

### **The formal and informal organisation structure**

Organisations have a formal structure which is the way that the organisation is organised by those with responsibility for managing the organisation. They create the formal structures that enable the organisation to meet its stated objectives.

Often these formal structures will be set out on paper in the form of organisational charts. However, in the course of time an informal structure develops in most organisations which is based on the reality of day-to-day interactions between the members of the organisation. This informal structure may be different from that which is set out on paper.

Informal structures develop because:

- \* people find new ways of doing things which they find easier and save them time
- \* patterns of interaction are shaped by friendship groups and other relationships
- \* people forget what the formal structures are
- \* it is easier to work with informal structures.

Sometimes the informal structure may conflict with the formal one. Where this is the case the organisation may become less efficient at meeting its stated objectives. However, in some cases the informal structure may prove to be more efficient at meeting organisational objectives because the formal structure was badly set out.

Managers need to learn to work with both formal and informal structures. A flexible manager will realise that elements of the informal structure can be formalised i.e. by adapting the formal structure to incorporate improvements which result from the day-to-day working of the informal structure.

All of the organisations that appear in the Times 100 will have some form of formal structure which is usually set out in organisation charts (for example see the Coca-Cola structures in Edition 10). However, these organisations also benefit from informal structures based on friendship groups. When managers nurture these informal groups and mould them into the formal structure this can lead to high levels of motivation for the staff involved.