4.4: Formal Organizations

Learning Objectives

- Describe the three types of formal organizations.
- List the defining characteristics of bureaucracies.
- Discuss any two disadvantages of bureaucracies.
- Explain Michels's iron law of oligarchy.

Modern societies are filled with formal organizations, or large secondary groups that follow explicit rules and procedures to achieve specific goals and tasks. Max Weber (1864–1920), one of the founders of sociology, recognized long ago that as societies become more complex, their procedures for accomplishing tasks rely less on traditional customs and beliefs and more on *rational* (which is to say rule-guided and impersonal) methods of decision making. The development of formal organizations, he emphasized, allowed complex societies to accomplish their tasks in the most efficient way possible (Weber, 1921/1978). Weber, M. (1978). *Economy and society: An outline of interpretive sociology* (G. Roth and C. Wittich, Eds.). Berkeley, CA: University of California Press. (Original work published 1921)

Today we cannot imagine how any modern, complex society could run without formal organizations such as businesses and health-care institutions.

Types of Formal Organizations


Utilitarian organizations (also called *remunerative organizations*) provide an income or some other personal benefit.
Business organizations, ranging from large corporations to small Mom-and-Pop grocery stores, are familiar examples of utilitarian organizations. Colleges and universities are utilitarian organizations not only for the people who work at them but also for their students, who certainly see education and a diploma as important tangible benefits they can gain from higher education.

Sociology Making a Difference

Big-Box Stores and the McDonaldization of Society

In many towns across the country during the last decade or so, activists have opposed the building of Wal-Mart and other “big-box” stores. They have had many reasons for doing so: the stores hurt local businesses; they do not treat their workers well; they are environmentally unfriendly. No doubt some activists also think the stores are all the same and are a sign of a distressing trend in the retail world.

Sociologist George Ritzer (2008) coined the term McDonaldization to describe this trend involving certain kinds of utilitarian organizations, to use a term from the chapter. His insights help us understand its advantages and disadvantages and thus help us to evaluate the arguments of big-box critics and the counterarguments of their proponents.

You have certainly eaten, probably too many times, at McDonald’s, Burger King, Subway, KFC, and other fast-food restaurants. Ritzer says that these establishments share several characteristics that account for their popularity but that also represent a disturbing trend.

First, the food at all McDonald’s restaurants is the same, as is the food at all Burger King restaurants or at any other fast-food chain. If you go to McDonald’s in Maine, you can be very sure that you will find the same food that you would find at a McDonald’s in San Diego on the other side of the country. You can also be sure that the food will taste the same, even though the two McDonald’s are more than 3,000 miles apart. Ritzer uses the terms predictability and uniformity to refer to this similarity of McDonald’s restaurants across the country.

Second, at any McDonald’s the food is exactly the same size and weight. Before it was cooked, the burger you just bought was the same size and weight as the burger the person in front of you bought. This ensures that all McDonald’s customers receive the identical value for their money. Ritzer calls this identical measurement of food calculability.

Third, McDonald’s and other restaurants like it are fast. They are fast because they are efficient. As your order is taken, it is often already waiting for you while keeping warm. Moreover, everyone working at McDonald’s has a specific role to play, and this division of labor contributes to the efficiency of McDonald’s, as Ritzer characterized its operations.

Fourth and last, McDonald’s is automated as much as possible. Machines help McDonald's employees make and serve shakes, fries, and the other food. If McDonald’s could use a robot to cook its burgers and fries, it probably would.

To Ritzer, McDonald’s is a metaphor for the overrationalization of society, and he fears that the McDonaldization of society, as he calls it, is occurring. This means that society is becoming increasingly uniform, predictable, calculable, efficient, and automated beyond the fast-food industry. For example, just 50 years ago there were no shopping malls and few national chain stores other than Sears, JCPenney, and a few others. Now we have malls across the country, and many of them have the same stores. We also have national drugstore chains, such as Rite Aid or Walgreens, that
look fairly similar across the country.

This uniformity has its advantages. For example, if you are traveling and enter a McDonald’s or Rite Aid, you already know exactly what you will find and probably even where to find it. But uniformity also has its disadvantages. To take just one problem, the national chains have driven out small, locally owned businesses that are apt to offer more personal attention. And if you want to buy a product that a national chain does not carry, it might be difficult to find it.

The McDonaldization of society, then, has come at a cost of originality and creativity. Ritzer says that we have paid a price for our devotion to uniformity, calculability, efficiency, and automation. Like Max Weber before him, he fears that the increasing rationalization of society will deprive us of human individuality and also reduce the diversity of our material culture. What do you think? Does his analysis change what you thought about fast-food restaurants and big-box stores?

In contrast, normative organizations (also called voluntary organizations or voluntary associations) allow people to pursue their moral goals and commitments. Their members do not get paid and instead contribute their time or money because they like or admire what the organization does. The many examples of normative organizations include churches and synagogues, Boy and Girl Scouts, the Kiwanis Club and other civic groups, and groups with political objectives, such as the National Council of La Raza, the largest advocacy organization for Latino civil rights. Alexis de Tocqueville (1835/1994) observed some 175 years ago that the United States was a nation of joiners, and contemporary research finds that Americans indeed rank above average among democratic nations in membership in voluntary associations (Curtis, Baer, & Grabb, 2001). Curtis, J. E., Baer, D. E., & Grabb, E. G. (2001). Nations of joiners: Explaining voluntary association membership in democratic societies. American Sociological Review, 66, 783–805.

Some people end up in organizations involuntarily because they have violated the law or been judged to be mentally ill. Prisons and state mental institutions are examples of such coercive organizations, which, as total institutions (see Chapter 3 "Socialization and Social Interaction"), seek to control all phases of their members’ lives. Our chances of ending up in coercive organizations depend on various aspects of our social backgrounds. For prisons one of these aspects is geographical. Figure 4.10 "Census Regions and Imprisonment Rates, 2009 (Number of Inmates per 100,000 Residents)" examines the distribution of imprisonment in the United States and shows the imprisonment rate (number of inmates per 100,000 residents) for each of the four major census regions. This rate tends to be highest in the South and in the West. Do you think this pattern exists because crime rates are highest in these regions or instead because these regions are more likely than other parts of the United States to send convicted criminals to prisons?

Figure 4.10 Census Regions and Imprisonment Rates, 2009 (Number of Inmates per 100,000 Residents)
As discussed earlier, Max Weber emphasized that modern societies increasingly depend on formal organizations to accomplish key tasks. He particularly had in mind bureaucracies, or formal organizations with certain organizational features designed to achieve goals in the most efficient way possible. He said that the ideal type of bureaucracy is characterized by several features that together maximize the efficiency and effectiveness of organizational decision making and goal accomplishment:

1. **Specialization.** By specialization Weber meant a division of labor in which specific people have certain tasks—and only those tasks—to do. Presumably they are most skilled at these tasks and less skilled at others. With such specialization, the people who are best suited to do various tasks are the ones who work on them, maximizing the ability of the organization to have these tasks accomplished.

2. **Hierarchy.** Equality does not exist in a bureaucracy. Instead its structure resembles a pyramid, with a few positions at the top and many more lower down. The chain of command runs from the top to the bottom, with the persons occupying the positions at the top supervising those below them. The higher you are in the hierarchy, the fewer people to whom you have to report. Weber thought a hierarchical structure maximizes efficiency because it reduces decision-making time and puts the authority to make the most important decisions in the hands of the people at the top of the pyramid who presumably are the best qualified to make them.

3. **Written rules and regulations.** For an organization to work efficiently, everyone must know what to do and when to do it. This means their actions must be predictable. To ensure predictability, their roles and the organization’s operating procedures must be written in a manual or handbook, with everyone in the organization expected to be familiar with its rules. Much of the communication among members of bureaucracies is written in the form of memos and e-mail rather than being verbal. This written communication leaves a paper trail so that accountability for individual behavior can later be determined.

4. **Impartiality and impersonality.** The head of a small, nonbureaucratic organization might prefer to hire people she or he knows and promote them on the same basis. Weber thought that impartiality in hiring, promotion, and firing would be much better for a large organization, as it guarantees people will advance through a firm based on their skills and knowledge, not on whom they know. Clients should also be treated impersonally, as an organization in the long run would be less effective if it gave favorable treatment to clients based on whom they know or on their nice personalities. As Weber recognized, the danger is that employees and clients alike become treated like numbers or cogs in a machine, with their individual needs and circumstances ignored in the name of organizational efficiency.
5. **Record keeping.** As you probably know from personal experience, bureaucracies keep all kinds of records, especially in today’s computer age. A small enterprise, say a Mom-and-Pop store, might keep track of its merchandise and the bills its customers owe with some notes scribbled here and there, even in the information technology age, but a large organization must have much more extensive record keeping to keep track of everything.

![Figure 4.11](image)

*Max Weber emphasized bureaucracies as a feature of modern life. Key aspects of bureaucracies include specialization, hierarchy, written rules and regulations, impartiality and impersonality, and record keeping.*

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### The Disadvantages of Bureaucracy

Taking all of these features into account, Weber (1921/1978) thought bureaucracies were the most efficient and effective type of organization in a large, complex society. At the same time, he despaired over their impersonality, which he saw reflecting the growing dehumanization that accompanies growing societies. As social scientists have found since his time, bureaucracies have other problems that undermine their efficiency and effectiveness:

1. **Impersonality and alienation.** The first problem is the one just mentioned: bureaucracies can be very alienating experiences for their employees and clients alike. A worker without any sick leave left who needs to take some time off to care for a sick child might find a supervisor saying no, because the rules prohibit it. A client who stands in a long line might find herself turned away when she gets to the front because she forgot to fill out every single box in a form. We all have stories of impersonal, alienating experiences in today’s large bureaucracies.

2. **Red tape.** A second disadvantage of bureaucracy is “red tape,” or, as sociologist Robert Merton (1968) called it, bureaucratic ritualism, a greater devotion to rules and regulations than to organizational goals. Bureaucracies often operate by slavish attention to even the pickiest of rules and regulations. If every “t” isn’t crossed and every “i” isn’t dotted, then someone gets into trouble, and perhaps a client is not served. Such bureaucratic ritualism contributes to the alienation already described.
3. **Trained incapacity.** If an overabundance of rules and regulations and overattention to them lead to bureaucratic ritualism, they also lead to an inability of people in an organization to think creatively and to act independently. In the late 1800s, Thorstein Veblen (1899/1953) Veblen, T. 1953. *The theory of the leisure class: An economic study of institutions.* New York, NY: New American Library. (Original work published 1899) called this problem *trained incapacity.* When unforeseen problems arise, trained incapacity may prevent organizational members from being able to handle them.

4. **Bureaucratic incompetence.** Two popular writers have humorously pointed to special problems in bureaucracies that undermine their effectiveness. The first of these, popularly known as Parkinson’s law after its coiner, English historian C. Northcote Parkinson (1957), Parkinson, C. N. (1957). *Parkinson's law and other studies in administration.* New York, NY: Ballantine Books. says that work expands to fill the time available for it. To put it another way, the more time you have to do something, the longer it takes. The second problem is called the Peter Principle, also named after its founder, Canadian author Laurence J. Peter (1969), Peter, L. J., & Hull R. (1969). *The Peter principle: Why things always go wrong.* New York, NY: William Morrow. and says that people will eventually be promoted to their level of incompetence. In this way of thinking, someone who does a good job will get promoted and then get promoted again if she or he continues doing a good job. Eventually such people will be promoted to a job for which they are not well qualified, impeding organizational efficiency and effectiveness. Have you ever worked for someone who illustrated the Peter Principle?

5. **Goal displacement and self-perpetuation.** Sometimes bureaucracies become so swollen with rules and personnel that they take on a life of their own and lose sight of the goals they were originally designed to achieve. People in the bureaucracy become more concerned with their job comfort and security than with helping the organization accomplish its objectives. To the extent this happens, the bureaucracy’s efficiency and effectiveness are again weakened.

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**Michels’s Iron Law of Oligarchy**

Several decades ago Robert Michels (1876–1936), a German activist and scholar, published his famous iron law of oligarchy, by which he meant that large organizations inevitably develop an oligarchy, or the undemocratic rule of many people by just a few people (Michels, 1911/1949). Michels, R. (1949). *Political parties.* Glencoe, IL: Free Press. (Original work published 1911) He said this happens as leaders increasingly monopolize knowledge because they have more access than do other organizational members to information and technology. They begin to think they are better suited than other people to lead their organizations, and they also do their best to stay in their positions of power, which they find very appealing. This latter goal becomes more important than helping the organization achieve its objectives and than serving the interests of the workers further down the organizational pyramid. Drawing on our earlier discussion of group size, it is also true that as an organization becomes larger, it becomes very difficult to continue to involve all group members in decision making, which almost inevitably becomes monopolized by the relatively few people at the top of the organization. Michels thought oligarchization happens not only in bureaucracies but also in a society’s political structures and said that the inevitable tendency to oligarchy threatens democracy by concentrating political decision-making power in the hands of a few. As his use of the term *iron law* suggests, Michels thought the development of oligarchies was inevitable, and he was very pessimistic about democracy’s future.

Has our society as a whole lost some of its democracy in the ways Michels predicted? Some evidence supports his prediction. For example, many large organizations, including corporations, labor unions, political parties, and colleges and universities, do resemble the types of oligarchies over which Michels despaired. In most of these, decision making is indeed concentrated in the hands of a few, who often do work, at least according to their critics, for their own interests as least as much as they do for the interests of the organization and its members. On the other hand, organizational and political leaders do not work always for themselves and often have the interests of their organizations and the public in...
mind. Michels’s law might not be so ironclad after all, but it does remind us to be on the alert for the undemocratic processes he predicted.

Gender, Race, and Formal Organizations

We previously outlined three types of organizations: utilitarian, normative, and coercive. What does the evidence indicate about the dynamics of gender and race in these organizations?

We have already seen that women in utilitarian organizations such as businesses have made striking inroads but remain thwarted by a glass ceiling and the refusal of some subordinates to accept their authority. The workforce as a whole remains segregated by sex, as many women work in a relatively few occupations such as clerical and secretarial work. This fact contributes heavily to the lower pay that women receive compared to men. Turning to race, effective federal and state laws against racial discrimination in the workplace arose in the aftermath of the Southern civil rights movement of the 1960s. Although these laws have helped greatly, people of color are still worse off than whites in hiring, promotion, and salaries, affirmative action efforts notwithstanding. Chapter 7 “Race and Ethnicity” and Chapter 8 “Gender and Gender Inequality” will further discuss the experiences of people of color and of women, respectively, in the workplace.

Learning From Other Societies

Japan’s Formal Organizations: Benefits and Disadvantages of Traditional Ways

Although Japan possesses one of the world’s most productive industrial economies, its culture remains very traditional in several ways. As we saw in the previous two chapters, for example, the Japanese culture continues to value harmony and cooperation and to frown on public kissing. Interestingly, Japan’s traditional ways are reflected in its formal (utilitarian) organizations even as they produce much of the world’s output of cars, electronics, and other products and provide some lessons for our own society.

One of these lessons concerns the experiences of women in the Japanese workplace, as this experience reflects Japan’s very traditional views on women’s social roles (Schneider & Silverman, 2010). Schneider, L., & Silverman, A. (2010). *Global sociology: Introducing five contemporary societies*. New York, NY: McGraw-Hill. Japan continues to think a woman’s place is first and foremost in the home and with her children. Accordingly, women there have much fewer job opportunities than do men and in fact have few job prospects beyond clerical work and other blue-collar positions. Many young women seek to become “office ladies,” whose main role in a business is to look pretty, do some filing and photocopying, and be friendly to visitors. They are supposed to live at home before marrying and typically must quit their jobs when they do marry. Women occupy only about 10% of managerial positions in Japan’s business and government, compared to 43% of their U.S. counterparts (Fackler, 2007). Fackler, M. (2007, August 6). Career women in Japan find a blocked path. *The New York Times*, p. A1.

For these reasons, men are the primary subjects of studies on life in Japanese corporations. Here we see some striking differences from how U.S. corporations operate (Jackson & Tomioka, 2004). Jackson, K., & Tomioka, M. (2004). *The changing face of Japanese management*. New York, NY: Routledge. For example, the emphasis on the group in Japanese schools (see Chapter 3 “Socialization and Social Interaction”) also characterizes corporate life. Individuals
hired at roughly the same time by a Japanese corporation are evaluated and promoted collectively, not individually, although some corporations have tried to conduct more individual assessment. Just as Japanese schools have their children engage in certain activities to foster group spirit, so do Japanese corporations have their workers engage in group exercises and other activities to foster a community feeling in the workplace. The companies sponsor many recreational activities outside the workplace for the same reason. In another difference from their American counterparts, Japanese companies have their workers learn several different jobs within the same companies so that they can discover how the various jobs relate to each other. Perhaps most important, leadership in Japanese corporations is more democratic and less authoritarian than in their American counterparts. Japanese workers meet at least weekly in small groups to discuss various aspects of their jobs and of corporate goals and to give their input to corporate managers.

Japan’s traditional organizational culture, then, has certain benefits but also one very important disadvantage, at least from an American perspective (Levin, 2006). Levin, H. M. (2006). Worker democracy and worker productivity. Social Justice Research, 19, 109–121. Its traditional, group-oriented model seems to generate higher productivity and morale than the more individualistic American model. On the other hand, its exclusion of women from positions above the clerical level deprives Japanese corporations of women’s knowledge and talents and would no doubt dismay many Americans. As the United States tries to boost its own economy, it may well make sense to adopt some elements of Japan’s traditional organizational model, as some U.S. information technology companies have done, but it would certainly not make sense to incorporate its views of women and the workplace.

**Figure 4.12**

*The church has been a significant type of normative organization for many African Americans. During the 1960s, black churches served as an important venue for the civil rights movement’s organizing and fund-raising.*

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Much less research exists on gender and race in normative organizations. But we do know that many women are involved in many types of these voluntary associations, especially those having to do with children and education and related matters. These associations allow them to contribute to society and are a source of self-esteem and, more practically, networking (Blackstone, 2004; Daniels, 1988). Blackstone, A. (2004). "It’s just about being fair": Activism and the politics of volunteering in the breast cancer movement. Gender and Society, 18, 350–368; Daniels, A. K. (1988).
Invisible careers: Women civic leaders from the volunteer world. Chicago, IL: University of Chicago Press. Many people of color have also been involved in normative organizations, especially those serving various needs of their communities. One significant type of normative organization is the church, which has been extraordinarily important in the African-American community over the decades and was a key locus of civil rights activism in the South during the 1960s (Morris, 1984). Morris, A. (1984). The origins of the civil rights movement: Black communities organizing for change. New York, NY: Free Press.

Turning to coercive organizations, we know much about prisons and the race and gender composition of their inmates. Men, African Americans, and Latinos are over represented in prisons and jails. This means that they constitute much higher percentages of all inmates than their numbers in the national population would suggest. Although men make up about 50% of the national population, for example, they account for more than 90% of all prisoners. Similarly, although African Americans are about 13% of the population, they account for more than 40% of all prisoners. The corresponding percentages for Latinos are about 15% and almost 20%, respectively (Federal Bureau of Investigation, 2009). Federal Bureau of Investigation. (2009). Crime in the United States: 2008. Washington, DC: Author.

Why these patterns exist is unclear. Do they reflect discrimination against African Americans, Latinos, and men, or do they reflect higher offending rates by these groups? The next chapter explores this issue as part of its broader treatment of deviance and crime.

**Conclusion**

- The major types of formal organizations include those that are utilitarian, normative, and coercive.
- As one type of formal organization, the bureaucracy has several defining characteristics, including specialization, hierarchy, written rules and regulations, impartiality and impersonality, and record keeping.
- Bureaucracies also include some negative characteristics such as alienation and red tape.
- Michels’s iron law of oligarchy assumes that large organizations inevitably develop undemocratic rule.

**For Your Review**

1. Think of any bureaucracy with which you have had some experience. Describe evidence that it was characterized by any three of the defining characteristics of bureaucracies.
2. Do you share Max Weber’s view that bureaucracies must be impersonal and alienating? Explain your answer.