

Organisational informal structures: social identity perspective

 Arthur Kadakure ^{(a)*}  Michael Twum-Darko ^(b)



^(a) PhD Business Administration (UCT) and Doctoral Candidate, Faculty of Business and Management Science, Cape Peninsula University of Technology, Hanover Street, District Six, Cape Town, 7925, Cape Town, South Africa.

^(b) Associate Professor, Head Centre for Business Innovation and Incubation, Cape Peninsula University, Hanover Street, District Six, Cape Town, 7925, Cape Town, South Africa.

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ABSTRACT

The aim of this paper is to explore how the cognitive elements of social identity within informal structures influence employees' perceptions and, in turn, impact corporate strategy. This study proposes a framework for managing such informal structures relevant to both theory and practice by employing a social identity theoretical framework. The research examines the impact of informal structures on corporate strategy within the context of a case study involving a South African mining company. The paper establishes that norms, values, and thought processes toward corporate strategy are informally shaped by social identity groups. It suggests that in future research, employing an alternative theoretical framework could serve to establish the reproducibility of the results. Furthermore, a shift towards quantitative research methods would enhance the comprehensiveness of validity testing through methodological triangulation. The proposed framework offers a comprehensive theoretical perspective that contextualizes the interaction between cognitive components of social identity and corporate strategy. It illustrates how aligning personal goals with corporate objectives, maintaining consistent communication, implementing fair employee recognition practices, and equitably sharing resources can mitigate opposition from social identity groups toward corporate strategy. The research presents a pioneering case study of a mining company that employs social identity theory to delineate the informal structure and ascertain how social identity elements influence corporate strategy.

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Introduction

Research and actual organizational experiences have demonstrated that human behaviour within the context of informal structures exhibits a high degree of unpredictability. At times, this behaviour may appear irrational in its alignment with corporate strategy (Joya, 2020). Furthermore, Fu et al., (2019) assert that limited academic research exists on the intricate and unpredictable behavioural characteristics inherent in informal structures. Moreover, there is a paucity of scholarly applications of social theory in the conceptualisation of informal structures within the organisational framework. Tucker (2019) reveals that the majority of scholarly research has focused on the formal structures of management control mechanisms, with limited attention given to informal structures despite their profound impact on corporate strategy. This study identifies and addresses a significant gap in scholarly research, which predominantly focuses on the social science perspective of informal structures while conspicuously overlooking the intricate interplay between the social science perspective and corporate strategy (Chernyak-hai & Rabenu, 2018; Vargas-Hernández & Morales-del-Rio, 2019). More importantly Svinicki et al., (2018); Flynn, (2015); Trepte (2013) further state that the formal and informal perspectives are not separate as organisations are propelled by two parallel structures: physical (formal) and cognitive (informal). The informal structures, though not visible, are cognitive and their existence can only be inferred through their impact, necessitating a framework rooted in social science. We employ social identity theory as a theoretical lens due to the diverse social networks that form the informal structure within organisations. Based on our findings, it is evident that corporate policies and strategies undergo modifications when employees convene in social settings. We further emphasise the absence of a comprehensive model for

* Corresponding author. ORCID ID: 0000-0002-1544-6457

effectively managing informal structures characterized by multiple layers of parallel organization. These structures consistently pose challenges to established corporate strategies and regulations. (Mickan & Boyce, 2018). We assert that contemporary organizational theories currently lack a robust theoretical foundation for assessing and managing the impact of informal structures on corporate strategy. One of the main recommendations in the paper is inclined on merging personal goals with corporate goals and figure 1 below demonstrates the divergence of personal and corporate goals.

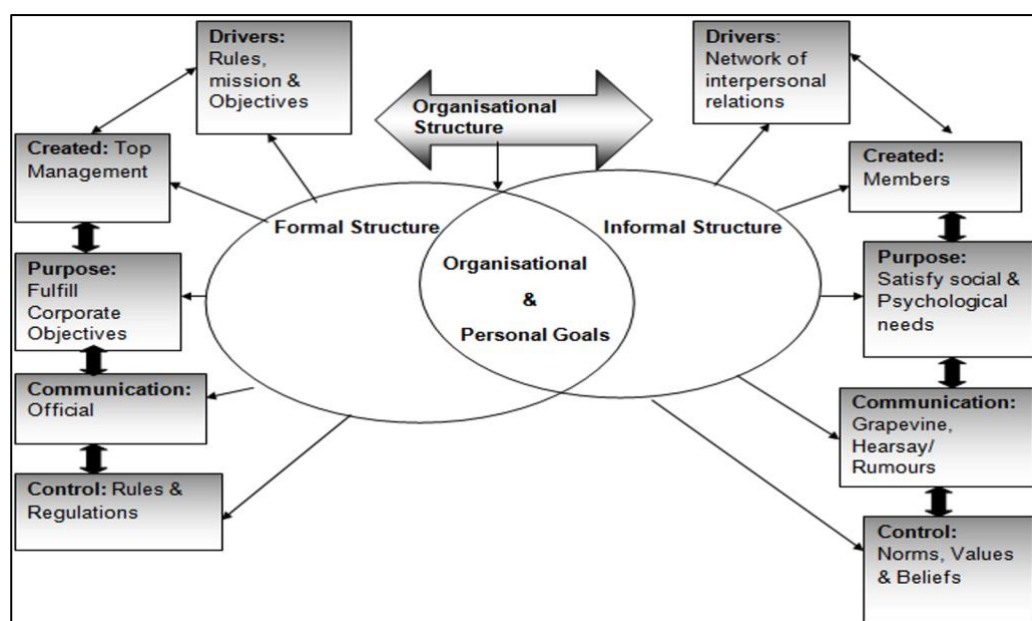


Figure 1: Formal and Informal Structures

Figure 1 above clearly demonstrates that the informal structure is driven by personal goals while the formal structure is driven by organisational goals. Drawing from Rey & Malbašić, (2019) we contend that the success of the corporate strategy is based upon the alignment of corporate goals with the personal goals of employees. Further basing on Casciaro (2012) we also suggest that groups and organisations operate more effectively if there is general agreement between the collective personal values of employees and corporate values.

The remaining sections of the paper are structured as follows: First, we delve into the interdisciplinary nature of the theoretical framework used in the study (Section 2). Then, we conduct a rigorous literature review to identify the existing theoretical gap (Section 3). Subsequently, we elucidate the research methodology employed in the case study (Section 4). After that, we present and discuss the findings regarding the interplay between informal structures and corporate strategy (Section 5). The discussion focuses on the covert cognitive components of social identity in informal structures and their subsequent influence on corporate strategy. Finally, we address recommendations, research limitations, and future studies (Section 6). The recommendations strive to enrich contemporary organizational theory by offering a comprehensive perspective and framework for managing informal structures. This paper makes significant contributions to both theory and practice by offering a theoretical framework and practical solutions through strategic recommendations.

Literature Review

This literature review section aims to establish a solid understanding of the current knowledge, identify areas where research is lacking, and steer the focus of the study. Additionally, this section delves into the theoretical and conceptual background and the existing knowledge base.

Theoretical and Conceptual Background

The study uses a social identity theoretical framework to provide a grounding base for literature review, methods and analysis of data (Kadakure & Twum-Darko, 2024). Without a theoretical framework the study would lack clarity of precision and structure. Drawing from Adom et al., (2018) we argue that theory allows the study to pursue a structured context in investigating a phenomenon. It is against this background that we employ social identity theory to define the context of the phenomenon. The gap identified in organisational theory enables the study to make both practical and theoretical contribution to the body of knowledge (Lenong et al., 2023; Grant & Osanloo, 2014).

Social identity theory is a meta theory founded on three cognitive components which are as follows; social categorisation, social identification, and social comparison (Guan & So, 2023). Champoux-Larsson et al., (2022) state that social categorization is the cognitive process by which individuals categorize themselves and others into distinct social groups. Social identification pertains to

an individual's perception of self-concept based on their affiliation with specific social groups. Social comparison involves self-assessment of an individual's attitudes, abilities, and traits in relation to those of others, thus influencing their self. The influence of the three cognitive components of social identity can lead to role conflict as a result of employees' allegiance to internal group norms and values, potentially conflicting with corporate strategy. (Ashforth & Mael, 2016). We contend that corporate strategy may be impacted by in-group bias and out-group discrimination, as synergy and cohesion are vital to organisational success. (Currarini & Mengel, 2016). We further contend that because of politicking and bickering in the organisations, employees are forced to choose groups for the sake of survival, resulting in riotous behaviour, which on most occasions affects corporate strategy (Muiruri, 2023). We further expose that the groups lead to stereotypical thinking patterns where group members only support institutional decisions that identify with their group norms and values (Mckinley et al., 2014). Figure 2 below demonstrates the underlying psychological elements that underwrite the functioning of social identities.

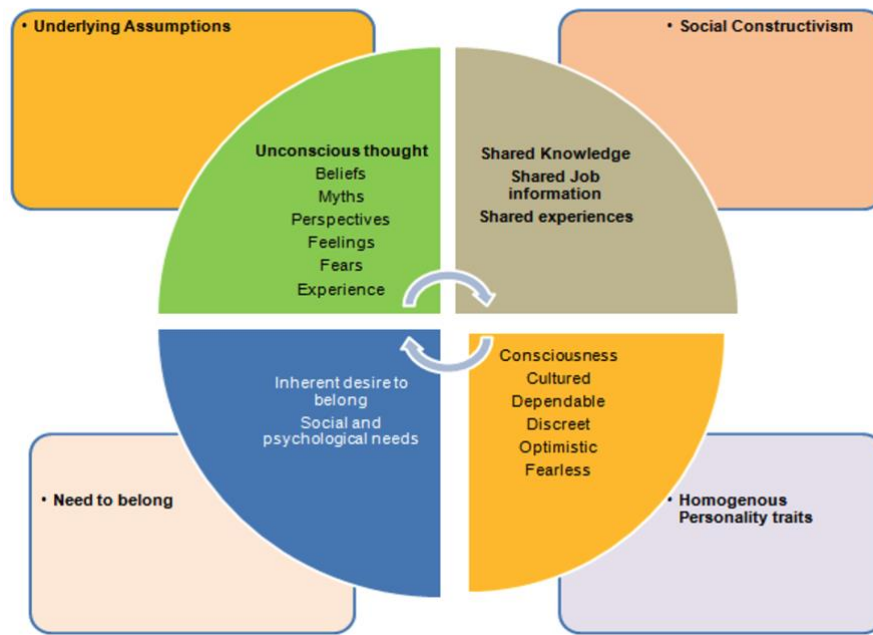


Figure 2: Social Identity Conceptualisation

The desire to belong, self-definition, common interests and underlying assumptions sometimes presents conflations that may lead to partial or total rejection of corporate strategy. The theory presents an analysis of personal identity and social identity by indicating that social identity is primarily derived from group membership. The rules, norms and values upheld by the group have power to make an agent conform their values in exchange of group acceptance (Tanti et al., 2011). The informal structure is composed of different groups and therefore social identity theory enables the study to analyse underlying drivers of informal structure behaviour. The main concepts that our theoretical lens examines are as follows:

- i. The connection between social needs (need to belong) and corporate strategy.
- ii. The effect of common interests of employees (Homogenous personality traits) on corporate strategy.
- iii. The influence of beliefs, myths and values (underlying assumptions) on corporate strategy.
- iv. The influence of shared experiences (social constructivism) on corporate strategy.

In the section below we examine various scholarly arguments on informal structures.

Empirical Review of Existing Body of Knowledge

The previous section provided an in-depth discussion of the theoretical framework used to conceptualize the phenomenon. We utilized a structured approach to the literature review, examining how the phenomenon has been analysed by both earlier and current scholars. The Hawthorne studies, a direct response to classical bureaucratic theory, play a critical role in laying the foundation for understanding informal structures (Busse & Warner, 2017). Hawthorne's studies show that human factors should be critically considered in corporate strategy. Furthermore, we also contend that groups formed modify behaviour, and it is this modified behaviour that might be repulsive to formal rules and policies (Miller, Reichert & Flores, 2015). We further present that employees conform to the values, norms and practices of the groups they join. We posit that culture and norms often originate from the group's founder, who is responsible for approving or disapproving corporate strategy. We argue that it is essential to consider informal structures within the organization because human relations theory has established that the organization is not simply a mechanistic entity driven solely by productivity, profit, and efficiency but is also influenced by human factors (Gibbens, 2008; Nhema, 2016).

In presenting our case, we posit that employees function as autonomous moral agents with individualized constructions of meaning. Their interactions within the social sphere can either lend support to or hinder the implementation of corporate strategy (Rönnegard, 2015). In line with the arguments and recommendations presented in the study, the majority of scholars (Serpa & Ferreira, 2019; Agogbua et al., 2017; Akter Thamrin, 2021; Abun et al., 2021) concur that the bureaucratic theory of management was established in direct response to the issue of personal power versus organisational power. We further expose that the balance between personal and organisational power denotes the inherent struggle between formal and informal power structure. Furthermore we argue that the balance between formal and informal structures is critical to the success of corporate strategy (Anderson, John & Keltner, 2012).

The study joins the robust academic discourse concerning the impracticability of designing a universal management system that can contain the diverse needs of employees by offering a theoretical framework to manage informal structures. Furthermore, Daniel (2018) contends that the complex nature of dealing with people as individuals and as collective labour needs a pragmatic and rigorous framework produced by an academic output such as the study in question.

However we argue that when dealing with the individual or group, transitional needs might not be an easy thing, given the fact that the needs of the people are dynamic and are ever changing (Kwork, 2014). Furthermore, based on the perspectives of various scholars, contemporary management theories strive to cater to the diverse needs of employees. However, these theories do not provide a detailed model for managing the diverse needs of the informal structure. A fragmented informal structure can hinder the smooth execution of corporate strategy, as it requires ideological coherence to achieve synergy and garner support for the corporate strategy.

Research and Methodology

In the preceding sections, we constructed a conceptual and theoretical framework for this research by conducting a literature review that identified a gap in existing literature. We critically examined management and social science theories to investigate the influence of informal structures on corporate strategy. The literature review of management and social science theories provides a solid foundation for understanding this phenomenon. (Holliday 2007; Adam, 2010, as cited in O'Connor et al., 2017). This new perspective enables us to pursue an in-depth investigation of the phenomenon. This section deals with the research philosophy, instruments, and techniques.

Case Study Approach

In our study, we investigated how various social identities influence the acceptance and implementation of corporate strategy using the social identity framework discussed in the previous section (Figure 2). We selected the X mining company as our subject due to the mining sector's rich social identities that shape the informal structure and heavily impact the acceptance of corporate strategy. To systematically analyse the influence of informal structures on corporate strategy, we segmented the organization into three sections: senior management, middle management, and general employees. We utilized a singular descriptive case study approach since our primary focus was not on comparing the phenomenon across different settings. In this single case, we compared sub-units of different employee classes systematically within the study (Gustafsson, 2017). We employ a descriptive singular case study due to its precision in exploring a phenomenon and establishing a novel theory. (Gibb et al. 1991, Siggelkow 2007; cited in Gustafsson, 2017).

A Single case study enables us to question old theoretical relationships and propose new ones because of that a more detailed critical study is pursued (Bao et al., 2017). A multi case study may be enormous and time consuming (Adams et al., 2023). In terms of theory building a single case study produces a much better refined theory due to concise focus (Retolaza & San-Jose, 2017). Drawing from Patnaik and Pandey (2019) we argue that descriptive case studies require a theory to offer guidance in developing a philosophical argument. Against this background, the study employs a social identity theory as a theoretical lens.

X Mining Company Case Study

The research adopts a single case study approach, focusing on a mining organisation with a branch in the Northern Cape Province of South Africa. For confidentiality, the organization is referred to as Organisation X. The studied branch in the Northern Cape employs over 800 workers and has been in operation for more than a decade. The province's use of four official languages - Tswana, Afrikaans, Xhosa, and English - forms the basis of diverse social identities, resulting in a complex informal structure. Additionally, organisation X hires many international and regional immigrants who perceive the Northern Cape as a relatively peaceful province.

Steps of X Mine Data Collection and Analysis

Data collection was preceded by a preliminary meeting with management to determine the scope of the interview questions in line with X mine ethics policy. The process entails 5 stages that the study systematically pursued in order to gather and analyse data. The steps are systematically discussed below.

Step 1: Research Objectives

- To investigate the influence of informal structures on corporate strategy of a selected mining organisation through a social identity conceptual framework.

Step 2: Data Gathering

The study utilised common data collection techniques in qualitative studies by utilising the following:

- i. Semi structured Interviews - to draw subjective and unique experiences of research participants and to acquire in-depth information.
- ii. Observations – to connect the natural setting to the research phenomenon.

We developed a semi-structured interview schedule and recorded observations in a field journal. We managed to interview 90 employees based on the categories mentioned above. We subsequently transcribed 45 interviews for coding because, drawing from a review of 560 qualitative studies, the mean sample size was 31. Therefore, a sample size of 45 should be acceptable (Fu et al., 2019). The study encompassed a total population of 800 employees, from which a sample of 90 individuals was selected. Among them, 45 interviews were transcribed, comprising 15 senior managers, 15 middle managers, and 15 general employees. The saturation point, denoting the stage at which interviewees begin to provide recurring responses, was reached after thirty interviews (Saunders et al., 2017).

Hereunder in Figure 3, a diagrammatic projection of the steps followed in data gathering and analysis is illustrated.

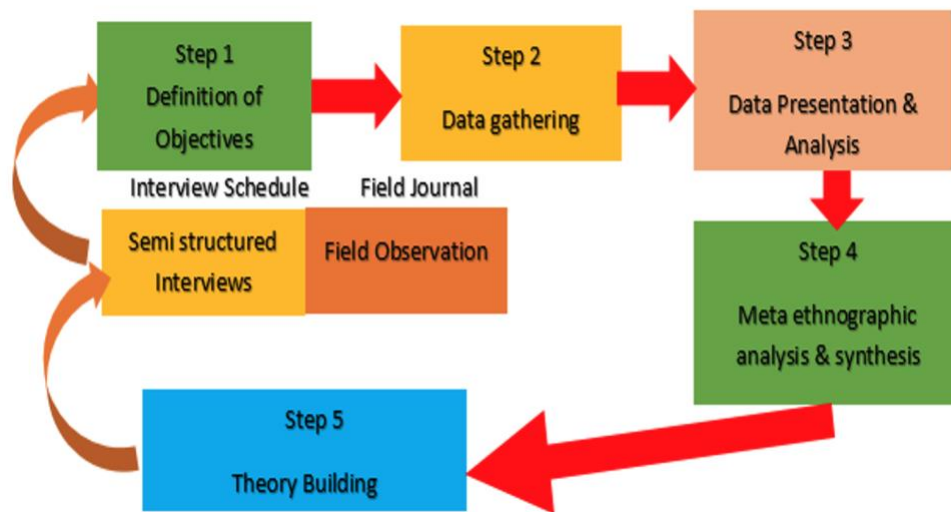


Figure 3: Data Collection Steps

The interview schedule is composed of eighteen questions subdivided into five categories, covering the five cognitive components derived from the social identity conceptual framework. The five categories are listed below.

- i. Demographic and anthropological roots
- ii. Formal and informal structure conceptualisation
- iii. Group values and Norms
- iv. Enacted versus Espoused values
- v. Inclusion and social constructivism

Step 3: Data Presentation and Analysis

Data gathered through the semi-structured interviews (recordings) was transcribed and coded using QDA (Qualitative data analysis) Miner Lite, which is an approved software that has been widely accepted in social science and, in particular, qualitative research (LaPan, 2013). This process can be done manually using a pen and colours to mark the different codes. However, the employment of software enables a systematic coding process and makes a thematic analysis easy since recurrent codes can be accounted for and categorised (Alhojailan & Ibrahim, 2012; Rosairo, 2023). The themes abstracted from the coding process were subjected to meta-ethnographic analysis.

Step 4: Meta Ethnographic Analysis

The study used the Noblit and Hare (1983) seven step model of meta ethnographic synthesis to corroborate the findings of the study with current literature in order to locate the study in the ongoing academic discourse. The steps of the model are discussed below:

- i. *Identifying intellectual Interest in A Theme* - Texts that cover the influence of informal structures on corporate strategy were chosen systematically. The scope of the synthesis is discussed in step two.
- ii. *Deciding What is Relevant to The Initial Interest-* The synthesis was limited to the fundamental themes distilled from the study to prevent the formation of superficial generalisations. (Britten et al., 2002). We reviewed studies that explored

similar concepts to those identified in our study. We limited our synthesis to four studies because an extensive literature review had already addressed diverse academic perspectives. To maintain interpretive integrity, we used a minimum of four publications in our synthesis (Campbell et al., 2011).

- iii. *Repeated Reading of The Studies & Noting of Concepts* – We further considered studies from four publications (Daniel, 2018; Toni & Nonino, 2010; Sarkwa & Hons, 2011). The above-mentioned scholars have dealt with informal structures and corporate strategy extensively. Step four is a discussion of how the studies are related.
- iv. *Determining How The Studies Are Related* - We looked across four papers for common and recurring concepts. Consequently, we further analysed the relationship that exists between the emerging concepts. The key concepts were: Synergy of informal and formal structure, strategic communication, culture, values and power. The first two concepts are a clear demonstration that synergy between informal and formal structures can be achieved through continuous transparent communication which dispels suspicions and bickering.
- v. *Translating The Studies into One Another*- The identified themes within the studies were carefully deliberated upon to facilitate the categorisation of similar themes and the establishment of a reciprocal synthesis of concepts. This reciprocal synthesis, in turn, culminated in the development of a line of argument, thereby laying the foundation for new insights.(Everhart & Johnston, 2017). Studies are translated below into each other.
- vi. *Synthesizing Translations* - The synthesis of themes is not a singular event, but rather a process that encompasses all seven essential steps (Campbell et al., 2011). The key concepts derived from the four papers did not contradict the study's findings. Instead, the emerging themes from the publications demonstrated interconnectedness and formed a line of argument, contributing to the incremental advancement of knowledge. The second-order and third-order interpretations derive from the analysis of original findings, in conjunction with the experiential knowledge acquired during the data collection process (Helling, 1984).
- vii. *Expressing The Synthesis* – In the final stage, the study consolidates all emerging themes based on their similarities to establish a theoretical framework. The three synthesis steps are visually depicted in Figure 4 below.

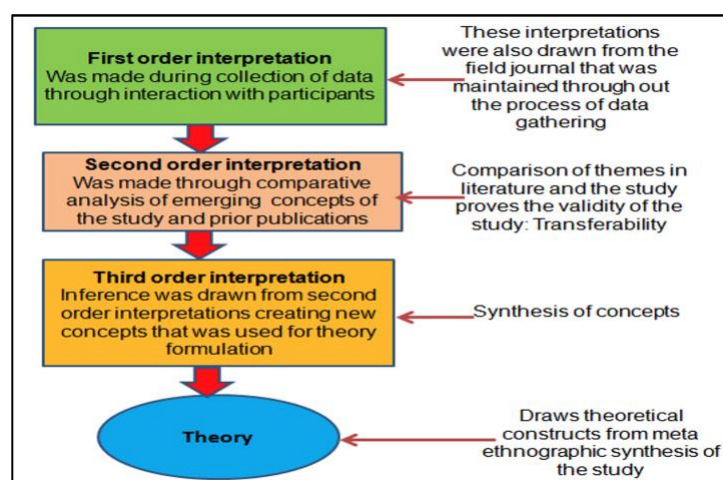


Figure 4: Synthesis Steps

Findings and Discussions

Social Structures: Hegemonic Power Bases

Informal structures are hegemonic social power bases that have the potential to support or subvert corporate strategy. To understand and interpret the undetected hegemonic activities of informal structures we investigated values, cultures, power and cognitive processes within the organisation. These underlying factors contributed to the way employees behaved in the organisation. Fessler and Machery (2012) argue that underlying cultural and cognitive traits within an organisation predetermine the receptiveness of employees to corporate strategy. Giddens (1984), cited in Sewell (1992) asserts that every structure is sustained by culture, rules and cognitive frameworks. Organisational culture sets the tone and mood in an organisation and largely determines how employees feel about the organisation and management. Organisations are driven by an internal culture derived from a myriad of subcultures and practices that are legitimised through recurrent practice in the organisation. Structure exists in the memory traces of agents, and as such, we explored the subjective experiences of agents in order to critically analyse their actions as driven by structure.

Social Fragmentation Due to The Impact of The Social Environment

The issue of social divisions became prominent due to the practice of providing accommodations to employees based on their job grades, leading to the formation of distinct communities within the organization. Variances in the locations of these accommodations created fragmented relationships among the employees, with those residing in the same areas developing a shared understanding that

was evident in the workplace. The geographic differences in employee residences fostered entrenched cliques, resulting in frequent clashes within the workplace. Drawing from Lamsal (2012); Negm et al.,(2020) we argue that geographic location leads to convergence of homogenous traits of agents based on routines like using the same company bus every day to and from work. These routines provided greater platforms for employees who live in the same location to bond and open up to each other on deep personal issues that naturally lead to strengthened relationships based on geographic location. More importantly, we observed that employees residing in one geographic location could, for political or perceived noble reasons, resist corporate strategy. Consistent with the above finding and drawing from Akindele, Afolabi and Pitan (2016) we confirm the dilemma suffered by management of serving shareholder interests and serving the social interests of employees.

Power as A Means of Recognition/Identity

Employees are primarily brought together as expressed by the social identity theory through common frustration e.g. remuneration, working conditions or perceived homogenous marginalisation. In order to assert themselves employees will use social influence to preserve their interests e.g. through passive resistance like non-participation in meetings (Eberly et al., 2013). The study reveals that informal leaders have more control over people than managers. This implies that rules and corporate strategies communicated through official communication channels may not carry weight and power since employees in the informal structure are informed by informal rules and norms in their embedded memory (Whittington, 2015).

Values and Behaviour as Constrainers or Enablers

In instances of misalignment between personal and corporate values, group norms can serve as regulatory principles that confine the conduct of employees (Orlikowski & Robey, 1991; Albano et al, 2010; cited in Scott; 2014). We critically observed, as argued by Feitosa et al. (2012), that values are socially constructed through social interaction, and they have a significant impact on employee behaviour; occasionally, this behaviour may conflict with corporate strategy. Employees with similar backgrounds tend to share similar values, leading to a shared understanding and cognitive response either in support of or opposition to corporate strategy. We discovered that informal structure is formed through collective beliefs, views, traditions, and myths held by the employees (Verbrugge & Van den Broeck, 2016). Through social interaction in groups, employees formulate different rules from formal ones through conversations. We also established that the new rules and norms formed in the informal structures made agents adopt informal interpretive schemes which then enabled or constrained their behaviour (Veenstra et al., 2014).

Conflation Between the Notion of Espoused and Enacted Values

Corporate values are driven by the vision, mission, objectives and goals of an organisation. These values according to organisational theory are defined as espoused values (Gopinath et al., 2018). The collective personal values of employees are defined as enacted values (Maher, 2017). Employees considered values that were socially construed through social interaction as much more important than corporate values. For example, it was noted that employees always asked the group leader to verify corporate strategies before embracing these strategies. The group leader assumed the position of a custodian of the values of the group. Most of the informal groups contributed immensely to organisational politics and to a large extent these groups influenced the acceptance of corporate strategy (Boateng, Agyei & Louis, 2013).

One general employee (SF5) when asked the following question: ‘What is your view of corporate values and strategies?’ Responded as follows:

“Generally, I can say the corporate values of integrity, transparency, fairness and respect are indicative of my own values. However, my own personal values like growth, acceptance and reliability take precedence over corporate values. Corporate values are driven by profit outcomes at the expense of our welfare and growth as employees”.

Building on the points made by 'SF5', it can be inferred that the organization operates within the framework of two sets of values: personal and corporate. The employees tend to interpret corporate values as being profit-oriented and driven by capitalism. It is our contention that the failure of employees to recognize their own personal values often leads to a negative perception of corporate values, resulting in indifferent behaviour. According to social identity theory, self-categorization leads to group psychological processes and intergroup relations, consequently influencing group behaviour. This behaviour is not necessarily governed by corporate policy and may, in turn, affect corporate values through behaviour driven by group conformity. Social identity demonstrates that agents who share common interests and backgrounds create sub-values which have the potential to support or discard corporate strategy.

The above sentiments were echoed by a senior manager (SM6) in response to the same question: ‘What is your view of corporate values and strategies?’

“I consider my own personal values as intrinsic because these are inherent and determine my drive to achieve more. I regard corporate values as extrinsic values, because these are nice values but they do not contain direct bearing to my personal progress”

The sentiments by SM6 above clearly demonstrate that the primary concern of employees is their own personal goals. Drawing from the statements made by SM6 it can be argued that growth initiatives and need for recognition are key personal values that determine the satisfaction of employees.

Corporate Culture: Perceptive Engine

Regarding corporate culture, which is established mainly due to group interaction of employees one engineer (MM9) responded as indicated below when asked the following question. Does your social interactions and group association affect your perception of corporate strategy?

“..... I belong to a group that is so critical of management activities including corporate strategy. They find comfort in establishing errors of management and shortcomings of the corporate strategy. They mostly discuss issues of promotion, resource allocation, recognition and remuneration. They always feel a certain type of people and tribes are preferred over them. To be honest because I am always around them this has made me critical of almost all of management's actions”

Given the above comments by employees (MM9), it can be established that organisational culture is a perceptive engine that constrains behaviour. Organizational culture is established and evolved through social interactions. As previously discussed, the adoption of group values and norms can either reinforce or transform the existing cultural framework. The informal interactions within the organization are guided by group myths, beliefs, and groupthink (Boytsun et al., 2011). Based on the gathered data, it becomes evident that the informal structure wielded considerable influence over the organizational culture, dictating its formation through human interaction and shared significance. Beyond formal corporate induction processes, employees were informally inducted by group members. From the responses given by MM9, it can be argued that organisational culture is influenced by stocks of knowledge from both formal and informal structures (Kort & Gharbi, 2013).

Proposed Theoretical Framework.

The model highlights the importance of establishing synergy between social needs, beliefs, background, myths, and corporate strategy. Placing corporate strategy in a position to influence the informal structure can help prevent conflicts between formal and informal organizational elements. The model also emphasizes the need for regular monitoring of employee behaviour through continuous and transparent communication. Below, you'll find the proposed theoretical framework for managing the relationship between informal structures and corporate strategy.

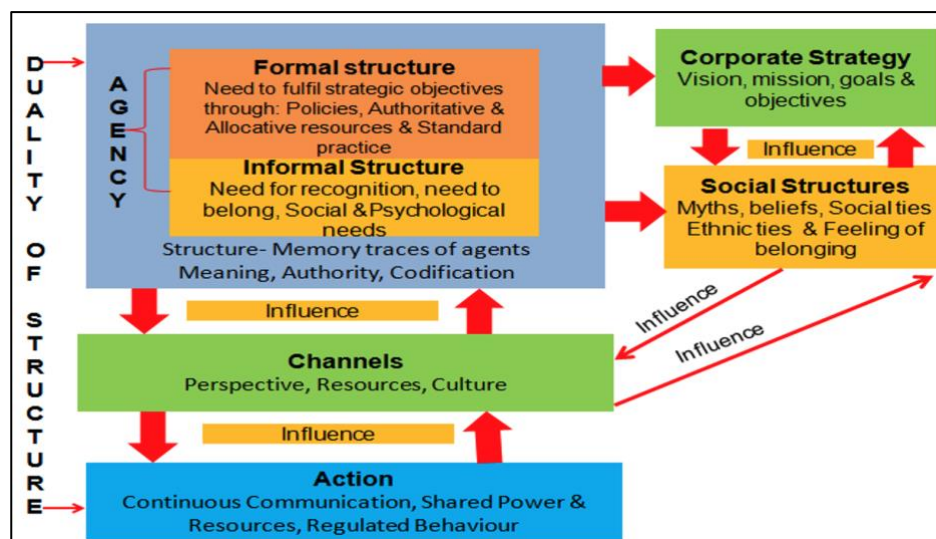


Figure 5: Proposed Theoretical Model

Embracing continuous communication empowers employees to voice their concerns, allowing management to address them effectively. Moreover, it enables management to adapt the corporate strategy when necessary. This open communication approach effectively combats corrosive grapevine communication, rumours, and hearsay within the organization. Additionally, it has the potential to foster synergy between informal and formal structures by promoting a shared vision and understanding of common goals. Incorporating informal leaders into social management roles, such as overseeing communities and resolving minor disputes, can enhance a sense of belonging and mitigate power struggles between formal and informal structures. Delegating power to leaders in work groups and quality assurance circles can further cultivate synergy. Furthermore, decentralizing power dynamics can help neutralize complex power struggles and foster a shared sense of purpose.

Conclusions

After conducting a thorough literature review and analysing insights from interviews, it is evident that informal organizational structures exert a significant influence on corporate strategy, predominantly with negative implications, as observed from the perspectives of research participants. The detrimental impact of informal structures on corporate strategy is primarily driven by human behavioural dynamics and management styles. Key determinants such as communication protocols, organizational culture, value alignment, and power dynamics are instrumental in shaping this influence.

Human beings inherently thrive on social interaction, and the absence of transparent communication channels within informal structures often leads to suspicion and internal discord, ultimately compromising corporate strategy. The study also underscores that inadequate communication fosters a disruptive culture within informal structures, leaving a lasting impact on the mindset of employees associated with these structures. Furthermore, employees tend to prioritize their personal values over corporate values, creating a misalignment that undermines the integrity of corporate strategy.

Additionally, the study reveals that issues related to resource allocation (allocative power) and authoritative power significantly shape the influence of informal structures on corporate strategy. Employees who feel marginalized in resource allocation often form informal groups to assert their influence, thereby impacting resource control within the organization. Moreover, the use of authoritative power can dictate the nature of informal structures, either fostering loyalty or giving rise to radical elements within the organization.

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