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Formal and Informal Hierarchy in Different Types of Organization

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Abstract

This paper addresses the paradox that despite all organizational change towards flatter and postmodern organizations, hierarchical order is quite persistent. We develop a differentiated understanding of hierarchy as either formal or informal and apply this analytical framework to several types of organization. The analysis reveals that hierarchy is much more widespread than thought; in particular, postmodern, representative democratic and network organizations are much less 'alternative' and 'hierarchy-free' than their labels and common understanding may suggest. The main argument is that the persistence of hierarchy in different types of organization can be explained by different dynamic relationships between formal and informal hierarchy.

Keywords

bureaucracy, formal hierarchy, hierarchy, informal hierarchy, organization

Introduction

We seemingly live in an (ever faster) changing world. In the face of an increasingly challenging and dynamic environment there is an almost constant restructuring of organizations. In fact, new types of organization have emerged and have widened the spectrum from orthodox and bureaucratic types to hybrid or postmodern and network organizations (Clegg, Courpasson, & Phillips, 2006; Courpasson & Dany, 2003). Many promise far-reaching changes, for example lean organizational structures and processes, cross-departmental collaboration and knowledge-sharing, team-like relationships between managers and employees, and the empowerment of subordinates who are now being called 'knowledge workers' or 'intrapreneurs' (Ahuja & Carley, 1999). Against this backcloth it seems that in many organizations hierarchy is in decline.

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In quite some contrast, there is a widely shared understanding that (almost all) human societies and other complex social systems such as organizations are structured as group-based social hierarchies (e.g. Laumann, Siegel, & Hodge, 1971; Mousnier, 1973; Scott, 1990; Sidanius & Pratto, 1999; Sidanius, Pratto, van Laar, & Levin, 2004; Thompson 1961; Zaleznik, 1989). These structures seem to be fairly persistent; most social systems are based on stable hierarchical relationships of superiors and subordinates, master and servant, manager and employee. Even modern or postmodern organizations are said to be still very hierarchical with top-down power and control mechanisms more comprehensive than ever before (Akella, 2003; Brown, Kornberger, Clegg, & Carter, 2010; Clegg et al., 2006; Courpasson, 2000; Courpasson & Clegg, 2006; Parker, 2009).

On the one hand there are strong claims that hierarchy is in decline; on the other hand, approaches make a compelling case for its persistence. At first sight, both positions contradict each other and create a puzzle. It perhaps can be solved, at least tackled to some extent, if one differentiates between formal and informal hierarchy, i.e. between the official structures and rules allocating formal roles and positions at different levels and unofficial stratification among members of a social system because of conscious or unconscious social processes. There has been some research into the emergence of informal hierarchy in hybrid and network organizations (Ekbia & Kling, 2005; Nelson, 2001; Oberg & Walgenbach, 2008; Schwarz, 2006) as well as some descriptive analysis of formal and informal (network) organizations (e.g. Allen, James, & Gamlen, 2007; Guimerà, Danon, Díaz-Guilera, Giralt, & Arenas, 2006; Rank, 2008). But so far we know relatively little, in particular, about how formal and informal hierarchy relate to and interact with each other.

This paper, therefore, interrogates different dynamic relationships between formal and informal hierarchy in different types of organization.

In investigating organizational hierarchy, the concepts of formal and informal hierarchy will be applied to five different types of organization: (1) Bureaucratic or orthodox organizations, (2) professional organizations, (3) representative democratic organizations, (4) Hybrid or postmodern organizations and (5) network organizations.

This classification represents the most common types of organization. They are treated here as *ideal types* in the Weberian tradition (Weber, 1921/1980, pp. 4–26, 1949, p. 90). For the purpose of this paper it will be focused on the typical characteristics of the different organizational forms; existing or possible variations of each type or contextual conditions will not be taken into account (Lindbekk, 1992; Mcintosh, 1977). This allows a more thorough analysis and a better comparison of the types in the sense of comparative sociology (e.g. Hayhoe, 2007). This paper, thus, provides functional analysis, but no functionalism (i.e. justifying organizational structures or processes on the basis of principles such as profit maximization, competitiveness, efficiency, or productivity).

The analysis is not an end in itself but a means to different ends. One is to come to a better understanding of the phenomena investigated (Weber, 1949, p. 106), in this case formal and informal hierarchical structures and processes and how they relate to each other. Based on the findings and their analysis, propositions concerning each type of organization will be formulated (Weber, 1949, p. 90) describing the type-specific relationship of formal and informal hierarchy. At a higher level of analysis, a more general hypothesis concerning all types of hierarchical organization will be put forward. The hypothesis we have developed here states that *whenever in common types of organizations formal hierarchy decreases, informal hierarchy increases*.

Hence, with the systematic analysis and comparison of the five types of common organization we believe that we are raising an important and provocative question, i.e. whether or not it is possible to create hierarchy-free organizations within the range of frameworks we know so far. Since a functional analysis alone cannot solve this problem (for this, among other things, a thoroughly developed

theory and well-established empirical findings are needed), the work here is intended only to lay the groundwork for future research, which will be addressed in more detail in the final section.

In order to describe and interrogate aspects of formal hierarchy (especially in orthodox and hybrid organizations) we will in particular refer to arguments in the tradition of orthodox management and organization theories (Chandler, 1962; Drucker, 1954; Fayol, 1949, Taylor, 1911/1967). This will be contrasted by references to more critical sociological and socio-psychological theories on (group-based) hierarchies (e.g. Laumann, et al. 1971; Mousnier, 1973; Sidanius & Pratto, 1999; Sidanius et al., 2004). For providing a critique of orthodox theory and analysis of informal hierarchy (especially in professional and network-organizations) mainly postmodern and critical management and organization theories will be used (e.g. Akella, 2003; Clegg et al., 2006; Courpasson, 2000; Courpasson & Clegg, 2006).

First, definitions of formal and informal hierarchy will be provided. This is followed by a section briefly outlining the basic aspects of formal hierarchy in the five different types of organization mentioned. The main part will then provide an analysis of different dynamic relationships of formal and informal hierarchy in those different types of organization. The findings and their implications will be analysed at a more general level in another section followed by a final section on future research.

Formal and Informal Hierarchy

For most aspects of management and organization studies, 'hierarchy' has been interpreted largely as *formal* hierarchy and used almost synonymously with organization; organization means hierarchy, and hierarchy means organization. According to Weber (1921/1980, p. 124), 'hierarchy' can be understood as vertical *formal* integration of official positions within one explicit organizational structure whereby each position or office is under the control and supervision of a higher one. Following this tradition, formal hierarchical order can be defined as an official system of unequal person-independent roles and positions which are linked via lines of top-down command-and-control (Laumann et al., 1971; Mousnier, 1973). In a formal hierarchy, the official roles and positions of all members of the system are clearly defined and demarcated from each other; social relationships within organizations are institutionalized and legitimized first and foremost, if not exclusively, as hierarchical relations (Zeitlin, 1974, p. 1090).

However, people can be in vertical social relationships not only via anonymous or official rule systems, but also via unofficial mechanisms. These mechanisms can be found particularly in the realm of social guidelines and interaction (e.g. norms and values, verbal or non-verbal attitudes and behaviours, communication and discourses) and are therefore highly person-dependent processes (Zenger, Lazzarini, & Poppo, 2001, p. 2). According to such an understanding, *informal* hierarchy can be defined (and identified) as person-dependent social relationships of dominance and subordination which emerge from social interaction and become persistent over time through repeated social processes (especially routine behaviour).

Main Types of Hierarchical Organization

Formal hierarchy can be found in all common types of organization.

Bureaucratic or orthodox organization

The *bureaucratic or orthodox organization* is a, if not *the,* synonym for formal hierarchy, for rule-based specialization and differentiation under a single authority (Weber, 1921/1980). *All* positions

are to be placed along official lines of top-down command-and-control, i.e. downward transmission of orders and upward transmission of information (Ahuja & Carley, 1999, p. 742). Accordingly, formal authority is closely correlated with the ranking and prestige of positions and independent from the actual holder of the position (Mechanic, 1962, p. 350). Nonetheless, it is not only functional aspects, operations and tasks which are organized hierarchically but also, and probably primarily, *social relations* (Laumann et al., 1971; Mousnier, 1973). People are put in unequal relations to each other via an anonymous or abstract order; person-independent rules create a stratified system of social positions for individuals. In return, vertical and unequal social relationships are officially sanctioned, legitimized and made permanent by the prevailing rules and regulations as well as social action (largely routines but even via resistance and deviance). In representing a formal and abstract hierarchical order of clearly defined and marked-off areas of responsibilities and accountability, the bureaucratic or orthodox organization guarantees the continuing rule-bound execution of official duties (Weber, 1921/1980, p. 124−125). In organization studies the blueprint for the modern type of bureaucratic organization goes back to functionalistic or orthodox approaches (Chandler, 1962; Drucker, 1954; Fayol, 1949; Taylor, 1911/1967).

Professional organization

Public or private sector organizations where people of the same or complementing professions jointly run large parts of the organizational affairs can be subsumed under the idea of the *professional organization*. Examples are solicitor's offices, healthcare organizations, further and higher education institutions, and consulting or accounting firms (Ackroyd & Muzio, 2007; Deem & Brehony, 2005; Kärreman, Sveningsson, & Alvesson, 2002; Kirkpatrick & Ackroyd, 2003; Robertson & Swan, 2003; Sehested, 2002). Such organizations can differ considerably (e.g. Brock, 2006). However, one of their most common features is that professional knowledge is structured hierarchically − and so is the profession. It is the very idea of profession to define and demarcate areas of expert knowledge as precisely as possible *and* to differentiate the bearers of this knowledge, the professionals, clearly among themselves as well as from others. 'The professional' is, and must be, *by definition* of higher status compared to anyone else (Kirkpatrick, Ackroyd, & Walker, 2005, p. 35). The professional organization is purpose-built − designed and built for the purposes of the specific group of the professionals. In this sense, the professional organization is probably the most explicit, developed and successful attempt at a hierarchical institutionalization of group interests (e.g. Abbott, 1988, 1991; Freidson, 2001), one of the most extreme, thought-through and tailor-made attempts to establish vertical differences between different groups of people and to secure social dominance of a certain group of people over others. Both among professionals and in their relations to others, the principles of formal hierarchy, superiority and subordination are paramount and inherent in the idea of the profession and the professional organization.

Representative democratic organization

Since the emergence of modern orthodox organizations in the early 19th century, people unhappy with the downsides of such organizations have been looking for more fundamental and far-reaching alternatives. One concept, which has been developed comprehensively and has been put in place in many shapes and forms, is the *democratic organization*. Such organizations take the ideas of empowerment and workplace democracy seriously. They embrace ideas such as genuine worker participation, autonomous work groups, profit-sharing, co-partnership and

shared ownership (e.g. Cheney, 1995; Gratton, 2004; Jones & Svejnar, 1982; McLagan & Nel, 1997; Poole, 1996). The democratic organization gets serious about participation where others remain in rhetoric. At a very general level, one might differentiate between two main types of democratic organization; the *representative* democratic organization and the (fully) *participatory* (or egalitarian) organization. The former represents a combination of employees' direct participation in operational decision-making and indirect participation in strategic decision-making via representatives. The latter represents more radical forms where people (successfully or unsuccessfully) try to overcome hierarchical structures and processes. In this paper the focus is primarily on representative democratic organizations because here the dynamic interaction between formal and informal hierarchy is more obvious. Examples of representative democratic organizations are John Lewis, The Co-operative (Coop), credit unions and many agricultural and building societies.

Hybrid or postmodern organization

Since the early 1990s there had been hopes that *'hybrid'* or *'postmodern'* forms of organization could reform, if not replace, bureaucratic or orthodox organizations. New management concepts such as 'lean management', 'business process re-engineering', the 'learning organization' or 'knowledge management' raised high hopes that even large organizations could function in 'non-bureaucratic' and 'non-hierarchical' ways. According to the proponents of postmodern organizations, concepts such as quasi-autonomous teams, self-managing projects and decentralized work units could supersede old forms of hierarchical power and control (Casey, 1999, p. 156). In addition to their embeddedness in formal hierarchical structures, in hybrid organizations many employees are involved in temporary or even permanent teams or projects. Although located 'outside' or 'across' line management, many of these teams and projects are organized according to orthodox principles, i.e. in functional and hierarchical ways. Hence, in hybrid organizations there is formal hierarchy of line management *plus* fluid and patchy clusters of formal project and team hierarchies.

Network organization

Almost simultaneously with the emergence of hybrid forms of organization, the network organization was identified as a new type of organization (Palmer, Benveniste, & Dunford, 2007; Powell, 1990). However, the term 'network' is used for a whole range of organizations. There can be fairly orthodox intra- and inter-organizational networks which are largely based on functionalistic and managerial principles, and even the research of their structures and processes is functionalistic (e.g. Contractor, Wasserman, & Faust, 2006; Podolny & Page, 1998). This type of network is structured hierarchically and its members stratified because of 'functional necessities'. For example, there is often still a centre which is responsible for, and retains control over, most important issues such as strategic decisions, the setting of key performance indicators or allocation of resources. In contrast, other members of the 'network' are fragmented into subgroups − again, for 'functional reasons'. They are located at the 'periphery', are responsible for more operational and technical issues, excluded from key decision-making, and have to report to the centre (e.g. Clegg et al., 2006, p. 338). In contrast, this paper concentrates on network organizations which are fully decentralized entities comprising (seemingly) truly autonomous, self-directed and participative units (Ekbia & Kling, 2005, p. 163).

Table 1 summarizes some of the key criteria of formal hierarchy of each type of organization.

Table 1. Types of hierarchical organizations and their formal hierarchy

	Bureaucratic/ orthodox organization	Professional organization	Representative democratic organization	Hybrid/ postmodern organization	Network organization
Main concept of the system	Bureaucracy, rules, managerialism	Professionalism, managerialism	Managerialism, representative (and participative) decision-making processes	Managerialism, projects and teams	Autopoiesis, decentralized co-ordination and decision making
Formal principle of hierarchical order	Principle of rule-bound line management	Principle of seniority, principle of professional autonomy	Principle of formal hierarchical representation	Principle of direct and indirect line management	Principle of autopoietic structures and processes
Formal hierarchical order via	Offices at different levels, line of command-and-control, line management	Rules and order of the profession, line management	Line management, committees	Line management, formal projects and teams	Emerging formal functions and tasks within the network
Formally higher and lower ranked actors	Master and servant, superior and subordinate	Senior and junior, professional and support staff, superior and subordinate	Representatives and represented, superior and subordinate	Superior and subordinate, leaders and members of projects or teams	Network-coordinator/ facilitator and members

Dynamic Relationships of Formal and Informal Hierarchy

The descriptions above provide the more or less common understanding of the five types of organization. What these accounts leave out is the distinctive way in which each type maintains the importance of hierarchy. We now trace this persistence of hierarchy to the close connection between formal and informal hierarchy in each of the five types.

Bureaucratic or orthodox organization

Although 'bureaucracy' is again used mostly in critical terms (as in its original, early 18th-century meaning implying 'red tape', inefficiency and unresponsiveness), its hierarchical principles are still at the core of contemporary orthodox organizations. Even allegedly new management concepts (e.g. lean management, balanced scorecard, the learning organization, knowledge management) are still based on the principles of formal hierarchy. Little more than the vocabulary and rhetoric has changed: managers do not 'command' any more but 'provide guidance'; employees do not 'obey rules' but 'engage (proactively) with company policies'; staff are not 'being told' but 'informed' and so on. Hales (2002, p. 62) found that 'much of the evidence of variations in organizational forms suggests not alternatives *to* but alternative *versions of* bureaucratic organization.' Hales's research into and empirical evidence of 'bureaucracy-lite' (or, slightly earlier, Courpasson's research into 'soft bureaucracies' in 2000) shows that most managerial principles and concepts largely *reconstitute* the principle of formal hierarchical order, i.e. the *principle of rule-bound line*

management. One, therefore, might say that even 'modern' concepts are *especially* developed for supporting, justifying and legitimizing formal top-down relationships (Jaques, 1990). In so doing, they contribute to the continuation, even the strengthening and deepening, of social stratification and inequalities via functional differentiation within organizations as well as in society.

Bureaucracy always tends to be comprehensive, and people usually comply with the formal hierarchy and bureaucratic procedures. In principle, thus, bureaucracy does not provide any room for *informal* hierarchy. However, as Crozier revealed with his research and analysis of the bureaucratic phenomenon, the system practically 'can never be so tight as it can theoretically. There is always some possibility of play within the framework delimited by the rules' (Crozier, 1964, p. 189; similarly Hales, 2002, p. 62). The knowledge and experience people need in order to carry out their tasks within the bureaucracy at the same time enables them to find ways around the official channels. Those who know the rules also know how to bend or bypass them, whom to approach if they want to get things done a certain way or whom and what to avoid if they do not want to do certain things. Such common and understandable behaviour may lead, among other things, to the emergence of *informal* hierarchy.

Nonetheless, it is very difficult, if not impossible, for members of the orthodox organization to initiate or maintain vertical informal relationships; because of the rigidity of a bureaucracy's hierarchical order the different levels remain fairly isolated from each other. As Crozier explains:

> A bureaucratic organization, therefore, is composed of a series of superimposed strata that do not communicate very much with each other. Barriers between strata are such that there is very little room for the development of cliques cutting across several categories. (Crozier, 1964, p. 190)

Accordingly, although informal hierarchy cannot *cross* strata, it can emerge *within* them. In orthodox organizations, hence, one can find informal hierarchy *at the same formal level* of hierarchy; people of the same official status and position regularly develop an unofficial ranking among their immediate work colleagues or peers. For example, comrades obey other comrades because they are fitter; more experienced nurses tell novices how to carry out tasks; dominance-oriented prison inmates treat weaker ones as their subordinates; and extraverted managers lead and advise their more introverted colleagues (e.g. Passini & Morselli, 2009, 2010).

Within orthodox organizations, informal hierarchical ordering, hence, follows the same logic as formal hierarchy, *dominance via line management transforms into dominance among equals*. This is so because the principle of formal hierarchy is so comprehensive that other rationales can hardly emerge and develop. Within the structures and processes of orthodox organizations people have become so accustomed to the idea of superiority and subordination that they do not know otherwise but to apply it to anything else − and they know that others see it similarly. It is therefore only logical that the principle of formal hierarchical ordering is applied to the informal realm with no or only little modification; formal rules become informal rules, dominance via formal power of the superior transforms into dominance via informal power among equals, and obedience because of lower formal role and status is now obedience because of lower informal role and status.

For example, prison inmates develop comprehensive systems of informal rules and hierarchical order among themselves which the formal prison system and the security personnel could not provide and maintain. But the informal system, seemingly in fundamental opposition to the formal system, actually works according to the same principles of social dominance and obedience that the formal prison system is based upon. In this sense, the informal hierarchical order helps to keep the formal hierarchical order working and intact. It is its continuation by other means; it further conditions people to dominate and to obey where the formal order cannot reach them.

What is true for prison inmates is also true for soldiers, administrators, bureaucrats or any other people working in orthodox organizations, from shop-floor assistants and secretaries to the board of directors; within the orthodox organization, the informal hierarchical order is the *logical extension* of the formal one. It is as if formal and informal order constitute a Mandelbrot set, i.e. the principle repeats itself (till infinity ….). We therefore propose:

Proposition 1: Within any bureaucratic organization informal hierarchy will occur at each hierarchical level based on the principle of dominance among equals and will support the dominant formal hierarchy as its logical extension.

Professional organization

Quite similar to the bureaucratic organization, the professional organization also has elaborated bureaucratic structures and processes, a comprehensive system of formal rules that covers and regulates almost every aspect imaginable (e.g. Kärreman et al., 2002). In particular, professional public sector organizations have changed considerably since the early 1980s. With the introduction of so-called 'new public management', professional organizations became 'managerial' and 'business-like', i.e. performance-, cost-, efficiency- and audit-oriented (Deem & Brehony, 2005; Diefenbach, 2009a, 2009b; Kärreman & Alvesson, 2004; Kirkpatrick et al., 2005; McAuley, Duberley, & Cohen, 2000; Pollitt, 1990; Saunders, 2006). Moreover, with the emergence of managerialism as the dominant ideology and managers as the dominant group even in professional organizations (or the conversion of many professionals into semi- or full-blown managers) one might say that professional organizations have changed in many respects into fairly orthodox organizations.

And like bureaucratic organizations, the professional organization is also based on the idea of formal hierarchical order. Professionals are thoroughly stratified and demarcated from and against each other. For example, in their empirical research of the internal division of labour in law firms, Ackroyd and Muzio (2007, pp. 740−1) found increasing numbers of hierarchical levels providing people with disproportionate privileges and opportunities as well as unequal working conditions. Similar things could be said about medical staff in the health sector, academics in higher and further education institutions (e.g. Kirkpatrick & Ackroyd, 2003; Robertson & Swan, 2003; Sehested, 2002) and consultants or accountants − *any* profession.

In most if not all professions, formal hierarchical order comes first in the form of the *principle of seniority*; more senior professionals inhabit higher positions, supervise and advise junior colleagues and have the final say. Vertical (and horizontal) differentiation is achieved through a variety of means typical for the profession, e.g. formal degrees, status, symbols and rhetoric, official codes of conduct and standards, attitudes and behaviour (Mars 2008; Wahrman, 2010). Junior professionals can only become fully accepted if they obey the written and unwritten rules of the profession, if they accept their status as 'apprentice' and the nature of the career path. Whereas it is only 'Obey or out!' in the bureaucratic organization, in addition it is 'Up or out!' in the professional organization.

And there are more fundamental differences. In addition to all rule-bound tasks, the professional organization encompasses large areas of professional work. In contrast to tasks and targets set by 'the system' which focus on measurable input or output, the *content* of professional work is inconclusive and provides room for interpretation. This elbowroom corresponds strongly with professionals' self-image as independent individuals who are knowledgeable and autonomous experts in their field (e.g. Brock, 2006, pp. 159−60; Robertson & Swan, 2003, p. 835). The professional organization, thus, is also based on the *principle of professional autonomy*.

Within and outside the professional organization, some formal structures and processes are especially meant to support professionals' autonomy, for example, self-regulating bodies such as intra-organizational committees, media for publishing and communicating the profession's developments, or associations representing the profession. The principle of professional autonomy, hence, contributes to an increase in *formal* structuring and hierarchical order (for example, ranking of professional achievements, journals or institutions such as universities). However, the principle of professional autonomy is also in some contrast to the principle of seniority and hierarchical ordering. Actually, the idea of autonomy fundamentally *negates* ideas of superiority and subordination, dominance and obedience. Hence, both principles, the principle of seniority and the principle of autonomy, at the same time support and contradict each other.

Professionals, therefore, also use *informal* ways in order to practise the kind of professional autonomy they believe in and to by-pass formal hierarchical structures. For example, they initiate networks and informal collaboration with (like-minded) colleagues within and outside the organization they work for. Those colleagues may be at the same or at different levels (according to their formal degrees or official position). On the one hand, this produces informal structures and processes which stretch across formal hierarchical order, and sometimes even contradict it. On the other hand, very often the principle of seniority kicks in and transforms informal professional relationships into informal hierarchical order. For example, in their case study research on the culture within a consultancy firm, Robertson and Swan (2003, p. 841) found:

> Concerted attempts had been made to sustain a flat organizational structure over time, incorporating only one level of senior management. Below this all consultants were grouped into loosely defined 'divisions' according to their particular expertise. Everyone acknowledged however that an informal hierarchy existed alongside the supposedly flat structure … Positions within it were premised on both marketing and scientific/technological expertise which, depending on the nature of project work at any given time, could be more or less in demand, thus commanding a higher or lower position within the informal hierarchy. This did lead to a highly combative (a term regularly used by the founder) environment ….

And they came to the conclusion (p. 831): 'Thus the culture that embraced ambiguity (a consensus that there would be no consensus) engendered a form of normative control whereby consultants operated freely and at the same time willingly participated in the regulation of their own autonomy.' In this sense, 'semi-autonomous' professionals still apply the hierarchical logic of their profession in the form of the principle of seniority because they want, or even need, to prove to other professionals (and to themselves) that they are (more) competent and know more. Over time this leads to the emergence of informal hierarchy *even across* organizational levels. The formal principle of seniority, which was intended to be avoided, has transformed the formal principle of professional autonomy into a factual informal *principle of domination among semi-autonomous professionals*.

Such informal hierarchical ordering then feeds back into the formal hierarchical order of the professional organization. Professionals use a combination of formal hierarchy (principle of seniority) *and* professionals' idea of autonomy in order to boost their informal hierarchical networks in the pursuit of individual or group interests – which, in return, will shape the formal hierarchical structures and processes of the organization, especially by reconfirming the status of the professional within the hierarchical order. For example, informal networks are used to get people appointed to certain positions in the formal hierarchical order or to raise and address issues in certain ways (e.g. deciding on agendas, official codes of conducts, or allocation of resources). Such cases usually do not constitute a problem; on the contrary, they correspond with the principles and self-image of the profession. As a consequence, the emergence not only of informal networks, but

of informal hierarchical structures and processes − even when politically motivated − is perceived as legitimate and as a normal part of the work and activities of professionals. Informal hierarchical structures and processes are regarded as legitimate because they are seen by many as part of the fundamental idea of the profession as a self-organizing and self-governing body. And they reflect the self-understanding of professionals as knowledgeable and autonomous actors. As a result, in the professional organization there is a formal hierarchy of different levels of professional qualifications, skills and experience *and* an informal, but *equally* legitimate, hierarchy which facilitates interaction between bureaucratic and professional matters. One therefore might say:

Proposition 2: Within the professional organization informal hierarchy is regarded as legitimate alongside formal hierarchy and facilitates it.

Representative democratic organization

In contrast to fully participatory ('egalitarian') organizations, the *representative democratic organization* is 'only' meant to make decision-making processes, co-operation and profit-sharing more democratic, *not* to replace and overcome hierarchical structures per se; line responsibilities are kept in place, managers are still appointed and not elected, most decisions are still made by superiors and carried out by subordinates. In the representative democratic organization the formal relationship between superiors and subordinates is perhaps even stronger since it is now justified and institutionalized by 'higher' values in addition to 'mere' business-like (e.g. profit) or technocratic ones (e.g. efficiency). Democratic committees and decision-making procedures are introduced not instead of, but *alongside*, orthodox organizational structures and processes. Democratic principles are put *on top of* hierarchical principles, whereby formal hierarchy remains the dominant factor. Hence, in the democratic organization there is still a strong principle of formal hierarchical representation at work.

Moreover, whereas in an orthodox organization an employee was 'only' subordinate to his or her line manager, in the democratic organization the employee must obey several superiors, i.e. line manager *and* the several collectives he or she belongs to (immediate co-workers, groups, committees, and the organization as a whole, e.g. Stohl & Cheney, 2001, p. 371). This probably means an even greater pressure and necessity to obey since the values of democracy are not (only) externally imposed by management but represent shared values. The additional norms of the democratic organization (e.g. participation, collaboration, or peer control) rightly expect obedience because they represent 'the collective will' of all. Erich Fromm (1956, referred to in Brookfield, 2005, pp. 64 and 169) talked quite critically about 'the tyranny of the majority' and the oppressive control it might exercise in a democracy. In both the bureaucratic and democratic organization there is little room for deviance − in the former because of regulations, in the latter because of social conformity.

In addition to formal hierarchical structures and processes, informal ones can be also quite intense in representative democratic organizations. For example, in the democratic organization, 'achieving consensus' is crucial. 'Consensus' does not need to be explicitly expressed by all and counted every single time. Actually, this is rarely the case. Usually, consensus is achieved by majority votes in official bodies representing the collective, such as committees. Decision-making processes, therefore, are often understood as 'political' (Boehm, 1993; Cheney, 1995; Palgi, 2006a, 2006b; Stohl & Cheney, 2001; Varman & Chakrabarti, 2004). And, as in political parties, defining agendas, shaping alliances and getting things through committees becomes an important part of the informal life of the organization. Most (or, at least, crucial) decisions are often made *before* the

actual formal institutions take place, i.e. they are made during informal decision-making processes of politically active members of the organization. The importance of informal processes leads to elaborated informal networks and alliances ('political circles') parallel to the formal institutions of organizational governance. In the representative democratic organization it is the notion of the 'political' which leads not only to an acceptance of formal hierarchical order (since committees and the line management are democratically legitimized) but also to an acceptance of informal networks as a 'normal' part of organizational life.

Individuals who are more active in the informal political processes, who are more present at committees and who voice their concerns publicly or 'behind closed doors' more vigorously will increasingly dominate decision-making processes (Lake, 2009). Over time they become informal opinion-leaders who are followed mainly by virtue of their widespread and regular presence and the power and influence they have accumulated through their different (informal) political networks and activities. The accumulation of posts, membership of influential circles and involvement in informal processes form patterns showing how influential individuals are. Members of the organization are judged accordingly and ranked based on their 'importance'. It is a formal as well as informal dominance of politically active members over the collective (e.g. Sidanius et al., 2004). One therefore might say that it is not informal political *circles* but informal political *hierarchies* which drive representative democratic organizations − and probably more than the formal hierarchical structures and processes.

In their very informative study of the organizational culture and democratic processes in an Indian workers' co-operative called SAMITI, Varman and Chakrabarti (2004, p. 199) found:

> SAMITI has found it difficult to elicit commitment to participatory processes, … consensual decision-making is a matter of learning and culture, where people care and dare to speak and critique. What actually happens in SAMITI is that a few articulate individuals are able to push through their point and in the process further alienate others. … The other side of this dialectic has been the persistent tendency toward oligarchization within SAMITI, whether in the beginning it was the MCAs [middle-class associates] and the 'activists' or later when it incorporated some of the workers as well, or at present when all the office-holders are workers. The problem is that the lack of participation and tendency toward oligarchization feed in to each other. Thus at best some kind of a paternalistic system develops, but at times distinctly authoritarian tendencies emerge. Worse, some of the informal members of the oligarchy, such as the MCAs, are very difficult to hold accountable, since they are not part of any formal structure.

The 'oligarchization' identified by Varman and Chakrabarti is further evidence for Robert Michels' well-known 'iron law of oligarchy' (Michels, 1915); regardless of how democratic organizations are at the start, they eventually (and inevitably!) will develop into oligarchies. Whether Michels' quite pessimistic, but nonetheless realistic, conclusion stemming from his very comprehensive and detailed empirical research is indeed a law which is always true cannot be discussed further here. But there seems to be at least so many cases of such a development that in the context of this paper one might say that (the principle of) *formal hierarchical representation* is often dominated by (the principle of) *informal political domination*.

Informal hierarchical domination finally feeds back into the formal structures and processes. For example, people are appointed or elected formally depending on the support they obtain from informal networks, or formal structures and processes are modified according to ideas which have been developed in the informal realm.

All in all, in representative democratic organizations formal and informal hierarchies form a dialectic relationship; informal hierarchies emerge in addition to the formal hierarchy of line management and official democratic structures and processes. This is mainly because of more active

members keen to influence democratic decision-making processes. The democratic organization becomes a political arena where informal hierarchical networks and informal decision-making processes prevail and determine much of what happens in formal structures and processes. Although such processes may go against the 'true spirit' of democratic decision-making, they are nonetheless often a cornerstone of factual decision-making in systems of representative democracy. In many representative democratic organizations formal hierarchy is not only provided through elections and representation, but predefined and shaped, used and perhaps even abused by informal hierarchical networks and initiatives from politically ambitious members. In one word: *formal hierarchical democratic representation is subordinate to informal political domination.* One can therefore formulate:

Proposition 3: If there is a strong political culture within a representative democratic organization then formal hierarchy and institutions are only instrumental to informal hierarchy.

Hybrid or postmodern forms of organization

There were hopes that postmodern, 'team-oriented' or even 'family-like' types of organization would bring new forms of employee participation, commitment and motivation and would replace outdated bureaucratic work practices (Casey, 1999, p. 156). However, there is some evidence that even those new forms of work organization leave superiors' rights and responsibilities largely intact and simply reinforce top-down power relations already in place (Hales, 2002, p. 51; Jermier, 1998, p. 249; Rothschild & Ollilainen, 1999, p. 594). Quite often, with the introduction of these new concepts employees and lower management are simply given more operational tasks and merely the *feeling* of being empowered (Courpasson, 2000, p. 155; Courpasson & Dany, 2003, p. 1246). Rothschild and Ollilainen (1999, p. 610), therefore, called the new forms of work 'pseudo-participation' because they lack, for example, collective ownership, shared control over major decisions and equality. In this sense, hybrid organizations are very similar to orthodox organizations.

They may even be worse. In addition to their embeddedness in formal hierarchical structures, in hybrid organizations many employees are involved in teams or projects, either temporarily or even permanently. Usually, these teams and projects are organized according to orthodox principles, i.e. functional and hierarchical (e.g. team and project members are provided with formal authority, responsibilities and privileges according to their functional roles). Hence, in some contrast to orthodox organizations where there is 'only' one hierarchy, teams and projects *add a second cosmos of indirect formal hierarchical structuring* to the direct formal hierarchy of line management. One therefore might say that the leading formal principle of the hybrid organization is the principle of direct *and* indirect line management. Since one of the original ideas of the hybrid organization was to reduce formal hierarchy via the introduction of teams and projects, this type of organization is quite paradoxical; there is a duplication of formal hierarchy *because of* attempts to reduce it.

Moreover, there are also paradoxical outcomes with regard to *informal* structures and processes within hybrid organizations. It is well known that via the institutionalization of teams and projects more indirect, individualized and subjectivized forms of power and control are added to direct managerial line control and abstract control-and-punishment systems (Clegg et al., 2006; Kärreman & Alvesson, 2004, p. 151; Kirkpatrick et al., 2005, p. 96). Employees are expected to monitor, control, regulate and manage each other's contributions and performances, even behaviour and attitudes. Thus, teams, projects, or similar, so-called 'collaborative' work arrangements and environments, often mean *more* pressure and more 'gentle' ways of *informal* coercive control and

punishment for the individual than most of the external methods (e.g. Barker, 1993; Courpasson & Clegg, 2006; Jacques, 1996); they 'retain a need for the iron fist of strong and centralized control mechanisms, wrapped up in the velvet glove of consent' (Courpasson & Clegg, 2006, p. 324).

Hence, although teams and projects may be seen by some as 'escape routes' from formal hierarchy, they actually can be worse for the individual since they represent a very demanding combination of formal and informal pressure held together by a team and family rhetoric (Casey, 1999) which is difficult to challenge and even harder to escape from. (Post)modern organizations obscure new and more intense forms of formal and informal control with their official rhetoric of teamwork, projects, employee participation, commitment, motivation and empowerment (Akella, 2003, p. 47; Jermier, 1998, p. 249).

The 'family' and 'team' metaphors shed some more light onto this situation − but in a different way from that suggested by the 'romantic' rhetoric. Just as in a family, some roles and responsibilities within teams and projects may have been formally defined and organized hierarchically. Nevertheless, ways of organizing work, social status, image and prestige, even factual access to resources, current prerogatives and future opportunities, need to be clarified and negotiated in social interactions on an almost constant basis (Sillince & Mueller, 2007). The combination of formal and informal hierarchical structures and processes within teams and projects creates at the same time certainty and (constant) uncertainty, scarcity and pressure as well as chances and opportunities for most of its members (although in different shapes and sizes). There is thus an almost constant need for internal positioning of oneself and bargaining with, and against, others. In her empirical investigation of 'family-rhetoric' at a large multinational US company, Casey (1999, p. 172) revealed that

> flatter organizational structure typical of team family styles of work organization results in fewer opportunities for upward mobility. Although sub-teams can provide satisfying experiences in self-management and work design, they inhibit individual recognition and advancement. Competition for recognition and reward, therefore, is now more complex and at the same time regressive. Favoritism and political maneuvering were present in the older style bureaucracies, but the more formalized structure in which one expected to progress encouraged impersonality and some protection from advancement by nepotist practices. But now, the flatter, closer team-family structure covertly revives interpersonal suspicion, sibling-like rivalry and nepotism at the same time as it overtly, officially, promotes egalitarian teammate cooperation, familial warmth, and overriding commitment to the product. Team-family members must compete with each other for the attention and favour of the team's manager-father.

The fluid structures and processes of 'family-like' hybrid organizations contribute to increased competition and peer pressure − which in most cases is probably intentional. In the hybrid organization actors *must* strive for informal dominance, or at least participate to some extent in the daily struggle for survival because their formal positions do not automatically provide security anymore. Over time, the internal struggles produce informal leaders and followers (either in line or in contrast to their formal positions) and lead to informal hierarchy and to further social dynamics around it. Hence, one might say that in hybrid organizations there is a strong *informal principle of continuous hierarchical positioning* at work.

As a result, hybrid organizations have the formal hierarchical double structure of direct and indirect line management *and* informal processes of continuous hierarchical positioning. Hybrid organizations are often not *less* but *more* hierarchical and oppressive than other hierarchical regimes − but in more differentiated and challenging, sublime and sophisticated ways than orthodox, professional or representative democratic organizations. In the hybrid organization informal hierarchy complements formal hierarchy in all areas where the latter cannot reach and cope with

members sufficiently. It copes with all those who want to escape from direct line management and routine tasks, who want to have the advantages of larger orthodox organizations without its disadvantages. This is also the reason why the informal principle of continuous hierarchical positioning is so successful. It serves well all those who consciously reject formal authority, responsibilities and privileges while at the same time unconsciously pursuing these very same aspects.

This also explains why informal hierarchical positioning feeds back not only into the formal team and project structures but even into the formal hierarchy of line management. For example, actors who have successfully managed (sic!) teams or projects − particularly those teams or projects which are ranked high and are attractive for whatever reasons − sooner or later will be rewarded by making a career step up the formal hierarchical ladder. In this sense, it is even more logical than paradoxical that it is the velvet glove that strengthens the iron fist, not the other way round. We therefore propose:

Proposition 4: If there is a strong inclusive organizational culture in hybrid organizations then informal hierarchy emerges in all areas where formal hierarchy cannot reach members effectively and will dominate the organization.

Network organization

The network organization is one of the more promising candidates for a hierarchy-free type of organization. Networks are seen as the collective responsibility of their members, who have equal status and represent a 'community' or even 'family' (e.g. Barker, 2006, p. 12; Casey, 1999, p. 162; Parker, 2002, p. 70). Members of networks often try very seriously to establish non-hierarchical and open forms of collaboration built on trust and mutual understanding (Stohl & Cheney, 2001, p. 356). Hales (2002, p. 54) gave quite a good description of the network idea within organizations:

> the internal network organization is conceived as a loose federation of informally constituted, self-managing, often temporary, work units or teams within which there is a fluid division of labour and which are coordinated through an internal market, rather than rules, and horizontal negotiation and collaboration, rather than hierarchy …. Instead of a hierarchy of vertical reporting relationships there is a 'soft network' … of informal lateral communications, information sharing and temporary collaboration based on reciprocity and trust.

In this sense, one might say that networks are based on the *formal principle of autopoietic structures and processes*. Nevertheless, even when formal hierarchy has been successfully avoided at the beginning and the network reflects egalitarian, participative-democratic and related ideas, even in the 'best' and 'most well-intended' networks, things might not be quite as the theory or the founders' initial ideas suggest. For example, when investigating and analysing internal email communication of an explicitly network-oriented and anti-hierarchically run company, Oberg and Walgenbach (2008, p. 183) found

> a split between the symbolic activities for creating a non-hierarchical network organization and the actual intranet communication behaviour of the organization members. In their daily communication on the intranet, they persistently reproduced hierarchical structures and official channels − elements typically associated with bureaucratic organizations. Further, we find many signals in the content of the intranet messages, reflecting a social hierarchy that has evolved within the organization. Thus, despite rhetoric to the contrary, our findings regarding this communication behaviour show that, to all intents and purposes, this particular organization displayed characteristics similar to those of a traditional bureaucratic organization.

In this case, hierarchical structures emerged over time, particularly with regard to two key aspects of what we will term communicative dominance (Oberg & Walgenbach, 20008, p. 194). One was hierarchical *structures* of communication, i.e. official communication channels representing a very clear centre-to-periphery structure. And the other was the *content* of communication, i.e. members developed systematic patterns of addressing certain issues in unequal ways and of using rhetoric in order to signal superiority or inferiority, dominance or submissiveness. That hierarchical patterns had emerged came as a surprise to everyone, to the researchers and even to the actors involved when the research findings were presented to them. *Informal* hierarchical structures and processes had developed not only against all best intentions, but also against the perceptions and self-image of the actors involved.

The example also shows that network organizations are more vulnerable to the emergence of informal hierarchy than other organizations (Ahuja & Carley, 1999). Since (at the beginning) there are fewer formal structures, rules and regulations, procedures and policies in place, networks are shaped even more by the *actual* activities of their members. One area of concern, hence, is whether or not the actual behaviour is in line with the idea of a network organization or goes against its fundamental principles. For example, Ekbia and Kling (2005) provide evidence that the usually mentioned positive aspects of work and behaviours in networks can be quite easily accompanied by negative ones. In addition to trust, flexibility, adaptability, deregulation, cooperation, voluntarism, decentralization, team spirit, empowerment and transparency, there can also be deception, inflexibility, gaming behaviour, regulation, antagonism, coercion, concentration of power, egocentrism, oppression and secrecy. Obviously, such behaviour and activities will transform the network very quickly into an informal hierarchy (created and maintained by powerful members) or even a formal hierarchy (due to the introduction of formal rules and regulations which will be used and abused by those who are responsible for their introduction and maintenance).

However, in the context of this paper it is perhaps more revealing to focus on the fact that already *'neutral'* communication behaviour *as such* can constitute serious problems for the network organization. People's individual differences in style and intensity of communication (e.g. more active 'doers' and more observant 'contemplators'), not to mention their different worldviews, personality traits, aspirations and attitudes, contribute to the emergence of (informal) patterns of social dominance (Sidanius & Pratto, 1999). Consciously or unconsciously, the more active members begin to dominate (virtual) discussions, decentralized communication and coordination processes whereas the more passive members apply a 'wait-and-see' strategy. Over time, members' individual behaviour manifests itself as social structures and routine processes. They develop more and more traditional roles and corresponding behaviour of (informal) superiority and subordination, domination and obedience to such a degree that (unwanted) informal hierarchical structures emerge. One might say that such processes reflect an *informal principle of communicative dominance*.

Crucially, it may not be individual or collective malpractices or unethical behaviour but simply differences in communication per se which lead to communicative dominance and, as a consequence, to informal hierarchical structures and processes. And not only concerning communication but also concerning decision-making processes and resource allocation. In this sense, the formal principle of autopoiesis might speak strongly against *formal* hierarchy − but it is no guarantee against the emergence of *informal* hierarchy; on the contrary, it seems to lay the ground for the informal principle of communicative dominance to take over. This represents a serious problem, if not a dilemma, for the proponents of network organizations; the emergence of informal hierarchical patterns goes against the very ideals of this type of organization – but its proponents cannot do much against the informal processes since self-organizing processes and the acceptance of

outcomes stemming from such processes are core ideas of non-hierarchical systems. And if the proponents would begin to intervene systematically in authoritative ways, then an element of formal hierarchy would be introduced – which also goes against the idea of a hierarchy-free network organization. Either way, the problem needs to be tackled since otherwise the informal hierarchical ordering continues and contributes to a negative feedback loop taking the network even further away from the ideal of a hierarchy-free type of organization. All in all, concerning the problem of informal hierarchy emerging in networks we can propose:

Proposition 5: If the key actors involved in attempts to realize non-hierarchical work relationships such as those in network organizations lose the ability to reflect critically on their social or communication practices then informal hierarchy will emerge,(unrecognized.

The Relationship(s) Between Formal and Informal Hierarchy in Different Types of Organization

The above analysis has revealed that in *all* of the five types of organization investigated, hierarchical structures and processes are present. Whether these patterns of vertical social relationships have been designed deliberately or have emerged over time, whether they are formal or more informal (Courpasson & Clegg, 2006, p. 327; Clegg et al., 2006, p. 330; Scott, 1990, p. 61), none of these organizations is hierarchy-free. This is immediately understandable for bureaucratic/orthodox, professional and representative democratic organizations since these types are based explicitly on formal principles of hierarchical ordering. But it has also become clear that within hybrid and even network organizations hierarchy is at work -- probably more than people would have expected or hoped for. Despite all the rhetoric about flat, lean or virtual organizations, family-, team- or network-based modes of organizing, most organizations still function on the basis of hierarchical principles and mechanisms. Hierarchy is still the backbone and central nervous system of our organizations – even the postmodern ones. Table 2 summarizes the analysis.

Formal hierarchy is extremely high and comprehensive in bureaucratic/orthodox organizations. So too in the professional organization, but here the principle of seniority is somewhat counterbalanced by the principle of professional autonomy. Formal hierarchy is then less in representative democratic organizations, quite high in hybrid organizations, and almost non-existent (at least in the beginning) in network organizations.

In contrast, *informal* hierarchy is very low in bureaucratic organizations, increases in professional and representative democratic organizations, is quite present in hybrid organizations and dominates particularly in network organizations.

On balance, formal hierarchy may have been reduced, but only in relative terms since at the same time informal modes of establishing and maintaining unequal social relationships have emerged. At least concerning the types of organization we have investigated here it seems that *whenever formal hierarchy decreases, informal hierarchy increases*. The overall scope of hierarchy remains fairly stable. In this sense, one might say that the typology above constitutes a continuum of dynamic relationships of formal and informal hierarchy.

And there was another key finding. The analysis of the five types of organization seems to suggest that, *whatever the type of social system, most of its members apply its dominant logic* – consciously and unconsciously. Members of a social system apply its dominant logic to almost every*thing, to the way they think, act, interact, establish and maintain their social relationships. First, formal principles provide the dominant logic. But very soon, people apply the dominant principle(s) of formal hierarchical ordering also to the informal ordering of social structures and processes.*

Table 2. Formal and informal hierarchy in hierarchical organizations

	Bureaucratic/ orthodox organization	Professional organization	Representative democratic organization	Hybrid/ postmodern organization	Network organization
Formal principle of hierarchical order	Principle of rule-bound line management	Principle of seniority, principle of professional autonomy	Principle of formal hierarchical representation	Principle of direct and indirect line management	Principle of autopoietic structures and processes
Informal principle of hierarchical order	Principle of dominance among equals	Principle of domination among semi-autonomous professionals	Principle of political domination	Principle of continuous hierarchical positioning	Principle of communicative dominance
Relationship between formal and informal hierarchy	Informal hierarchy happens within the boundaries set by the dominant formal hierarchy as its logical extension and, hence, is supporting it	Informal hierarchy is facilitative alongside and across formal hierarchy	Formal hierarchy is instrumental to informal hierarchy	Informal hierarchy complements formal hierarchy in all areas where the latter can't reach and cope with members sufficiently	Informal hierarchy emerges unrecognized and might become the dominant rationale

The analysis has revealed differences in the actual relationship between formal and informal hierarchical order. How exactly the transformation from formal to informal happens depends on the type of organization: in the orthodox organization the formal *dominates* the informal; in the professional organization the informal *facilitates* the formal; in the (representative) democratic organization the formal is *instrumental* to the informal; in the hybrid organization the informal *complements* the formal; and in the network organization the informal sneaks its way in as an *unobtrusive* phenomenon via formal autopoiesis. This means in particular:

1. In the bureaucratic/orthodox organization, the principle of formal hierarchy line management is transformed by subordinates into the principle of informal dominance among equals. The informal hierarchical order helps to keep the formal hierarchical order working and intact. It is its continuation by other means.
2. In the professional organization, the formal principle of seniority and the formal principle of professional autonomy, although in some contrast to each other, converge towards the informal principle of domination among semi-autonomous professionals.
3. In the representative democratic organization, the principle of formal hierarchical representation is instrumental for the principle of informal political domination. Together, both principles represent the formal as well as informal dominance of a politically active minority over a politically inactive majority.
4. In the hybrid organization, a formal hierarchical double structure of principles of direct and indirect line management is complemented by a strong informal principle of continuous hierarchical positioning at work.

5. In networks, the formal principle of autopoietic structures and processes provides the space for some members to develop traditional roles and corresponding behaviour of dominance and obedience. As a consequence, informal hierarchy starts to dominate, based on an informal principle of communicative dominance.

Such transformations of formal principles of hierarchical ordering into informal ones happen largely unnoticed. Usually, most members of an organization are not aware of the fact that they apply its formal principles to informal structures and processes as well, and that their informal organizational behaviour is largely a continuation of the principles of formal hierarchical ordering by other means. Indeed, it may even be that people are of the opinion that their informal thoughts and deeds are in opposition to the formal order. Either way, the informal hierarchical ordering feeds back into the formal structures and processes, and the circle is closed. Hierarchy continues to prevail and persists even in the face of most attempts to change it.

Future Research

The dual concept of formal and informal hierarchy can help to reveal and to analyse differences in the hierarchical structuring of social relationships and processes within different types of organization or other social system. To investigate formal *and* informal hierarchy (and their relationships) *at the same time* helps us to understand hierarchy, its mechanisms and dynamics in more differentiated ways – whether it is ideal types or factual entities. However, the functional analysis carried out here has been quite limited and future research could go well beyond it.

More functional analysis. For example, the analysis showed that formal and informal hierarchical structures and processes shape organizations to a much greater extent than orthodox, even postmodern, organization studies might imply. It seems that even in cases of 'best intentions' to establish non-hierarchical ways of work, hierarchical structures can still emerge and are more persistent than expected (Ahuja & Carley, 1999; Ekbia & Kling, 2005; Oberg & Walgenbach, 2008). More analysis would help to counterbalance naive understandings (or hopes) of an automatic emergence and continuation of non-hierarchical and decentralized structures and processes only because of an 'alternative' impetus or 'unorthodox' structures and processes (Ahuja & Carley, 1999, p. 751). In contrast to formal hierarchy, very little is known about social phenomena leading to informal hierarchy (Nelson, 2001, p. 797) as well as the interactions between formal and informal institutions (Zenger et al., 2001, p. 3).

Taking other functional aspects into account. Here in this paper we have focused mainly on the phenomenon of hierarchy as such. However, the existence and continuation of hierarchy can be traced back to specific dynamic relationships between formal and informal hierarchy to some extent only. For example, hierarchy (whether formal or informal) and organizational structures and processes are closely related to other crucial organizational aspects such as ownership, democracy and participation, power and control (Barker, 1993; Brown et al., 2010; Cheney, 1995; Clegg et al., 2006; Jones & Svejnar, 1982; Stohl & Cheney, 2001). A more comprehensive and detailed analysis would have to take such aspects, and how they relate to hierarchy, explicitly into account.

Extending the analysis to people/actors. This paper was specifically designed to deliver a functional analysis of some aspects of organization. Of course, these are only part of the problem. All social systems (groups, organizations, societies) are made up of two large groups of elements: one is

abstract institutions, the other is specific actors – and all the multiple and dialectic relationships between these elements as it is addressed by, for example, structuration theory (Giddens, 1976, 1984). Much of the way in which the formal and the informal interact depends on the actual people involved, how they perceive and interpret the social situation they are in, how they act, how they continue to reflect on their social practices – and how this feeds back into the principles and mechanisms of the social system and contributes to its continuation, change or discontinuation. For example, people's almost automatic willingness to take over social roles, behaviours and attitudes of dominance or obedience (Milgram, 1974) are much more part of social systems and daily actions than contemporary research might suggest. Hence, in future research it might be useful to interrogate whether certain types of people, or people with specific personalities and moral convictions, have a certain affinity towards formal or informal hierarchy and contribute differently to their emergence and continuation. This means that individual-psychological, cultural and societal aspects (e.g. mindsets, personality traits, moral frameworks, attitudes and behaviours, values) need to be taken into account in order to interrogate why people become, or even want to be, superiors or subordinates (e.g. Passini & Morselli, 2010, 2009; Schmid Mast, Hall, & Schmid, 2010).

Development of a new interdisciplinary theory. The existence and persistence of hierarchy in general, as well as of specific relationships of formal and informal hierarchy in different social systems in particular, is intriguing. (Trying) to understand such phenomena is one thing, to explain them another. Hierarchy, hierarchical relationships and/or social dominance and obedience are complex phenomena. Their explanation, therefore, requires elements from, for example, psychological, socio-psychological, sociological, anthropological, political and cultural theories (e.g. Laumann et al., 1971; Mousnier, 1973). Hence, in addition to all discipline-specific progress, a more integrative, interdisciplinary approach would help to (better) understand and to explain hierarchy as a general, multidimensional and multifaceted phenomenon.

Development of new types of organization. In this paper, the analysis was limited to the most common types of hierarchical organization. However, since the emergence of the modern organization in the early 19th century, there have been always attempts to create 'hierarchy-free' organizations, for example: heterarchic organization (Fairtlough, 2005), participative democratic organization (de Jong & van Witteloostuijin, 2004; Rosen, 1984; Rothschild & Ollilainen, 1999), collectivist organization (Rothschild-Whitt, 1979), or utopian communities (Kanter, 1972). The history of innovative, if not utopian, projects to realize and maintain 'hierarchy-free' social groups, organizations or even whole societies has produced many failures with sometimes disastrous consequences. But there are also success stories of quite determined and far-reaching attempts to realize and practise alternative forms of work and collaboration. It would help to investigate these 'unorthodox' organizations in more detail in order to find out how they function, what the reasons for their success or failure are and, most importantly, whether they are truly free of any form of hierarchy and oppression, and whether this is possible at all or preferable. At the end of the day, the search for hierarchy-free organizations is to continue the endeavour and unfinished business of the Enlightenment.

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