

# VIDYA BHAWAN BALIKA VIDYA PITH

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class 12 commerce Sub. BST. Date 25.5.2020

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## ORGANISING

### Formal and Informal Organisation

In all organisation, employees are guided by rules and procedures. To enable smooth functioning of the enterprise, job description and rules and procedures related to work processes have to be laid down. This is done through the formal organisation. Formal organisation refers to the organisation structure which is designed by the management to accomplish a particular task. It specifies clearly the boundaries of authority and responsibility and there is a systematic coordination among the various activities to achieve organisational goals. The structure in a formal organisation can be functional or divisional. The formal organisation can be better understood by a study of its features which are as follows:

- (a) It specifies the relationships among various job positions and the nature of their inter-relationship. This clarifies who has to report to whom.
- (b) It is a means to achieve the objectives specified in the plans, as it lays down rules and procedures essential for their achievement.
- (c) Efforts of various departments are coordinated, interlinked and integrated through the formal organisation.
- (d) It is deliberately designed by the top management to facilitate the smooth functioning of the organisation.
- (e) It places more emphasis on work to be performed than interpersonal relationships among the employees.

**Advantages:** Formal organisation offers many advantages. Some of the important ones are:

- (a) It is easier to fix responsibility since mutual relationships are clearly defined.
- (b) There is no ambiguity in the role that each member has to play as duties are specified. This also helps in avoiding duplication of effort.
- (c) Unity of command is maintained through an established chain of command.
- (d) It leads to effective accomplishment of goals by providing a framework for the operations to be performed and ensuring that each employee knows the role he has to play.

(e) It provides stability to the organisation. This is because behaviour of employees can be fairly predicted since there are specific rules to guide them.

**Limitations:** The formal organisation suffers from the following limitations:

(a) The formal communication may lead to procedural delays as the established chain of command has to be followed which increases the time taken for decision making.

(b) Poor organisation practices may not provide adequate recognition to creative talent, since it does not allow any deviations from rigidly laid down policies.

(c) It is difficult to understand all human relationships in an enterprise as it places more emphasis on structure and work. Hence, the formal organisation does not provide a complete picture of how an organisation works.