

Strategic Management of Change

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Chapter 5. Informal organizational structure

Objectives of the chapter

- Understanding the comparative analysis between formal and informal structures;
- Proficiency in identifying key characteristics for social network analysis;
- Comprehending the relationship between social network analysis and strategic change management.

Informal organizational structure

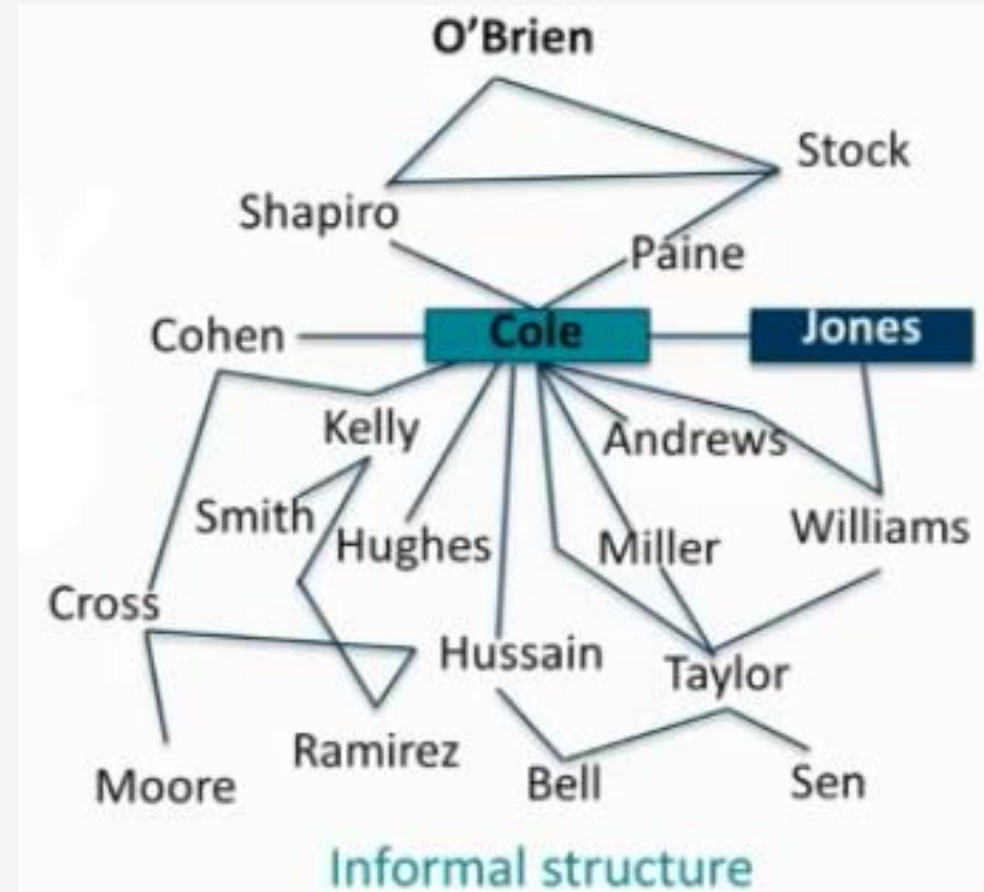
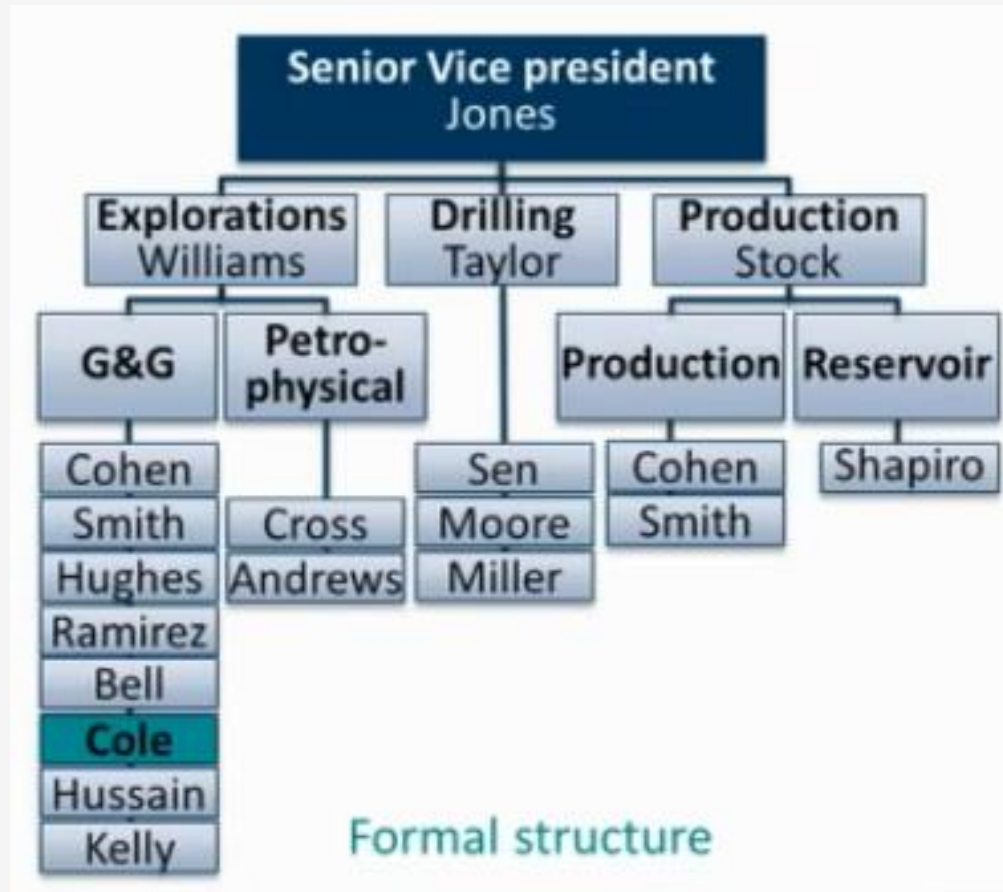
The formal structure alone is insufficient for effective change management:

- All structures have strengths and weaknesses;
- Reorganization does not necessarily lead to improvements;
- Managing individuals in different parts of the organization is considered a positive approach, not disruption;
- The right person doesn't always rise within the organization.

Therefore, thinking about social networks opens up new avenues of work resources.

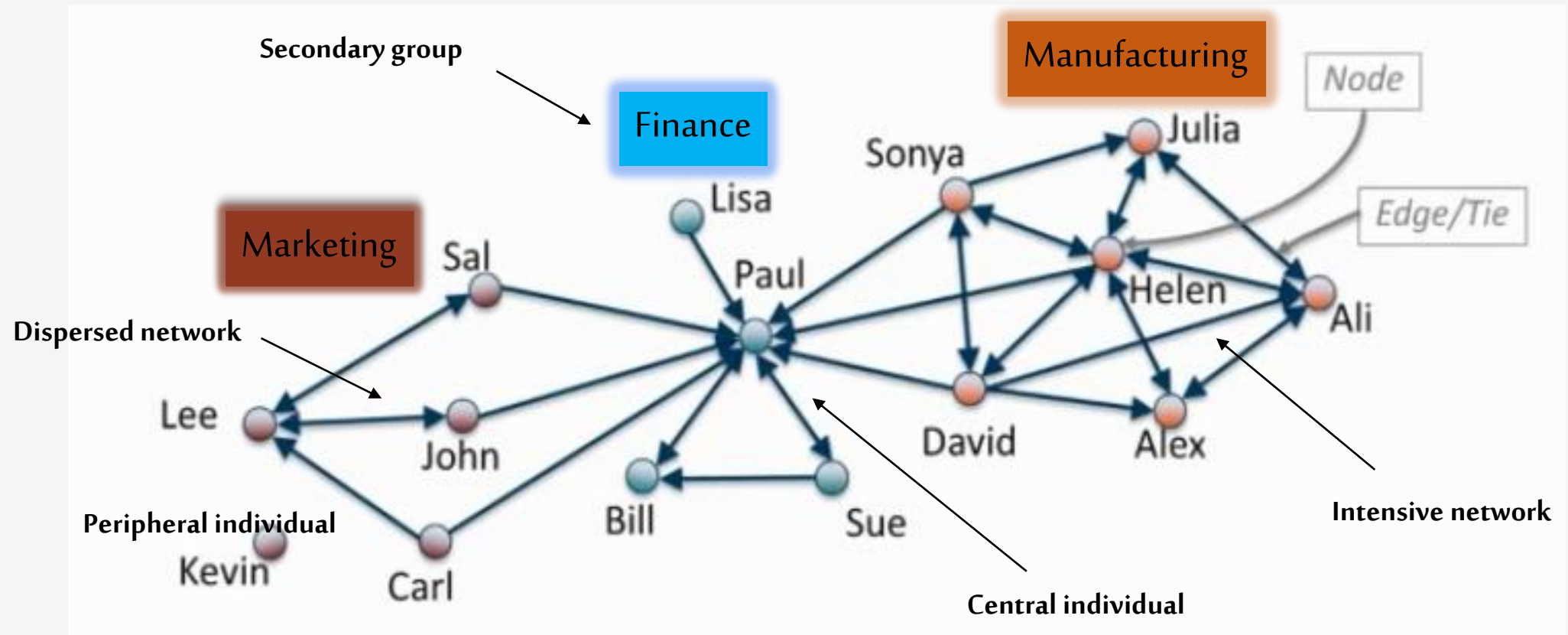
Informal organizational structure

Example: Petroleum Company



Social network

Social network

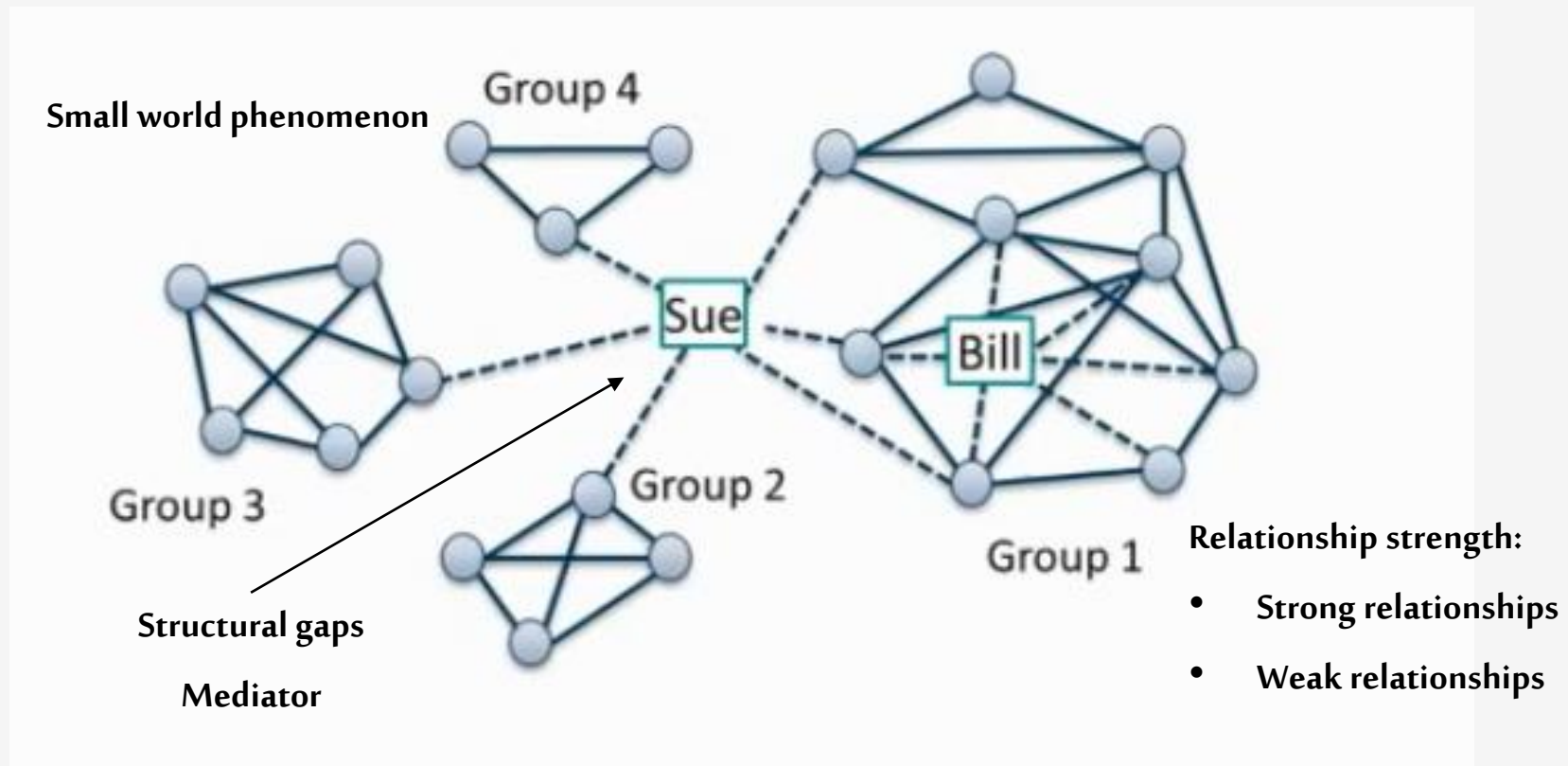


Source: Burt (1995)



Social network

Main principles of the social network



Source: Burt (1995)



Social network

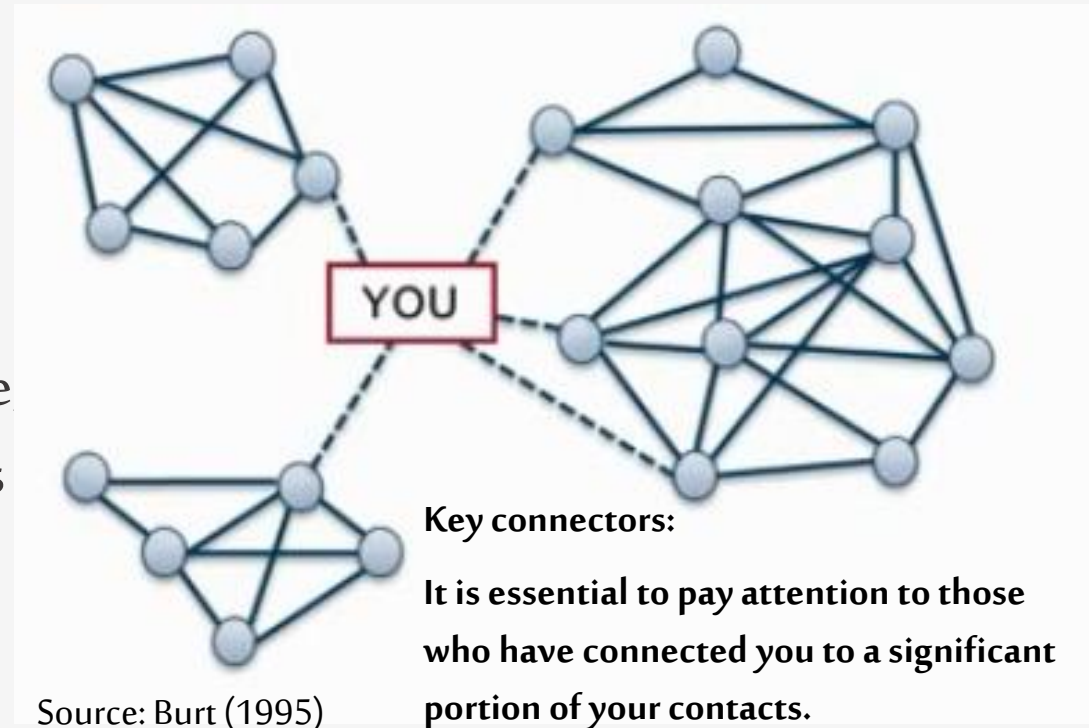
There are three types of networks to expand your influence:

Operational/Functional Network: Aimed at efficiently accomplishing tasks, this network should maintain the capabilities and functions required for the group.

Strategic Network: Geared towards envisioning the future this type of network, obtaining support from stakeholders is crucial.

Personal Network:

Targeted at enhancing personal and professional development. Although relationships may be weak, it is essential to connect with individuals who possess information and connections not readily available (e.g., Bill Gates and his mother).



Diagnosing organizational structures

- Value added: How the organization shapes its connections, directs information, and accesses it?
- Description of the flows related to activity, communication, and decisions within the structures. Where does discretion lie, and how is intervention carried out?
- How does the secondary unit's position create or not create an advantage?
- Where does it fall within the activity and information flows, and how do others perceive your position?

Summary

- Social networks complement the formal structure.
- Brokers in networks establish bridges for structural gaps and control strategic value.
- Activating functional, strategic, and personal networks is crucial.