

"A man is  
great by  
deeds, not by  
birth"

-Chanakya

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**Effect of virtual organizing on formal-informal interplay within an organization**

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## ABSTRACT

Virtual organizing as a cost-effective practice, has become a trend in both small and big organizations. The Covid-19 pandemic has made virtual organizing even more relevant for today's organizations. Although literature shows a balanced picture of positive and negative impacts of organizing human efforts virtually, it fails to explain how virtual organizing impacts the nerve of an organization – the interplay of formal-informal organizing. Hence this study synthesizes the extant literature to address the gap. This study additionally utilizes extended case method (Burawoy, 1998) to leverage on reflexive learning as a qualitative research method. Organizational attachment theory (Bowlby, 1969; Hazan & Shaver, 1990) is used as a theoretical lens to study the phenomenon. The paper contributes towards the virtual organizing literature by extending its knowledge in the informal organizing context. The practical implication of the study aids practitioners of virtual organizing to assess its overall effectiveness and to mitigate associated risks.

**Keywords:** *Virtual organizing; Informal organizing; Remote working; Organizational attachment; Reflexive learning; Organizational psychology*

## INTRODUCTION

'Virtual organizing' (Mowshowitz, 1994) refers to a work arrangement, where employees of an organization work from remote locations (Montgomery & Clancy, 1994) by communicating among them electronically through internet and telephonic facilities. Due to rapid development of communication technology and minimal infrastructure cost (Mowshowitz, 1994) associated with virtual organizing such as setting up office facilities and so on, such organizing became popular among organizations of all sizes, especially in the knowledge-based industry. Lately, Covid-19 outbreak made virtual organizing the new norm, as social distancing became the only effective way to stop the virus from spreading. On top of that, many firms have indicated (for example Tata Consultancy Services of India) that "work-from-home" or virtual organizing of around 75% workforce will continue even after the pandemic is over. These changes in the organizing forms call for research on the accompanying changes in the organization structures.

Covid-19 has brought forth problems for human organizing across the globe. Virtual organizing has emerged as a temporary expedient arrangement for many organizations across the globe, as the world prepares for a long-term co-existence with coronavirus. The questions

haunting organization theorists, however, are - whether these arrangements are here to stay in the post coronavirus world? If yes, then what are the implications for organization theory? Can there be some predictions based on the epistemology on theory of firms to let us understand if the days of large organizations are going to be over? Will production shift back from hierarchical organizations to market-based production (Williamson, 1973) or to clan-based production (Ouchi, 1980)? Can we predict that the word “employee”, as we know the term, will become replaceable by terms like “freelance project associates” or “module contractors”, who are remunerated based on the successful completion of a particular module of a job at hand, as per laid down guidelines? These are some questions that virtual organizing of human efforts has opened for us. Further, as environments become chaotic, the exploration of various organization forms characterized by flexibility and adaptability intensify. Another set of questions before organization theorists are - what new types of organizational forms would emerge? Would the existing classifications of organizational forms (Romanelli, 1991) remain contextual? Dijksterhuis et al. (1999) argue that post-industrial management logics drive organizations to adopt organizational forms that maintain their existence by subscribing not to closed system (or open system) organizational forms but to organizational forms that tend to maintain their existence by opening up in particular ways to environment, as deemed necessary. Virtual Organizing can become that opening up of organizations to environments. If it does, then what are the challenges that virtual organizing poses to our understanding of formal organizations (Bernard, 1968)? Can the continuity of formal organizations be maintained in the post-covid19 world where virtual organizing remains a dominant method of organizing production? If so, what flexibility and adaptability organizations need to bring in their organizing efforts to ensure continuity of their formal organizations? Our paper is an effort in this direction to visualize the conditions for continuity of formal organizations.

Virtual organizing literature suggest various hindrances in successfully achieving organizational goals virtually. These challenges have been attributed mainly to the lack of effective communication (DeSanctis & Monge, 1999; Hiltz et al, 1986; O’Conaill et al., 1993) and/or lack of attachment and trust (Jarvenpaa & Leidner, 1999) among team members working virtually. The ever-improving communication channels are making way to transfer more and more information in very less time and at meagre cost. However, human limitation to process relevant information out of abundance of input (Ocasio, 1997) give rise to distortion and misunderstanding of crucial information. Since virtual organizing is based on technology aided communication processes, maintaining healthy trade-off between quantity

and quality of information is the key to avoid miscommunication. Furthermore, a virtual team can deliver crucial milestones without even a single physical meeting among its team members. Such 'facility' in turn reduces the chances of forming emotional bonds/attachment among the employees or with the organization itself. Without attachment (O'Reilly & Chatman, 1986), it is difficult to achieve organizational goals such as employee commitment and work engagement(Lin, 2010).

Surprisingly, another set of threat to virtual organizing is left unattended by the literature which is the diminishing role of informal organizing (Barnard, 1968) under a virtual work arrangement. Barnard (1968) mentions two kinds of organizing – Formal and informal. Formal organization has been defined as “a system of consciously coordinated activities or forces of two or more persons” (Barnard,1968: p81). The other spontaneous kind of coordinated activities existing in parallel to its formal counterpart has been termed as informal organizing, which is formed by personal and social relations among people rather than by formal authority. In fact, the informal kind has become the lubricant or obstruction for smooth functioning or non-functioning of the formal organizations (Christensen et al., 1987; Gulati & Puranam, 2009; Kraut et al., 1990). Although informal organizing is not driven by any conscious common purpose, the dominant views or beliefs of such underlying organizing can play a significant role in the success or failure of the common goal of formal organizations(Oxman & Smith, 2003). This interplay is evident when decisions are influenced by the casual communication over work breaks, when a subconscious mental map of members hinders the progress of a formally set goal (for example deliberately restricting efficiency to avoid pushing up the benchmark of performance) or when team members go beyond the formal steps mentioned in a document to solve a problem informally(Phakathi, 2013). From the visible influence of the informal group's dominant thinking on decision-makers to invisible role of informal dominant thinking in shaping organizational culture, the influence of informality prevails both in prominent as well as subtle ways. Important processes of a formal organization such as goal setting and decision-making cannot be analysed without taking into consideration the informal behavioural aspects of the actors (Cyert & March, 1963). Hence, as long as humans are part of formal organizations, influence of informal organizing on functioning of formal organizations would be unavoidable.

The extant literature does not provide much help in understanding the effect of virtual working environment on the formal-informal interplay within a formal organizational set up.

The few studies on virtual organizing concentrates on listing the positive and negative effects of such organizing but failed to include its effect on the informal organizing within the organizations. The current study therefore aims to address this knowledge gap about **What is the impact of virtual organizing on formal-informal relationships within organizations?** The study utilizes extended case method (Burawoy, 1998) to leverage on reflexive learning as a qualitative research method. Organizational attachment theory (Hazan & Shaver, 1990; O'Reilly & Chatman, 1986) has been used as a theoretical lens to study our research question.

The findings of the study contribute towards the virtual organizing literature by providing a new insight into its role in the era of digitalization and globalization. The work further enhances the informal organizational literature by studying its relevance in the high-technology environment. The working hypotheses derived aid the practitioners to get a clearer implication of virtual organizing within their organizations and help them make better trade-offs between the pros and cons of 'virtuality'. Furthermore, the paper provides an insight into the future direction of organization literature if the virtual organizing happens to become the norm in the long run. In the sections that follow, we first review the extant literature relevant to our topic. Next section describes the extended case study method and the data used. Subsequently, we discuss and analyzed the findings to draw on our working hypotheses followed by conclusion.

## **THEORETICAL BACKGROUND**

### **Existing Perspectives on Virtual organizing**

Introduced in the early '80s by Mowshowitz, the concept of virtual organizing has rapidly evolved as a familiar form of organizing across different industries. Virtual organizing involves geographically dispersed members (Montgomery & Clancy, 1994) connected via technology to achieve a common goal. Its potential as an effective and efficient tool (Mowshowitz, 1994) encouraged small to big organizations to adopt it in varying degree.

Apart from the requirement of a different set of infrastructures (Voice over Internet, video conferencing tools), virtual organizing demands a change in the way employees carry themselves at work. Five essential human activity dimensions as explained below—reflective, collaborative, unified, creative and developmental, have been associated with the

virtual organizing at workplace (Faucheux, 1997). Individual under virtual organizing are on their own without any constant physical supervision. Hence being reflective about what s(he) is doing dynamically and iteratively helps them maintain control in a virtual work environment. Physical proximity or constant supervision aids collaboration in co-located working environment. Since such provision is missing in virtual organizing, collaborating capabilities required are more than that needed in co-located organizing. Furthermore, there is a risk of gap between formulating and executing assigned activities in virtual working environment as planners and executors may not share the same frequency of thought being dispersedly located. Hence constant and explicit efforts must be made to unify the theory and practice to achieve success in virtual organizing. Necessity of creative dimension of human activity is expected in virtual organizing in the face of constantly changing reality. Unlike in traditional organizing approach where seeking stability is the goal, in virtual organizing uncertainty is accepted and tackled with creativity. Hence it an essential quality for the members working under virtual conditions to be creative and be innovative to mitigate the risk of uncertainty and change. Finally, as members are more responsible and accountable in virtual working environment, the knowledge and experience accumulated during the process characterise the evolutionary nature of virtual organizing.

Virtual teams are often formed to meet temporary goals with available but dispersed members (often on contract) without any future commitment to continue. Hence, such organizing is characterized by 'combinatorial freedom' (Mowshowitz, 1994). Any combination of tasks, roles, people, and projects is possible. However, this 'freedom' can lead to serious challenges to the success of virtual organizing. Due to lack of scope for building static relations within members, foundation of developing interpersonal trust is never laid in a virtual organizing environment. This fragile and temporal nature of the interpersonal trust (Jarvenpaa & Leidner, 1999) pose a threat in maintaining team cohesion and subsequent collaboration within members. And collaboration is the backbone of any coordinated activity, failing which invites failure of the formal organization.

The effects of virtual organizing on the communication within organizations can be positive or negative (DeSanctis & Monge, 1999; Hiltz et al, 1986; O'Conaill et al., 1993). The constant improvement of communication channels has made way to transfer more and more information over in very less time and at meagre cost. However, human limitation to process relevant information out of abundance of input (Ocasio, 1997) give rise to distortion and

misunderstanding of crucial information. Since virtual organizing is based on technology aided communication processes, maintaining healthy trade-off between quantity and quality of information(DeSanctis & Monge, 1999) is the key to avoid miscommunication. Another essential balance needs to be maintained between objectivity and efficiency of communication in virtual organizing. Virtual organizing facilitates communication without the necessity of physical co-location of the people communicating. Therefore, many human communication errors or biases such as unintended pauses or overstretched tone have been detached from the communicated information making it more objective. However, such detachment of hidden cues and underlying feelings from the messages communicated has reduced the richness of the information by missing the subtle but crucial hints among the communicators(O'Conaill et al., 1993).

In the face of all these challenges, a unique set of skills is critical for the success of virtual organizing. Apart from supporting technology, relevant Human-resource policy to select and manage right set of people for virtual workplace environment, trained members and managers with appropriate aptitude to sustain the challenges of virtual organizing, standardized processes to maintain healthy trade-offs between counter-directional challenges, organizational culture to provide sense of security to the employees for building interpersonal trust, leadership competencies for strengthening the trust on organizational integrity are some of the fields which contribute towards the success or failure of virtual organizing(Duarte & Snyder, 2001).

### **Organizational Attachment Theory**

Organizational attachment theory is an extension of one of the most influential theories in psychology— Attachment theory (Bowlby, 1969). Primarily based in the parent-child context, attachment theory asserts that human aspires to be involved in emotional bonds with particular other human beings (e.g. children with their parents). (Hazan & Shaver, 1990) extended the theory to workplace human relations such as that with supervisor, co-worker, or the organization itself. The drivers of such attachment have been attributed to need for social support and security(Mikulincer & Shaver, 2009). Three types of attachment style have been identified— secure, anxious and avoidant(Ainsworth et al., 1978). Secure attachment refers to one's belief in getting necessary support and protection from others when in distress(Brennan & Shaver, 1995). Anxious attachment refers to “the extent to which a person worries that others will not be available in times of need and anxiously seeks for their

love and care” (Mikulincer & Shaver, 2009, p. 18). Avoidant attachment refers to “the extent to which a person distrusts others' good will and defensively strives to maintain behavioral and emotional independence” (Mikulincer & Shaver, 2009, p. 18). Extending this typology to the organizational context, Hazan & Shaver (1990) posit that securely attached employees are “least likely to put off work, least likely to have difficulty completing tasks, and least likely to fear failure and rejection from co-workers”(p.275). Whereas, anxiously attached employees are constantly under fear of getting abandoned or forgotten. Employees with avoidant attachment on the other hand, avoids any kind of personal attachment in professional space due to their distrust in everyone negatively affecting some of the crucial team level goals such as cohesion and collaboration.

Since virtual organizing impacts the medium of developing attachment within organizations, Organizational attachment theory serves as an appropriate lens to study our research question.

### **Existing Perspectives on Formal-Informal Interplay**

Barnard (1968) defined formal organizations as “a system of consciously coordinated activities or forces of two or more persons” (Barnard,1968: p81). To overcome the physical, biological, and social limitations of an individual to meet the desired objectives of food, shelter, mate and social needs, human started to coordinate their activities by forming groups consciously. This seems to be a logical explanation for meeting the basic needs of a primitive society. However, in order to name coordinated activities as formal organization with goals much complex than the basic needs, three properties are identified by Barnard —1) Common purpose 2) Willingness to serve and 3) Communication. Working towards achieving goal(s) shared by the members is one of the initial conditions of formation of a formal organization. However, the motivations of sharing the common goals may be different for different individuals. Each member should seek and find value in working towards achieving the common purpose of formal organizations. This forms the basis of the second property of willingness to serve. Once again, the value can be sought in different forms, monetary (e.g. Payment, Bonus) or non-monetary (e.g. pride, satisfaction). The third property of communication however forms the heart of a formal organization by acting as the fuel in working towards achieving small or big targets. Unless there is way to interact whether be it verbal, written, or symbolic gestures among the members of a formal organization, it is not possible to coordinate and work towards the common goals.



Barnard (1968) further mentions another type of organizing which is informal and can be described as structureless organizing comprised of accidental or incidental interactions among persons who come into contact because of various other reasons facilitated by formal organizing. Informal organizing runs parallel to formal organizing and cannot be separated from it. In fact, “it would probably be fair to say that no formal organization will operate effectively without an accompanying informal organization”(Simon, 1976).

***Elements of Informal and Formal organizing:*** Farris (1979) identified the elements of the two kinds of organizing as tabulated below.

<b>Elements</b>	<b>Informal organizing</b>	<b>Formal Organizing</b>
Level of salient goal	Individual	Organizational
Structural Unit	Individual roles	Official position
Basis of communication	Proximity	Organizational chart
Basis of power	Expert or Referent power	Legitimacy of Authority
Control mechanism	Norms	Rules
Type of hierarchy	Lateral	Vertical

**Table 1:** Elements of Informal and Formal organizing

Unlike formal organizations, where organizational goals find precedence over individual goals, the informal organizing is not formed with a conscious common goal in mind. However, individuals participating in the informal groups are not without their individual goals and aspirations. They subconsciously carry such individual level goals while interacting among the members in an informal setting. Similarly, the individual roles played by its members are the structural unit of informal organizing unlike official positions assigned in its formal counterpart. The informal roles (information provider, expert advisor, rumour spreader) form spontaneously and change with context. Additionally, the roles can be beneficial or hostile for organizations. The communication in informal organizing is not structured by any organizational chart or formal task; it is the proximity or closeness among the members which drives it. Although physical proximity is the common form, professional proximity— people sharing the same skillsets, task proximity—people sharing the similar tasks, Social proximity— people sharing same social circles and formal proximity—people sharing the same formal work unit are also important determinant of the communication in informal organizing. The power element of the informal organizing is often the expert power

or referent power (French & Raven, 1959). While the legitimacy of the authority is at centre in formal organizations, power dependency in informal organizing is achieved through expert skillsets or influence on powerful people. Unlike formal organizing, norms, not rules control the informal organizing. Norms (e.g. as late/early coming to work, not reading the policy documents thoroughly, taking long breaks) are informal standards originated from the dominant thinking/behaviour of the members. People not following the common practice are marked as deviant. Therefore, norms control the behaviour in informal organizing. Finally, unlike in formal organizations where authorities are designed vertically (e.g. subordinates under supervisors), in informal organizing, authorities are scattered and centred around few influential people in the network. Hence the type of hierarchy in informal organizing is lateral.

Not having a consciously set common purpose however does not exclude informal organizing from having an impactful outcome. The effects of informal organizing within formal organizations have been described below under three levels of influence— Micro, Meso and Macro.

***Micro level influences:*** The natural need of human to informally interact among various informal groups (Whyte & Marshall, 1970) which s(he) is a part of does not spare the decision-makers of formal organizations too. These interactions have conscious or subconscious effect on the decisions taken(Ferber, 1967). Additionally, informal organizing are driven by salient individual goals (Farris, 1979). To propagate one's own motives, sometimes employees influence the decision-makers, even if their personal goals conflict with the organizational goals. Informal organizing acts as a medium of fulfilling individual goals over organizational goals and strategic decision making reflects the pursuit of personal motives (Christensen et al., 1987). Most of these activities are however very difficult to identify and hence not included in the strategic decision-making processes postulated in the organizational studies(Simon, 1976). Another reason of this ignorance of the informal influence from the decision-making literature may be a 'depersonalized' view of organizations. Depicting organization as a pseudo mechanical system with fixed rational steps of decision-making process(Christensen et al., 1987) can also be attributed to turning blind eye towards informal influence which is more of a 'personalized' element of formal organizations.

Barnard (1968) termed informal organizing as an effective means of communication within formal organizations as it can catch crucial elements of communication such as intonation and intention, which oftentimes get missed in formal communication (Kandlousi et al., 2010). In complex working environment such as in R&D firms or in knowledge intensive firms, coordination among the members is the key to success (Allen, 2001). Often the ideas or tacit knowledge are not easy to communicate in formal communication platforms. Complex problems are resolved during casual discussion and sharing of experiences over a work-breaks. Hence informal organizing, generally initiated by physical proximity increases the quality of communication thereby increasing productivity (Kraut et al., 1990).

Informal organizing further regulates one elemental property of formal organizations—willingness to serve (Barnard, 1968). The motivation to work in formal organizations are often driven by surrounding informal environment. If the dominant thinking is negative or positive towards organization, it demoralizes or encourages the rest of the team.

Organizational attachment literature asserts that employees psychologically attached to each other are more productive and responsible towards the organizational goals (Ehrhardt & Ragins, 2018). Informal interactions provide the scope of such attachment. A sense of belonging to a group gives an individual a mental security resulting a more positive towards the organization (Hazan & Shaver, 1990).

Informal organizing gives freedom of choice to an individual in a formal setup, where mostly tasks are determined by someone else. One gets to choose informal groups of their choice, discuss, and propagate their personal opinions. This option of preserving one's own attitude and personal characteristics serves as a channel to maintain one's personal integrity (Barnard, 1968).

Informal organizing provides sense of security and moral support to employees under stressed working conditions (Hazan & Shaver, 1990). Empirical evidence asserts positive and favourable behavioural outcome among employees experiencing informal managerial support than those who received formal support such as work-family benefits (Allen, 2001; Behson, 2005).

***Meso level Influences:*** Informal organizing influences the team cohesiveness within formal organizations (Barnard, 1968). Informal organizing develops a dominant thinking (Berntal &

Insko, 1993) through psychological attachment among members. The outcome can be negative as hostile dominant thinking hampers the welfare of formal organizations. Nevertheless, be it for good or bad, informal organizing acts as a glue in keeping the members of a team intricately connected.

Informal organizing increases collaboration among employees specially in knowledge intensive organizations(Biancani et al., 2014), where responsibilities assigned to employees are often complex and highly specialized. To succeed, integration among various specialized groups is necessary and team collaboration is the key to achieve such integration. Collaboration becomes smooth and spontaneous when communication flows beyond the boundary of formal rules.

Informal organizing further increases team proactiveness in solving problems. One such evidence has been included in a study (Phakathi, 2013) of gold miners, who often faces constraint in the organizational plan laid out for the mining process. Over the time, miners develop informal ways of overcoming the constraints of a fixed production process and improvise it to the benefit of the formal organization. The proactive and alternative work culture of gold miners termed by the authors as ‘get on and get by’ became possible because the informal organizing of miners at work has been respected by the formal organizational authority. The informal bonding among the miners helped to build the mutual trust to overcome difficult working conditions.

***Macro level Influences:*** Gulati & Puranam (2009) describes the role of formal-informal interplay during the reorganization process of organizations. They argue that when a formal organization decides to change its organization structure, inconsistencies occurs between formal and informal organizing. The formal changes are effective as and when the top management wants but corresponding changes in the informal front often lags and sometimes faces resistance. Characteristics of informal organizing such as dominant thinking, social interaction patterns, cultural inertia, norms, habits take longer to adjust with the changes. This inconsistency can be hazardous to the success of the realignment or sometime even causes organization mortality (Amburgey et al., 1990; Hannan et al., 2003; Oxman & Smith, 2003). However, sometimes this inconsistency can be beneficial to get through the rough period of organizational change. The lag in the change in informal organizing acts as a buffer to the various stakeholders who are not ready for an upfront change(Gulati & Puranam, 2009). For example, if an organization changes from differentiation strategy to cost leadership strategy,

the lethargic process of informal change allows a significant time to external stakeholders such as vendors or customers to get used to the change. The organization under change will maintain a state of duality until the lag between formal and informal organizing persists during the change process. Whether the impact is positive or negative is still debatable. The key point for the current study is that role of informal organizing is undeniable during the alignment process of changes implemented by formal organizations.

Informal organizing also plays a crucial role in embodiment of organizational purpose by the employees (Selznick, 1957). Embodiment means wholehearted acceptance of the purpose by the employees and personal identification with it. Any policy including the purpose of organization needs the support from the underlying social structure prevalent in the organization. One important but hidden element of social structure affecting the maintenance of purpose is internal interest groups (Selznick, 1957). Internal interest groups are hidden as it is either difficult to shape them in familiar forms or are overshadowed by emphasis on formal goals. Internal interest groups can be small informal groups suspecting or supporting the purpose of organizations or big influential departments. This paper refers to small informal groups affecting the embodiment of purpose or policies within organizations. These groups generate a source of energy often beyond the control of formal structure of organization. These sources of energy are a manifestation of the underlying psychological commitment towards policies or purpose. If the influential members of informal interest groups identify themselves with the purpose, they will defend and propagate the same providing the much-needed social base to the purpose. Similarly, if the informal interest groups cannot identify with the purpose, it will never be embodied truly by the organization.

Finally, organizational culture reflects the underlying informal organizing (Pyöriä, 2007). Organizational culture is posited to be composed of Artifacts, Values and Underlying assumptions (Schein, 1990). 'Artifacts' refers to the visible organizational structures and processes such as symbols, routines, documents. These are however difficult to decipher for an outsider, who wants to understand the organizational culture. 'Values' includes the espoused strategies, goals and philosophies. These again are only the surface level representative of the organizational culture. It is only when 'Underlying assumptions' are dig down by observing behaviour, anomalies, inconsistencies or unexplained phenomena, the true picture of the organizational culture can be understood (Schein, 1990). As informal organizing at work are great tools to shape and assess such underlying assumptions (Berntal

& Insko, 1993), organizational culture cannot be studied without understanding the effect of informal organizing in shaping it.

## **RESEARCH METHODOLOGY AND DATA**

### **Extended Case Study Method**

The study uses extended case study method to address the research question. The term “extended case method” was first coined by Manchester School of social anthropology and used this in many anthropological studies (Epstein, 1958; Garbett, 1970; Mitchell, 1983). However, the method was popularised in the organizational studies by Michael Burawoy. The method believes in participant observation of the real events as they unfold over time and space rather than asking informants about the same. The extended case study applies reflexive learning to ethnographic research as a process to build a bigger picture from unique micro events (Burawoy, 1998). To reflect on the experiences gathered in the field serves as the data source for extended case study method.

As our research question at hand involves understanding the subtle process of informal organizing at work in the context of virtual organizing, any quantitative methods such as survey questionnaire would not be appropriate to gauge the true picture. Furthermore, as informal organizing is spontaneous in nature and people get involved in it often without any conscious thought, interviewing informants to gather knowledge has a risk of colluding the natural flow. Hence observing and reflecting on the phenomena of interest is understood to be the most appropriate form of data collection for the research question at hand.

### **Data Sources**

The primary author of this paper had a chance to experience the context of the paper in an actual working environment of Information Technology industry for eleven years. The rich reflexive learnings from the account of experiences noted in multiple diaries during and after the real events serve as the data sources for our current study. The overall experience has been structured under three types of working environment— fully collocated environment (Organization A, 2007-2015), entirely virtual environment (Organization B, 2015-2016), and semi-virtual environment (Organization C, 2016-2018).

## **FINDINGS AND DISCUSSION**

Informal organization can have both positive or negative influence on employee behaviour (Allen, 2001; Behson, 2005). Employees, if provided with informal support, for example appreciating the efforts through surprise treat, saying kind words during casual

meeting and so on, from authorities during stressful situations such as stringent deadlines, demanding situation at home, often shows positive behavioural outcome at workplace. Furthermore, being psychologically attached to the peers through sharing a strong emotional bond promotes secure attachment(Brennan & Shaver, 1995) and enhances the morale of employees to carry on with the stressful mundane office works. Hence, employers should be aware of the vibe of the underlying informal organizations to check on the behavioural outcome of team members. Physical proximity is the key in providing effective informal support or emotional attachment(Millward et al., 2007). Sometimes a pat at the back or a hearty smile expresses more than words. However, Virtual organizing lacks the scope as it is built on the logic of ‘company without walls.’ Without walls there is no bonding, no attachment and diminished capability of informal organizing to influence employee behaviour.

*“..... Was stressed for most of the day. I wonder how P can managed to play prank even under month end pressure. It was funny that I did not notice the caller id when he pretended to be calling from client site and I panicked. However, I must agree had I not have that post-prank cha (tea) break with our gang, I would not have the energy to continue this long. Such a wonderful bunch of fellows. Looking forward for another challenging day tomorrow along with some unadulterated laughter.”*

*“Excited to join my new company after having spent 8 years in my first one. But I am kind of already missing everything. The environment is somewhat weird. I only got to meet the administration guy who handed my laptop. The cubicles were mostly empty. Greeted my team only through instant communicator as they mostly work remotely (some even permanently. Strange!). Everyone seems very formal .....”*

The observer wrote about the collocated team members of organization A with affection. However, felt disconnected with the members with whom she shared only formal relations while working in organization B in total virtual environment.

Integrating the above theory and reflexive experience, logically we derive our first working hypothesis as below

***Working Hypothesis 1: Positive/intentional behavioural outcome within a virtual organization/team is less than that in a co-located organization/team.***

Informal organizing protects one’s individuality(Barnard, 1968) amidst the turmoil of demanding formal responsibilities. Choice to join the group, leave the group, conduct oneself

in the group, show one's opinion, attitude and other personalistic traits makes informal organizing a platform to express oneself without the burden of the formal expectations. Hence, it acts as a medium to maintain personal integrity.

Since virtual organizing does not provide much scope to mingle with the fellow co-workers beyond the boundary of formal work, less scope remains to express or know each other's personal traits. Employees working in virtual working environment for years may not be familiar with the personality of co-workers. Hence, virtual working environment induce depersonalization of employees and can induce avoidant attachment(Mikulincer & Shaver, 2009) increasing the risk factor for physical and emotional health(Kotler et al., 1994).

*“..... I think my team is upset about the weekend working plan. How do I convince them that I too feel bad having had to ask them to work in the weekend? I think they do not understand that I am not that type of a manager who enjoys putting pressure on team. Had they known me in person, things would have been easy. I remember having complete faith in S when she decided something for the team in organization A even without her explaining herself. We knew she was not like other bossy managers and must have fought for us.”*

The above observation proves the point that ‘virtuality’ curbs the chance to maintain one's integrity by expressing individually through informal interactions.

By aligning the theory and reflexive data we draw our second working hypothesis as below

***Working Hypothesis 2: Personal integrity within a virtual organization/team is less than that of co-located organization/team***

Barnard (1968) asserts that Informal organizing affects team cohesiveness. Informal organizing facilitates the germination of peer to peer secure attachment (Mikulincer & Shaver, 2009) resulting in a dominant thinking within an organization. That dominant thinking in turn regulates the willingness to serve property of employees of the organization. Hence, how closely a team is bonded gets decided by how concentrated is the willingness to serve(Barnard, 1968). If there is a breeding ground of dominant thinking regulating people's willingness to serve, the team can be said more cohesive and chances of achieving organizational goals are high or low depending on the direction of the dominant thinking. In virtual organizing, there are very less chances of physical proximity among the team members beyond formal duties. This decreases the chance of building a cohesive team.



Below instance mentioned by the observer about an employee working remotely in Organization C, getting emotionally isolated from the team is an example of the low cohesiveness of a dispersed team.

*“B has put her paper today. Frankly, I was expecting this as things were not smooth between her and rest of the team lately. Ever since she was permitted for long term work-from-home, she kind of lost touch with the team. I noticed many times in the team meetings R, T and O expressed lack of confidence in B’s accountability for her deliverables. I was also irritated at her repetitive miss of deadlines. That girl suddenly disappears and does not log in for an entire day, only to come up with a reason the next day. I think she was corrupting the team environment too. ....”*

The above theory and reflexive data corroborate our third working hypothesis as below

***Working Hypothesis 3: Cohesiveness of virtual organization/team is less than that of co-located organization/team***

Collaboration is one important ingredient to a successful organizational recipe (Biancani et al., 2014). Without collaboration, best resources, best ideas, and highest dedication towards organization can go futile. Hence collaboration needs to be facilitated through formal (meetings, updates, knowledge transfer process) as well informal ways (transfer of tacit knowledge and experience through casual interaction). Although essential amount of collaboration can be achieved through formal means, the degree of effect and spontaneity present in the informal ways of boosting collaboration can push organizations to a much higher level (Phakathi, 2013).

*“..... I was initially reluctant spending three hours at the onsite return lunch party of A. More so because I was feeling miserable at not being able to fix the code from the past few days to send auto mail from it. While having a chat over the lunch, I came to know that A has already implemented it in his last project. ...it worked for me too. Such a relief. ....”*

The reflexive learning by the observer further restate the logic that collocated team can reap the benefit of physical proximity to enjoy spontaneous collaboration yielding better and faster results.

Hence, our fourth and fifth working hypotheses relating to team collaboration, informal solution and virtual organizing are as below

***Working Hypothesis 4: Collaboration within a virtual organization/team is less than that in a co-located organization/team.***

***Working Hypothesis 5: Informal solution in case of failure of a formal planning process within a virtual organization/team is less than that in a co-located organization/team.***

Finally, moving towards the macro level effect of informal organizing at workplace can be observed during embodiment of purpose (Selznick, 1957) of an organization or implementation of a change. Unless the purpose or changes implemented are accepted by the people of the organization, these are just as good as any piece of paper. To be accepted does not mean by formally signing on the policy document listing the purpose or change in place. The changes need to be accepted and propagated through the various informal groups named as 'internal interest groups' (Selznick, 1957) for correct alignment within the organization. The power or political centres of the informal groups have the capacity to create dominant view for or against the purpose/change. Hence, execution plan of a purpose or a change needs to include the management of the informal groups as well to successfully implement embodiment of purpose or change. This management is often found missing in virtual working environment due to the absence of informal power centres. Therefore, it is difficult to make people feel and accept any change or the organizational goals. The lack of secure attachment (Mikulincer & Shaver, 2009) with the organization due to virtual organizing makes it difficult to make employees passionate about the purpose or change implemented formally (Hazan & Shaver, 1990).

The participant observer of the extended case further jots the reactions on change in policy regarding the maternity benefit during her tenure at organization C.

*"..... It seems that managers are not happy about the extension of the maternity leave to 6 months. I understand their concerns but being a new mom, I understand the need for it too. It seems from their conversation that more than half of the managers have never met the female employees they were talking about. So, expecting to understand their concern is a little too much..."*

We draw our final two working hypotheses based on the above alignment of theory and reflexive data as below

***Working Hypothesis 6: Embodiment of purpose is less efficient in virtual organization/team than that in co-located organization/team.***

***Working Hypothesis 7: Implementation of any organizational change is less efficient in virtual organization/team than that in co-located organization/team.***

As a corollary to our working hypotheses, we further propose significant changes in the structure of organizations if the virtual organizing becomes norm post outbreak of Covid-19

pandemic. The very need for existence of hierarchical firms (Williamson, 1973) is in question. The reasons for existence and propagation of hierarchical firms can be attributed to the advantage of long-term contract between buyers and suppliers working under fiat hierarchy (Coase, 1937). Long term contracts reduce the cost of renegotiation and future uncertainties regarding demand and supply of factor inputs. However, virtual organizing is mostly contractual and temporal in nature. Virtual organizing can give rise to many small buyers/suppliers instead of a few big firms. Additionally, it would no longer be required for firms to produce a product completely. The final product might be an outcome of several small modular parts coming out of numerous competing sellers. Increase of modularity further raises question to the existence of firm on the basis of hierarchy (internalization of end to end process) over market (buying products or services in parts from several players competing in the market) (Williamson, 1973). So, with more and more virtual organizing, are we taking a full circle and heading for the age old “firm-less” market mode? Future studies can further explore this premise and contribute to the organization literature.

## **CONCLUSION**

This study contributes to the virtual organizational literature by extending its boundaries to include the interplay of formal-informal organizing within organizations. Furthermore, the article has practical implications for organizations implementing virtual teams in making them aware of the side effects of this kind of organizing. Virtual organizing has increasingly become popular due to its ability to obtain resources irrespective of where they are located and to avoid cost related to an office space. The relevance of such organizing has become crucial like never before in the face of the unprecedented crisis caused by Covid-19 in 2020. Hence, virtual organizing is going to be there in a large extent than before. Therefore, the findings of our study can be a helping hand in making it possible for future organizations and organizational forms to include virtual organizing as a key component in their human organizing efforts. The study, however, is limited in providing any testing evidence to its working hypotheses. Future research can investigate the working hypotheses to complete the implications. However, operationalizations of variables such as cohesiveness, collaboration can provide some challenges to the researchers. Nevertheless, knowledge of the all-round effectiveness of virtual organizing is significant to both academicians as well as practitioners of such a trend of organizing.

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