

Chapter 5: Organising

Q11. What is meant by 'Informal Organisation'? Briefly discuss its features, advantages and disadvantages.

Ans. Informal organisation refers to network of social relations, which emerges on its own due to formal roles and relationships among people.

Features of Informal Organisation

- (i) Formation: It emerges on its own within the formal organisation as a result of social interactions among people.
- (ii) Purpose: It aims to satisfy social and cultural needs and to fulfill common interests of members of organisation.
- (iii) Reporting relationships: There is no definite pattern of authority-responsibility relationship.
- (iv) Structure: It has no definite structure because it is a complex network of social relationships among members.
- (v) Stability: It is less stable due to lack of definite structure.
- (vi) Chain of command and communication: There is no specific direction of flow of information. It follows the independent channels of command and communication.
- (vii) Flexibility: It is flexible as standards of behaviour evolve from group norms rather than officially laid down rules and regulations.

Advantages of Informal Organisation

- (i) Faster Communication: It follows independent channels of communication as there is no prescribed official channel. It leads to faster spread of information as well as quick feedback. Sometimes, management also uses such communication to transmit certain information, which formal system fails to convey.
- (ii) Fulfill social needs: It satisfies social needs of the members, which is not satisfied in formal organisation. It gives them a sense of belonging, recognition, etc.
- (iii) Helps in achieving organisational objectives: It provides employee's feedback about work experiences as they can discuss their views and ideas with superiors without any fear or hesitation. Such feedback contributes towards fulfillment of organisational objectives.

Disadvantages of Informal Organisation

- (i) Resistance to change: An informal organisation is bound by customs, conventions and culture. So, it resists those changes, which affect its culture or relationships among members. Such resistance to change may delay or restrict growth.
- (ii) Spread of rumours: It becomes a disruptive force when it spreads rumours. Such rumours not only spoil the team spirit and morale but also adversely affect the smooth working of the organisation.
- (ii) Pressure of Group Norms: In case of informal organisation, people are under pressure to observe group norms, even if such norms are against the interest of formal organisation.

Q12. Distinguish between Formal Organisation and Informal Organisation.

Ans.

Basis	Formal Organisation	Informal Organisation
Meaning	It refers to structure of authority relationships created by the management	It is a network of social relationships, arising out of interaction among employees.
Origin/Formation	It is formed deliberately as a result of company rules and policies.	It emerges spontaneously as a result of social interaction.
Authority	It arises by virtue of position in management.	It arises out of personal qualities.
Behaviour	Behaviour and standards of performance are prescribed by the managers.	There is no set behaviour pattern in case of informal organisation.
Flow of Communication	Communication takes place through formal channels, known as scalar chain.	It makes more use of informal channels, which has no fixed path.
Nature	It is very rigid in nature	It is flexible in nature
Leadership	It is based on authority, i.e. person with the maximum authority (like manager) is considered as the leader.	It is based on competence, i.e. person accepted by group is considered as the leader.
Flow of authority	Authority flows from top to bottom.	Authority can flow in all the directions.
Purpose	It is created to work systematically and achieve goals of the organisation.	It aims to serve group interest and to provide social satisfaction to them.
Stability	It is more stable as it exists till survival of the organisation.	It is less stable as employees can change their social group according to their desire.

Q13. Why does formal organisation oppose informal organisation?

Ans. Managers consider informal organisation as a threat to their authority and an obstacle in organisational goals. They consider it as a source of conflict and a means of restricting output.

Q14. Why do members need informal organisation?

Ans. Informal organisation provides great personal and social satisfaction to its members. It satisfies the friendship and companion needs of the members, secures additional financial and non-financial benefits for them and protects them against threats from higher level management. It also provides prompt and speedy channels of communication.

Q15. "Informal Organisation is unavoidable and managers should adopt a positive approach toward it." Do you agree with the given statement?

Ans. Yes, I agree with the given statement. Informal organisation cannot be altogether eliminated. It supplements the functioning of formal organisation and makes it more efficient in achieving organisational goals. It is often used by