

# Informal Organization

Informal organization is a network of personal and social relations not established or required by the formal organisation but arising spontaneously as people associate with one another.

- Keith Davis



Informal organisation emerges from within the formal organization when people interact beyond their officially defined roles. Interaction among people at work gives rise to a 'network of social relationships among employees called the informal organisation.



Based on their interaction and friendship they tend to form groups which show conformity in terms of interest. Informal organisation has no written rules, is fluid in form and scope and does not have fixed lines of communication.



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.



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.



# Features of Informal Organization

An informal organization originates from within the formal organization as a result of personal interaction among employees.



The standards of behavior evolve from group norms rather than officially laid down rules and regulations.



Independent channels of communication without specified direction of flow of information are developed by group members.



It emerges spontaneously and is not deliberately created by the management.



It has no definite structure or form because it is a complex network of social relationships among members.



# Advantages of Informal Organization

Prescribed lines of communication are not followed. faster spread of information as well as quick feedback.



It helps to fulfill the social needs of the members This enhances their job satisfaction since it gives them a sense of belongingness in the organization



It contributes towards fulfillment of organizational objectives by compensating for inadequacies in the formal organization.



For example, employees reactions towards plans and policies can be tested through the informal network



# Disadvantages of Informal Organization

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



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



Spread of rumours, becomes a destructive force and goes against the interest of the formal organisation.



| Basis                 | Formal organisation                                            | Informal organization                                                                    |
|-----------------------|----------------------------------------------------------------|------------------------------------------------------------------------------------------|
| 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                                                         |
| Behaviour             | 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                         |



**Thank you**

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