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ORGANISING

Informal Organisation Interaction among people at work gives rise to a 'network of social relationships among employees' called the informal organisation. Informal organisation emerges from within the formal organisation when people interact beyond their officially defined roles. When people have frequent contacts they cannot be forced into a rigid formal structure. Rather, based on their interaction and friendship they tend to form groups which show conformity in terms of interest. Examples of such groups formed with common interest may be those who take part in cricket matches on Sundays, meet in the cafeteria for coffee, are interested in dramatics etc. Informal organisation has no written rules, is fluid in form and scope and does not have fixed lines of communication. The Table in the next page compares informal organisation with the formal organisation to provide better understanding of both types. Informal organisation can be better understood with the help of the following features:

- (a) An informal organisation originates from within the formal organisation as a result of personal interaction among employees.
- (b) The standards of behaviour evolve from group norms rather than officially laid down rules and regulations.
- (c) Independent channels of communication without specified direction of flow of information are developed by group members.
- (d) It emerges spontaneously and is not deliberately created by the management.
- (e) It has no definite structure or form because it is a complex network of social relationships among members.

Advantages: The informal organisation offers many benefits. Important among them are given below:

- (a) Prescribed lines of communication are not followed. Thus, the informal organisation leads to faster spread of information as well as quick feedback.
- (b) It helps to fulfill the social needs of the members and allows them to find like minded people. This enhances their job satisfaction since it gives them a sense of belongingness in the organisation.

(c) It contributes towards fulfillment of organisational objectives by compensating for inadequacies in the formal organisation. For example, employees reactions towards plans and policies can be tested through the informal network.

Disadvantages: The informal organisation has certain disadvantages. Some of them are as follows:

(a) Informal organisation may become a disruptive force when it spreads rumours. This may work against the interest of the formal organisation.

(b) The management may not be successful in implementing changes if the informal organisation opposes them. Such resistance to change may delay or restrict growth.

(c) It pressurises members to conform to group expectations. This can be harmful to the organisation if the norms set by the group are against organisational interests. Informal organisation cannot be altogether eliminated. Thus, it would be in the best interest of the organisation if the existence of such groups is recognised and the roles that their members play are identified.

The knowledge of such groups can be used to gather their support and consequently lead to improved organisational performance. Such groups can also provide useful communication channels. Instead of confronting them, the management should skillfully take advantage of both the formal and informal organisation so that work continues smoothly.

Formal and informal organisation: A Comparative view

Basis	Formal organisation	Informal organisation
Meaning	Structure of authority relationships created by the management	Network of social relationships arising out of interaction among employees
Origin	Arises as a result of company rules and policies	Arises as a result of social interaction
Authority	Arises by virtue of position in management	Arises out of personal qualities
Behavior	It is directed by rules	There is no set behaviour pattern
Flow of Communication	Communication takes place through the scalar chain	Flow of communication is not through a planned route. It can take place in any direction
Nature	Rigid	Flexible
Leadership	Managers are leaders.	Leaders may or may not be managers. They are chosen by the group.

