Chapter Seven: Bureaucracy and Formal Organizations

Chapter Summary

Society is organized "to get its job done." It does so through formal organizations and bureaucracies. The same system that can be frustrating and impersonal is also the one on which we rely for our personal welfare and to fulfill our daily needs.

The society of today, however, is not the society of yesterday, nor will it be the society of tomorrow. *The rationalization of society* refers to a transformation in people's thinking and behavior over the past 150 years, shifting the focus from personal relationships to efficiency and results. Karl Marx attributed this transformation to capitalism, while Max Weber, who disagreed with Marx, related it to Protestant theology.

As a result of rationality, formal organizations—secondary groups designed to achieve specific objectives—have become a central feature of contemporary society. With industrialization, secondary groups have become common. Today, their existence is taken for granted. They become a part of our lives at birth and seem to get more and more complex as we move through the life course. The larger the formal organization, the more likely it will turn into a bureaucracy.

Bureaucracies are defined as formal organizations characterized by five features that help them reach their goals, grow, and endure. These five features are: (1) clear levels, with assignments flowing downward and accountability flowing upward; (2) a division of labor; (3) written rules; (4) written communications with records; and (5) impartiality.

Although bureaucracies are the most efficient form of social organization, they can also be dysfunctional. Dysfunctions of bureaucracies can include red tape, lack of communication between units, and alienation. Examples of these dysfunctions include an overly rigid interpretation of rules and the failure of members of the same organization to communicate with one another. According to Max Weber, the impersonality of bureaucracies tends to produce workers who feel detached from the organization and each other. According to Karl Marx, workers experience alienation when they lose control over their work and are cut off from the finished product of their labor.

To resist alienation, workers form primary groups, band together in informal settings during the workday to offer each other support and validation. They also personalize their work space with family photographs and personal decorations. Not all workers, however, succeed in resisting alienation.

One reason bureaucracies endure and are so resilient is because they tend to take on a life of their own through a process called goal displacement. Once a bureaucracy has achieved its original goals, it adopts new goals in order to perpetuate its existence. A classic example of goal displacement involves the March of Dimes. Originally founded to fight polio, the organization

was faced with being phased out after Jonas Salk discovered the polio vaccine. Rather than disband, it adopted a new mission, fighting birth defects, and, more recently, changing the mission again to the vaguer goal of "breakthroughs for babies."

In addition to bureaucracies, many people in the United States become involved with voluntary organizations, groups made up of volunteers who organize on the basis of some mutual interest. But even voluntary organizations are not immune from the effect of bureaucratization.

Although formal organizations provide numerous beneficial functions, they also tend to be dominated by a small, self-perpetuating elite, a phenomenon Robert Michel referred to as the *iron law of oligarchy*. Even volunteer and non-profit organizations are affected by the iron law of oligarchy.

Sociologists use the term "corporate culture" to refer to an organization's traditions, values, and unwritten norms. Much of what goes on in corporate culture, however, is hidden. To ensure that the corporate culture reproduces itself at the top levels, people in positions of power groom other people they perceive to be "just like them" for similar positions of power. In the United States, personal achievement is central; workers are hired on the basis of what they can contribute to the organization that hires them. To counter the negative side of bureaucracies, many corporations have begun taking steps to better humanize work settings. This includes the establishment of work teams, corporate day care, employee stock ownership plans, and quality circles.

There has been a great deal of research directed at comparing the Japanese corporate culture to the American corporate culture. The Japanese corporate model differs significantly from the American corporate model in the way it views work, workers, and work organizations. Although considered as superior to the American corporate culture, more recent inspection shows this to be more of a myth than a reality. Successful Japanese businesses have adopted many of the American methods. The real bottom line is that we live in a global marketplace of ideas, as well as products, with no single set of cultural values accepted as universally superior.

Chapter Outline

I.   The Rationalization of Society
    A.   Rationality, the acceptance of rules, efficiency, and practical results as the right way to approach human affairs, is a characteristic of industrial societies.
    B.   Historically, the traditional orientation to life is based on the idea that the past is the best guide for the present; however, this orientation stands in the way of industrialization.
        1.   Capitalism requires a shift in people's thinking, away from the idea that "This is the way we've always done it," to "Let's find the most efficient way to do it."
        2.   Personal relationships are replaced by impersonal, short-term contracts.
        3.   The "bottom line" becomes the primary concern.
    C.   Marx said that the development of capitalism caused people to change their way of thinking, not the other way around. Because capitalism was more efficient, it

produced the things in greater abundance, and it yielded high profits, people changed their ideas.

    D.   Weber believed that religion held the key to understanding the development of capitalism.

        1.   He noted that capitalism emerged first in predominantly Protestant countries.

        2.   In *The Protestant Ethic and the Spirit of Capitalism* Weber proposed that a set of behaviors rooted in Protestantism led to the development of capitalist activity and the rationalization of society.

        3.   Weber argued that because of the Calvinistic belief in predestination, people wanted to show they were among the chosen of God. Financial success in life became a sign of God's approval; however, money was not to be spent on oneself. Rather, the investment of profits became an outlet for their excess money, while the success of those investments became a further sign of God's approval.

        4.   Because capitalism demanded rationalization (the careful calculation of practical results), traditional ways of doing things, if not efficient, must be replaced, for what counts are the results.

    E.   No one has yet been able to establish which view is correct. Consequently, the two continue to exist side by side within sociology.

II.   Formal Organizations and Bureaucracies

    A.   Formal organizations, secondary groups designed to achieve explicit objectives, have become a central feature of contemporary life.

    B.   Early examples of formal organizations were guilds and the army. With industrialization, secondary groups became more common. Formal organizations, especially as they increase in size, tend to develop into bureaucracies.

    C.   Max Weber identified the essential characteristics of bureaucracies, which help these organizations reach their goals, as well as grow and endure. These include the following:

        1.   a hierarchy where assignments flow downward and accountability flows upward.

        2.   a division of labor.

        3.   written rules.

        4.   written communications and records.

        5.   impersonality.

    D.   Weber's characteristics of bureaucracy describe an ideal type—a composite of characteristics based on many specific examples. The real nature of bureaucracy often differs from its ideal image.

    E.   Weber's model only accounts for part of the characteristics of bureaucracies. Dysfunctions can also be identified.

        1.   Red tape, or the strict adherence to rules, results in nothing getting accomplished.

        2.   A lack of communication between units means that they are sometimes working at cross purposes; sometimes one unit "undoes" what another unit has accomplished because the two fail to inform one another what each is doing.

3. Bureaucratic alienation, a feeling of powerlessness and normlessness, occurs when workers are assigned to repetitive tasks in order for the corporation to achieve efficient production, thereby cutting them off from the product of one's labor.
4. To resist alienation, workers form primary groups within the larger secondary organization, relating to one another not just as workers, but as people who value one another.
5. The alienated bureaucrat is one who feels trapped in the job, does not take initiative, will not do anything beyond what she or he is absolutely required to do, and uses rules to justify doing as little as possible.
6. Bureaucratic incompetence is reflected in the Peter Principle—members of an organization are promoted for good work until they reach their level of incompetence. If this principle were generally true then bureaucracies would be staffed by incompetents and would fail. In reality, bureaucracies are highly successful.
F. Goal displacement occurs when an organization adopts new goals after the original goals have been achieved and there is no longer any reason for it to continue.
1. The March of Dimes is an example of this.
2. It was originally formed to fight polio, but when that threat was eliminated, the professional staff found a new cause, birth defects.
3. With the possibility of birth defects some day being eliminated as our knowledge of the human genes expands, the organization has adopted a new slogan—breakthroughs for babies—which is vague enough to ensure their perpetual existence.
G. To the sociologist, bureaucracies are significant because they represent a fundamental change in how people relate to one another. Prior to this rationalization, work focused on human needs such as making sure that everyone had an opportunity to earn a living; with rationalization, the focus shifts to efficiency in performing tasks and improving the bottom line.

III. Voluntary Associations
A. Voluntary associations are groups made up of volunteers who have organized on the basis of some mutual interest.
B. All voluntary associations have one or more of the following functions:
1. to advance the particular interests they represent (e.g., youth in Scouting programs).
2. to offer people an identity and, for some, a sense of purpose in life.
3. to help govern the nation and maintain social order (e.g., Red Cross disaster aid).
C. Some voluntary associations have the following functions:
1. to mediate between the government and the individual.
2. to train people in organizational skills so they can climb the occupational ladder.
3. to help bring disadvantaged groups into the political mainstream.
4. to challenge society's definitions of what is "normal" and socially acceptable.

D. Voluntary associations represent no single interest or purpose. The idea of mutual interest is characteristic of all voluntary associations; a shared interest in some view or activity is the tie that binds members together.
   1. The motivation for joining a group differs widely among its members, from the expression of strong convictions to the cultivation of personal contacts.
   2. Because of this, membership turnover tends to be high.
E. Within voluntary associations is an inner core of individuals who stand firmly behind the group's goals and are committed to maintaining the organization. Robert Michels used the term "iron law of oligarchy" to refer to the tendency of this inner core to dominate the organization by becoming a small, self-perpetuating elite.
   1. Some are disturbed because when an oligarchy develops, many people are subsequently excluded from leadership because they don't reflect the inner circle's values or background.
   2. If the oligarchy gets too far out of line with the membership, it runs the risk of rebellion by the grassroots.

IV. Working for the Corporation
A. Rosabeth Moss Kanter's organizational research demonstrates that the corporate culture contains hidden values that create a self-fulfilling prophecy that affects people's careers.
   1. The elite have an image of who is most likely to succeed. Those whose backgrounds are similar to the elite and who look like the elite are singled out and provided with better access to information, networking, and "fast track" positions. Workers who are given opportunities to advance tend to outperform others and are more committed.
   2. Those who are judged outsiders and experience few opportunities think poorly of themselves, are less committed, and work below their potential.
   3. The hidden values of the corporate culture that create this self-fulfilling prophecy are largely invisible.
B. These same values also contribute to the iron law of oligarchy.
   1. The top leadership reproduces itself by favoring people who "look" like its members—that is, white and male.
   2. Because females and minorities do not match the stereotype of a corporate leader, they may be treated differently. They may experience "showcasing" or being put in highly visible positions with little power so that the company is in compliance with affirmative action. These positions are often "slow-track" positions where promotions are slow because accomplishments in these areas seldom come to the attention of top management.
C. Morale is influenced by the level one achieves in an organization; the higher people go, the higher their morale.
D. A significant part of bureaucracies lies below the surface and is largely invisible. Because of this, workers ascribe differences in behavior and attitudes to individual personalities rather than the corporate structure of culture.

V. Humanizing the Corporate Culture

A. Weber believed that bureaucracies would eventually dominate social life because of their efficiency and capacity to replace themselves.
B. Humanizing a work setting refers to efforts to organize the workplace in such a way that it develops rather than impedes human potential.
   1. More humane work settings are ones in which (1) access to opportunities is based on ability and contributions rather than personal characteristics; (2) power is more equally distributed; and (3) rules are less rigid and decision making more open.
   2. There is nothing inherent in bureaucracies that makes them insensitive to people's needs or prevents them from becoming more humane.
C. Corporate attempts to make work organizations more humane include the following:
   1. work teams; within these groups workers are able to establish primary relationships with other workers so that their identities are tied up with their group; the group's success becomes the individual's success.
   2. corporate day care facilities at work; these ease the strain on parents, leading to reduced turnover, less absenteeism, and shorter maternity leaves.
   3. employee stock ownership where employees own some stock; this does not mean that working conditions and employee-management relations are friction-free because profitability still is the key.
   4. quality circles; these are small groups of workers and a manager or two who meet regularly to try and improve the quality of the work setting and the product. This is an example of a business fad.
   5. The cooperative is an alternative to bureaucracy; these are collectives owned by members who collectively make decisions, determine goals, evaluate resources, set salaries, and assign work tasks. The economic results of cooperatives have been mixed; some are more profitable than private organizations, some are less.

D. Conflict theorists point out that the basic relationship between workers and owners is confrontational regardless of how the work organization is structured. Their basic interests are fundamentally opposed.

VI. Technology and the Control of Workers
A. While the computer has the capacity to improve the quality of people's lives, it also holds the potential of severe abuse.
   1. Computers allow managers to increase surveillance without face-to-face supervision.
   2. Computers can create the "maximum-security workplace," potentially keeping track of every movement a worker makes while on the job. Some worry that it is only a short step from this type of workplace to the "maximum-security society."

VII. The Global Competition
A. Today we are experiencing increased competition around the globe. In the global race to wealth and power competitors must stay nimble if they are to survive.

alienation: Marx's term for workers' lack of connection to the product of their labor; caused by their being assigned repetitive tasks on a small part of a product, which leads to a sense of powerlessness and normlessness (181)

bureaucracy: a formal organization with a hierarchy of authority and a clear division of labor; emphasis on impersonality of positions and written rules, communications, and records (177)

capitalism: an economic system characterized by the private ownership of the means of production, the pursuit of profit, and market competition (176)

corporate culture: the orientations that characterize corporate work settings (191)

formal organization: a secondary group designed to achieve explicit objectives (177)

goal displacement: an organization replacing old goals with new ones; also known as *goal replacement* (184)

humanizing a work setting: organizing a workplace in such a way that it develops rather than impedes human potential (189)

iron law of oligarchy (the): Robert Michels's term for the tendency of formal organizations to be dominated by a small, self-perpetuating elite (186)

McDonaldization of society (the): the process by which ordinary aspects of life are rationalized and efficiency comes to rule them, including such things as food preparation (180)

Peter Principle: a tongue-in-cheek observation that the members of an organization are promoted for their accomplishments until they reach their level of incompetence; there they cease to be promoted, remaining at the level at which they can no longer do good work (182)

rationality: using rules, efficiency, and practical results to determine human affairs (174)

rationalization of society (the): a widespread acceptance of *rationality* and social organizations that are built largely around this idea (175)

traditional society: a society in which the past is thought to be the best guide for the present; characterizes tribal, peasant, and feudal societies (174)

voluntary association: a group made up of people who voluntarily organize on the basis of some mutual interest; also known as *voluntary memberships* and *voluntary organizations* (185)

KEY PEOPLE
Review the major theoretical contributions or findings of these people.

Peter Evans and James Rauch: These sociologists examined government bureaucracies in 35 developing nations and found that those with centralized bureaucracies in which workers are hired on the basis of merit were more prosperous than those that lacked such organization. (184)

Elaine Fox and George Arquitt: These sociologists studied local posts of the Veterans of Foreign Wars (VFW) and found three types of members and evidence of the iron law of oligarchy. (186)

Rosabeth Moss Kanter: Kanter studied the hidden corporate culture and found that for the most part it continually reproduces itself by promoting those workers who fit the elite's stereotypical views. (188-189)

Gary Marx: Marx has written about the "maximum-security" workplace, given the increased use of computers to control workers. (191)

Karl Marx: Marx believed that the emergence of rationality was due to capitalism. Capitalism changed the way people thought about life, rather than people's orientation to life producing capitalism. (175-176)

Robert Michels: Michels first used the term "the iron law of oligarchy" to describe the tendency for the leaders of an organization to become entrenched. (186)

George Ritzer: Ritzer coined the term the "McDonaldization of society" to describe the increasing rationalization of modern social life. (180)

David Sills: Sills studied goal displacement in the March of Dimes, as well as identifying four additional functions that some voluntary groups perform. (184-185)

Alexis de Tocqueville: This Frenchman traveled across the United States in the 1830s in order to observe the customs of the new nation. He commented on the tendency of Americans to join voluntary associations. (185)

Max Weber: Weber studied the rationalization of society by investigating the link between Protestantism and capitalism and identifying the characteristics of bureaucracy. (176-180, 189)