

FORMAL VS. INFORMAL ORGANIZATION

Formal Organization

Origin: Planned and created by management.

Purpose: To achieve specific company goals.

Structure: Well-defined hierarchy

Communication: Official channels (emails, memos)

Leadership: Based on position/title

Stability: Permanent and rigid

Informal Organization

Origin: Spontaneous; arises from social interaction.

Purpose: To satisfy personal and social needs.

Structure: No fixed structure; fluid and complex.

Communication: “The Grapevine” (rumours, casual chats).

Leadership: Based on influence or personality.

Stability: Ever-changing and flexible.

TYPES OF FORMAL ORGANIZATION

1. Functional

Grouped by specialty (e.g., all accountants in one department). Small to medium firms with one product line.

2. Divisional

Grouped by product, market, or geography.

Large corporations with diverse products/locations.

3. Matrix

Dual reporting lines (reports to both a functional and a project manager).

Complex projects requiring cross-functional input.

4. Flat

Few or no levels of middle management.

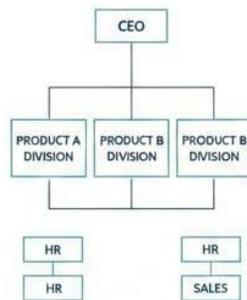
Start-ups and creative agencies focusing on speed.

TYPES OF ORGANIZATIONAL STRUCTURES

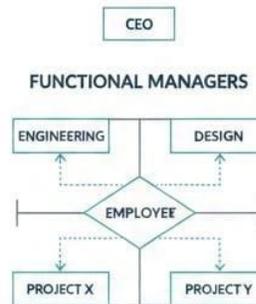
FUNCTIONAL STRUCTURE



DIVISIONAL STRUCTURE



MATRIX STRUCTURE



FLAT STRUCTURE

