

Formal and Informal Organization

Although there is only one organization, it always has two distinct faces, that is, it can be viewed from two different perspectives—the formal and the informal.

Formal organization is the official blueprint of the organization, which is carefully planned, described, and enumerated in terms of roles, positions, hierarchy, and a set of officially sanctioned procedures. Expectations define the official roles; these roles are combined into formal positions and offices; and the roles and offices are arranged into a formal hierarchy of authority according to their relative power and states. This hierarchical structure in turn is governed by an official set of rules, regulations, procedures, and routines.

Informal organization is a system of interpersonal relations that forms *spontaneously* in organizations. It is not included in the organizational chart or official blueprint. The informal organization is the natural ordering that evolves from the needs of participants as they interact with each other within the organization. In some ways, the informal organization is a shadow of the formal, but it is based on informal relations rather than formal ones. Compare the elements of the formal and informal organization below:

Formal Organization	Informal Organization
<ul style="list-style-type: none">• Hierarchy of Authority• Division of Labor• Formalization• Impersonality• Formal Communication• Formal Leadership	<ul style="list-style-type: none">• Hierarchy of Friendships• Division into Cliques• Informal Norms and Procedures• Personal Relations• Informal Communication• Informal Leadership

The two perspectives of organization are often quite different. The formal is clearly based of prescribed official relations whereas the informal is anchored in personal relations that emerge spontaneously as participants interact. Much of the formal is written down and found in documents and charts; however, the informal is virtually never written down, but it exists and, at times, is as important or more so than the formal.