FORMAL ORGANIZATIONS

How are formal organizations and bureaucracies related?

Formal organization is a group deliberately created to achieve one or more long-term goals. A bureaucracy is a formal organization based on rationality and efficiency.

MAJOR CHARACTERISTICS OF BUREAUCRACIES

1. A division of labor based on the principle of specialization
2. A hierarchy of authority
3. A system of rules and procedures
4. Written records of work and activities
5. Promotion of the basis of merit and qualifications

Max Weber & Bureaucracy

What are the advantages of bureaucracy?
Do bureaucracies undervalue people?

Rationalization is the mind-set emphasizing knowledge, reason and planning.

INFORMAL STRUCTURE WITHIN ORGANIZATIONS

Informal organization is groups within formal organization in which personal relationships are guided by norms, rituals, and sentiments that are not part of the formal organization.

IRON LAW OF OLIGARCHY

What is the iron law of oligarchy?
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The Iron Law of Oligarchy is a theory that power increasingly becomes concentrated in the hands of a few members of any organization.

First - organizations need a hierarchy of authority to delegate decision making
Second - the advantages held by those at the top allow them to consolidate their powers
Third - other members of the organization tend to defer to leaders (give in to those who take charge)

When were informal organizations first studied?
Why do informal organizations develop?