Formal Organizations: Crash Course Sociology #17

Crash Course: Sociology
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Every year we consume immense quantities of goods that make their way from one side of the planet to the other.

But have you ever wondered how this enormous flow of goods is organized, so that stuff made in China is available in stores in rural Montana? It happens because formal organizations make it happen.

Our world is structured by formal organizations, and life as we now know it can't exist without them. But it's not all rainbows and butterflies and incredibly extensive trade networks, because within these organizations lurk some pretty substantial dangers.

[Theme Music]

OK so when I talk about formal organizations, what does that mean? Like, I gotta wear a cocktail dress or a black tie?

And is there, I dunno, a casual organization that I can be part of instead? Where people just wear flip flops and maybe go floating? Well, sociologists think of formal organizations as groups that are organized to achieve goals efficiently.

Now, that's obviously incredibly broad. That's why formal organizations are so diverse – they include everything from the IRS to Google to your local PTA. But you can understand these kinds of groups a bit better, by thinking about the three main types of formal organizations: Utilitarian organizations, for example, serve some function for their members.

Businesses pay their employees, and schools teach their students – and also pay their teachers. Normative organizations, sometimes called voluntary associations, are organizations that people join as volunteers. They're called "normative" because people join them to pursue some goal that they think is morally worthwhile.

This includes charities like the Red Cross, but also political parties and religious organizations. Finally, coercive organizations are ones where you don't have a say in whether you're a member or not. People are coerced into joining these organizations, often as punishment – as in prisons – or treatment – say, through involuntary commitment into a psychiatric hospital.

Now, these are all modern-day examples, but formal organizations have been around basically forever: They built the pyramids, they collected taxes across the Roman Empire, and they helped organize monasteries and convents. But, there is a major difference between those formal organizations and modern ones. And that difference is between traditional and rational worldviews.

This goes back to our friend Max Weber, who you (hopefully) remember from episode 9. A traditional world view takes the basic set-up of the world as given: The way previous generations did things – their values and techniques – is thought to be basically the right way. A rational world view, on the other hand, sees everything as up for grabs, and tries to find the most efficient way to accomplish a given task through critical thinking and calculation.

It's the transition from traditional to rational worldviews, or the rationalization of society, that ushered in modernity for Weber, and we can see this rationality at work in an especially pervasive kind of formal organization: the bureaucracy. A bureaucracy is an organization that's been rationally constructed to do things efficiently. And according to Weber, every bureaucracy has six main things in common, which we introduced in episode 9, but to recap: Its members each have specialized roles that fit together in a hierarchy – that is, a clear chain of command linked by formal, written communications.

Members of a bureaucracy also complete their work with technical competence, treating colleagues and customers without regard for their individual, personal traits: That is, everyone's treated impersonally. And all of this functions according to detailed rules and regulations, literally "by the book." These six traits make bureaucracies extremely efficient at what they do. But the very things that make bureaucracies effective also cause their share of problems.

One problem is just that, sometimes, bureaucracies are not actually that efficient. Since bureaucracies are strictly hierarchical and rule-based, those rules can sometimes get in the way. This is what people mean when they talk about bureaucratic "red tape." And that focus on rules leads to another kind of inefficiency: bureaucratic ritualism.

In this case, the rules become a kind of end in themselves, ultimately interfering with the organization's goals. Faith in the rules can become just as damaging as faith in tradition ever was. And a group's goals can even shift so much that it comes down with what's known as bureaucratic inertia.

This is where an organization's ultimate goal becomes just to perpetuate itself, to keep existing. This can be an intentional choice, made by those who have the most to lose if the organization were to disappear. But it can also happen just because its members believe that the organization does good work.

And it's not just that bureaucracies aren't always efficient, or that their goals change: Their hierarchies create another problem, the problem of oligarchy, or the rule of the many by the few. Now, of course a hierarchical organization is going to be an oligarchy. After all, in a hierarchy, the people at the top make decisions for everyone else to carry out.

This is partly what Weber thought helped make bureaucracies so efficient. But in a lot of bureaucracies, like democratic governments, the people at the top of the hierarchy are elected, or are appointed by people who are elected. So even if they're giving orders, it should still be considered a democratic organization, right?

Well, here's where another sociologist, Robert Michels, saw a problem. He called it the iron law of oligarchy. He argued that regardless of how democratic a bureaucracy is in theory, in practice, it always tends toward pure oligarchy.

The people at the top may be elected, but because of their position of power, they're actually insulated from the people who elected them. And even if the people in power are voted out, those who replace them just become like the ones they replaced, because of the way the system is structured. Finally, what Weber saw as the worst danger of bureaucracy was something called bureaucratic alienation.

Bureaucracies are supposed to run with machine-like efficiency, consistency, and calculability. But people aren't machines. So, bureaucracies can be dehumanizing to those who work in them and those they serve.

When a clerk at the DMV can't help you because you didn't follow some obscure rule, they're doing their job right. And if they exercise their personal, reasoned judgment and ignore the rule, they're doing their job wrong. To be a good bureaucrat is not to think for yourself, but to be a good cog in the machine.

Despite all these problems, we still see rationalization all over the place, including in the workplace, through what's known as scientific management. Scientific management is a system devised by American engineer Frederik Taylor, who, in the early 1900s,

sought to make industry work more efficiently. He came up with a process in which management closely observes and systematizes how workers do their jobs, so that those jobs could be refined over time, making them more efficient.

Taylor's ideas were incredibly influential, and in time, companies across the US adopted them. So, from governments to corporations, the bureaucratic model of formal organizations has taken hold to be a regular part of modern life. But in addition to the problems that bureaucracy can cause, American formal organizations in particular have faced many challenges over the last century, due to changes in what's called the organizational environment.

Simply put, that's just the environment in which organizations exist and operate. The organizational environment includes things like technology, political and economic trends, and population patterns. And in the US, one the main challenges that formal organizations have faced is the growing recognition that many of them were either racist or sexist or both.

Following the civil rights and feminist movements in the 1960s and 70s, hiring practices that excluded people who weren't white men came under increasing fire. While excluding job candidates on the basis of race or gender might seem to go against Weber's idea of technical competence, it's important to understand that that's not how those doing the hiring saw it. Often, they believed that those who were excluded were simply incapable of doing the work.

Until they were forced to do otherwise by changes in the organizational environment, many were quite happy to go on excluding large swaths of their talent pools. More recently, another challenge has come in the form of big economic shifts, and the changing nature of work itself. As the US transitions from an industrial to postindustrial economy, there are fewer manufacturing jobs, and more jobs based around creating and processing information.

Frederik Taylor's vision of work – as a series of discrete, rote tasks – might have been a good way to improve assembly lines. But applying it to things like programming, design, or marketing just hasn't worked. As a result, we've seen a lot of important changes in the organizations that house these of newer kinds jobs: Workers have more creative freedom, and more flexibility around when and where they work, and organizational hierarchies have flattened.

Compared to old style bureaucracies, average employees in the information industry have a much more direct connection to their leadership. But not everything has changed in the American workplace. While big changes have taken place in high-skill jobs that require creative work, lower-skilled jobs, which are now mostly in the service sector, are just as amenable to Taylor's scientific management as ever.

And rationalization is alive and well in many other aspects of society, too. If anything, it continues to spread. Sociologist George Ritzer has called this the McDonaldization of Society: the process by which the principles of the fast food restaurant have come to dominate the whole of society.

Few things, after all, are more hyper-rational than fast food. The whole industry is based on the principles of efficiency, predictability, uniformity, and control. The point of fast food is that you get your food quickly, and just as you expect it.

And that's because the way the food is made is precisely controlled. And Ritzer argues that these principles are having an growing impact in our society at large. In education, for instance, we see more emphasis on standardized tests and tightly controlled curricula that run students through the system in 4 years flat.

All of this brings us to what Ritzer calls the irrationality of rationality. As we saw with bureaucratic ritualism and alienation, rational systems are often unreasonable, impersonal. The reliance on rules and procedures can leave no room for independent judgment, basically denying people their status as independent thinking beings.

So, rational formal organizations are a necessary part of our world. They're how goods from all over the world end up on shelves here in Montana. But they're also a part of modern life that deserves our close attention.

Today we learned about formal organizations. We talked about the historical process of rationalization and its impact on organizations in the form of bureaucracy. We discussed how organizations change in response to their organizational environment. Finally, we talked about the negative consequences of rationalization in organizations.

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