role depending on the conditions they are evolving from. In the case of Orpheus, however, the informal elements at first took over hand. This exposed itself in the problems they have been facing, which mainly derived from too much collaboration, decentralization, confusion about roles and an overload of individual work. All these aspects can be taken one to one from our study of the flat hierarchy. In their basic form they were and still are responsible for the great success of Orpheus. However, they were missing the healthy influence of formal elements in order to continue with this excellent but also exhausting musical performance, especially by considering the fact of their developing process. Ronnie Bauch, who has been a violinist at Orpheus for many years, made an interesting connection to the economic context, which also is in harmony with our study of small business companies: ‘It was like any business that moves out of its start-up phase [...] We realized we needed to institute a formal set of systems to meet our growing audience demand more consistently as a successful, stable organization’ (Katzenbach & Khan 2010, p. 56). The core system can be seen as the formal system set, which provides them with the opportunity to informally work on a qualitatively high level, while at the same time benefiting from its formal resource-sparing characteristics. By utilizing this approach, the members of Orpheus are able to balance both sides efficiently, which allows them to benefit from their advantages instead of suffering from their disadvantages.

[...] what to me appears to be the role of sociality: above and beyond the instituted forms that still exist and sometimes predominate, there is an informal underground centrality that assures the perdurability of life in society (1). It is to this reality we should turn (2): we are not used to it and our analytical tools may be rather rusty (3)’ (Maffesoli 1996, p. 4).

Michel Maffesoli summed up the notion of the increasing importance of informal elements in a very thoughtful way in his book ‘The Time of the Tribes’. From its single parts, we are able to extract the three key messages of our conducted work:

(1) Both, formal and informal parts are necessary for the proper functioning of the whole. They coexist, are depending on and influencing each other in a highly reciprocal way. Both sides have their own specific purpose and reason for existence, but one without the other cannot release its full potential.

(2) Especially in recent times, the influence and importance of the ‘Lurking Lions’ increased extensively and will continue to do so. We should not turn our back to this development, as we have to keep track of the lions, guide and foster them in order to utilize their enormous strength. However, approaching them with too forceful and controlling measures constrains their self-organizing freedom, which will lead to undesirable and damaging effects. Our research suggests to approach them in a balanced way, always depending on the situation you and the lions are facing.

(3) Even if it is a time- and resource intensive challenge to head into a more informal direction, it is necessary and will be beneficial. As stated by Maffesoli, there are hardly any analytical tools to approach the informal reality. That is why it gets easily overlooked and neglected, as it is nothing tangible and therefore so hard to understand. The best tool is to get engaged in a mind-shifting activity and rise the own awareness of the increasing importance of the informal side of life.

With our work we provide a valuable basis and assistance for everyone who is willing and keen on heading into this informal direction. As we now have arrived at the end of our informal journey, we are even more convinced of these statements than we already have been during our trip. We for ourselves have learned that
formal elements cannot generally be entitled as “bad” and informal ones not as “good”, as it always depends on the mutual connection between them. However, in the effectual knowledge age of today, everyone and especially leading figures should realize and admit that informal relationships become increasingly “better” than they already are. In order to transform them to a stadium we can call “best”, it is essentially necessary that the formal authorities implement, utilize and foster them in the “most outstanding” way. We think and hope that our informal guideline will be of major help within this process. In the end, you then might be able to lurk the lions by yourself.
‘As the blood needs a body where it can circulate in and as the plants need a natural environment in which they can flourish, so do ‘Lurking Lions’ need a proper formal territory that directs and manoeuvers them into the best possible direction, without interfering in a too forceful or reserved kind and manner’.

Juchem & Zhou 2013
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Appendix 1: Questionnaire for Pre-understanding

1. What is your gender? □ Male □ Female
2. What is your current profession? □ I am a student □ I have a job
3. How long have you been in your organization?
   □ 0-1 year
   □ 2-3 years
   □ 4-5 years
   □ 6-10 years
   □ 11 years and above
4. What is your position?
   □ Senior officer
   □ Junior officer
   □ Management staff
   □ Working staff
   □ Others ___________________
5. When you hear the terms “informal leader / informal group”, can you connect them with something / do they mean something to you?
   □ Yes.
   □ No.
   □ Maybe

For your understanding: The main point that distinguishes an informal leader from a formal one is that the informal leader does NOT hold a position of power or formal authority over the people that choose to follow him. They follow him because of his experience and reputation as they see him as someone who is worth listening to. This group of people is called the “informal group”. It is not formed by management, but it evolves itself out of the common interests and needs of its members.

6. Do you think informal groups exist in most of today’s organizations?
   □ Yes
   □ No
   □ I don’t know

7. Do you think informal groups have a certain influence on the operations / performance of an organization?
   □ Yes.
   □ No
   □ I don’t know

8. Which of the following do you think has a greater influence on the operations / performance of an organization?
   □ Managers / Formal leaders
   □ Informal groups
   □ I don’t know.

9. Do you think organizations should encourage or hinder the influence of informal groups?
   □ Encourage.
   □ Hinder
   □ I don’t know

10. How often do you interact informally with your colleagues, superiors or subordinates?
    □ Daily
    □ Weekly
    □ Monthly
    □ Others _______________
Appendix 2: Questions for Interviews

Basic Information
1. Could you please shortly describe your job, position and responsibilities within your work?
2. How long have you been working here?
3. For how many employees are you responsible?
4. How would you describe the structure of your organization [hierarchical, flat...]? 
5. What was the main reason why you chose this job?

Informal relationships
1. What do you personally connect with the term “informal relationship“?
2. Do you think that there exist informal relationships within your organization /private life? [If yes, can you give some examples?]
3. Why do you think they exist and how are they formed?
4. What kind of influence do they have on you / department / company? [Positive / negative / non]
5. Do you think informal relationships among your workers should be encouraged? [Why? Do you let them develop by themselves or do you set limits for that?]

Informal leader
1. Every group must be lead. Do you recognize some individuals as “informal leaders”? [How do you recognize them? What makes them stand out for you (characteristics, behavior...?)]
2. Why do you think they are existing / important? [How is he influencing people compared to formal leaders? What can he offer the group? What makes him special?]
3. Are you purposely supporting them or hindering them?

Personal implication
1. Do you interact informally with other colleagues? [Why? How often? In which situation? (Seeking for help, personal satisfaction...)]
2. Does it improve your performance in any way?
3. Would you consider yourself as an informal leader besides your formal position? [How do you act / lead differently (leadership style, approach...?)]
Informal Messages

My dear petite Qimeng, 周琦梦, or little Chinese friend,

I clearly can remember the beginning of our exchange time as we both have been living in Gröndalsvägen 31. I had my room on the ground-floor and you were situated on the first level. The first thing I connected with you during this time was your remarkable and unique “Oooyooooo”, which you let loose when something impressed, shocked or amused you. It always put a smile on my face as I was able to hear it through the whole building. Unfortunately, we did not have a lot of other contact at that time, which I really regret now, especially by looking back at all the things we have gone through together. We lived, partied, travelled, moved, partied, suffered, laughed, partied and worked together. “Wo de ge tian !!”, we really spent a lot of time with each other and I am really grateful for that. You taught me a lot of things, from all your old but still insightful Chinese sayings and personal viewpoints to the remarkable way how you cook your meat... and also how you are able to eat it within less than a second. During all the funny and serious talks we had with each other, I kept realizing the personal development you have been running through within the past nine months. I have told you about that many times and you know that I am really impressed by that... especially by your tough responses to some of my jokes, which still leaves my mouth standing wide open.

Do me the favor and don't lose your great sense of humor and strong personality, because this is f...... awesome. I know that you will go your own way and I am sure that your journey will be very successful, so that you will have far more than 20 dollars in your pocket, “Zhen de !". I hope and think that our collective journey is not completely over, as we have a lot of experiences and common thoughts that bind us together. And as you know, we also made a pact that is waiting for its execution. I am looking forward to that my little friend!

感谢一切！

Big Ben
My “8 points” German boy, Big Ben,

At the beginning of our program there has been one major thing that I connected to you: your bubbling laughter, which I always could hear in our building. I still remember that... every time when I was so stressed because of presentations or Take-Home-exams, this kind of laugh would come out of your kitchen. Actually, it always even put much more pressure on me because it made me realize that you already had finished your work and that I still would have to do it. It was mainly because of our thesis that I started to get closer to you and got to know you a lot better. It really surprised me that a big boy and a little girl are able to establish such a strong friendship. We spent lots of time together, you shared your experiences with me and I told you a lot of my secrets, even if I most of the time did not do it on purpose. It’s really an amazing feeling, because I knew whenever I wanted to talk there always would be a pair of ears waiting for me. Thank you for your usual patience regarding my English and all the Chinese old sayings, I know they almost would have killed you.

It was one of the best decisions I have ever made in my life to write a thesis with you. During this time, you not only showed me your rigorous attitude towards everything, but also helped me to start thinking about what I really want in my life, namely living it in the way I find it best without caring too much about others. However, sometimes I was really wondering if you maybe are made out of iron, since you worked so crazy and even ate less than me. You should know that delicious food will not take away your abdominal muscles.

Well buddy, I know farewell is coming soon, and the distance between Germany and China unfortunately is not so close. But I believe our friendship is strong enough for that. I am looking forward to be your private tourist guide in China! And don’t give up your music dream, even if you will not be able to spend so much time within it. I know you are really into it and I believe you can do it because: Big Ben, you are soooooo good!

Your little Chinese friend,

Qimeng
Linnaeus University – a firm focus on quality and competence

On 1 January 2010 Växjö University and the University of Kalmar merged to form Linnaeus University. This new university is the product of a will to improve the quality, enhance the appeal and boost the development potential of teaching and research, at the same time as it plays a prominent role in working closely together with local society. Linnaeus University offers an attractive knowledge environment characterised by high quality and a competitive portfolio of skills.

Linnaeus University is a modern, international university with the emphasis on the desire for knowledge, creative thinking and practical innovations. For us, the focus is on proximity to our students, but also on the world around us and the future ahead.