Informal Networks: The Company behind the Chart

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Much of the real work of companies happens outside the formal organization. This is why formal restructuring efforts often have disappointing results. The authors of this chapter liken the formal structures of an organization to our skeleton and the informal networks to our central nervous system. Formal structures work for expected problems, informal structures for unexpected ones.

A process called network analysis offers managers, who are usually wrong about employee relationships, maps of three types of informal networks: 1) advice networks; 2) trust networks; and 3) communication networks. This chapter presents three case studies to illustrate how managers use this knowledge of their companies' informal networks to understand performance problems and draw on, or "rewire," those networks to help solve those problems.

The network analysis process consists of three steps:

1. Conduct an employee questionnaire survey that asks questions like: To whom do you talk every day? To whom do you go for advice at least once a week? Whom would you trust to keep in confidence your concerns about a work-related issue?
2. Cross-check employees' answers and remove links that are not confirmed by both parties.
3. Process the information as a map using one of several commercially available software products (manually plotting maps can be very time-consuming).

Network maps provide valuable information about the communication patterns and the individuals involved in a network. When studying a network map, it is important to consider all the different types of networks (that is, advice, trust, and communication). Studying network maps has yielded several interesting results:

• An employee can play a central role in one network (such as advice) and essentially a non-existent role in another network (such as trust).
• More does not necessarily mean better. It is important to consider the quality, not just the quantity, of communication, even if quality is hard to map.

The authors also cite five common communication configurations in organizations:

Impled relationships: Members in a department have few links to other groups.

Irregular communication patterns: Employees in a department communicate only with members of other groups and not among themselves.

Fragile structures: Employees communicate with others in their group and with one other department.

Holes in the network: No communication links exist between functions you would expect to be related.

Bow ties: Many players are dependent on a single employee but not on each other.

The descriptions are accompanied by ideas, drawn from their research, on how to correct a network imbalance. Interdepartmental projects, social events, incentives, and training programs are a few of the interventions a manager can use to rebalance, invigorate, or open up an informal network.

The authors also describe how managers can use network analysis to predict the shifts that might occur in an organization's informal structures if certain ideas were implemented. This planning tool can prepare managers for possible negative employee responses to change and avoid unfortunate results. Although network analysis can help managers understand and facilitate the business advantages of informal networks, they should combine this tool with other performance measures before they make decisions about their employees and organizational structures.


Key messages

• Managers can enhance the performance and success of their organizations by learning how to identify, leverage, and revamp informal networks.
• Understanding the relationships within informal networks is important to managerial success.
• Network maps are excellent tools to help managers devise strategies that augment the strengths of informal networks.

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