

Formal Organizations

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WHAT'S COVERED

In this lesson, you will be introduced to the sociological concept of a bureaucracy, which is something more specific than the “large and inefficient organization” colloquial definition that you may be familiar with. You will learn how bureaucracies and other types of formal organizations provide structure to many core aspects of life in modern society. Specifically, this lesson will cover:

1. Introduction to Bureaucracies

A common complaint of modern life is that society is dominated by large and impersonal organizations. From schools to businesses to healthcare to government, these large and powerful groups, referred to by sociologists as formal organizations, often leave us feeling like a cog in a machine. What is it like to track down an answer to a health insurance billing question? Have you ever tried to get technical support on a computer or cell phone? How long did it take and how many different times were you placed on hold? If you went back to the store where you purchased the device, were you asked to wait in line? Does your college or university have a streamlined process for questions related to advising or financial aid?

Sociologist Max Weber developed a conceptual framework to help us understand formal organizations and to work on moving from the particular (“I had this great experience with my cell phone service provider...”) to the general (“Formal organizations provide similar services in similar ways such as...”). Weber proposed the attributes of a perfect formal organization, one that had all the characteristics that could make a formal organization a model for efficiency and rational processes. This “ideal type” is the yardstick against which you study organizations, particularly bureaucracies. Later in this tutorial we will discuss bureaucracies as an ideal-type of organization.



Problem Solving: Skill In Action

While bureaucracies may create frustration, they are necessary in order to solve problems in society. For instance, we need formal institutions of learning to provide knowledge and instruction. We need a system of laws in order to prevent crime. The purpose of bureaucracies is to solve problems that inevitably occur within a large society of individuals.

2. Formal Organizations

A **formal organization** is a large social group, intentionally organized to achieve specific goals.

➞ **EXAMPLE** Government agencies, the post office, colleges, and corporations are all formal organizations: large social groups designed to achieve specific goals.

IN CONTEXT

You couldn't go to the doctor, mail a letter, purchase food, put gas in your car, turn the lights on in your house, buy clothes, or even read this tutorial, without formal organizations. Formal organizations are a basic, vastly important part of modern society, which is why they are studied sociologically. In order to eliminate formal organizations from your life, you would have to basically live off the grid completely!

There are three types of formal organizations:

- **Utilitarian organizations:** People participate in utilitarian organizations for useful reasons. Most times you choose to belong to these organizations, but a majority of people belong to them in order to make a living.

➞ **EXAMPLE** Your job is a utilitarian organization. You belong to it voluntarily—and ideally you like it—but you also belong to it for a utilitarian purpose, which is to make an income.

- **Normative organizations:** These are also called voluntary associations. People participate in normative organizations because they want to—they volunteer to be there. Voluntary associations and normative organizations exist to pursue some goal in common that the participants believe has moral value or is good for society. Belonging to these groups is voluntary, and people do it because they believe in the cause. Group membership makes a statement about your identity, tastes and preferences. Normative organizations are far more strongly linked to your identity and beliefs about how the world should operate.

➞ **EXAMPLE** Activist groups, such as the Sunrise Movement of young adults who work together to fight climate change, are normative organizations. People belong to this group because they want to, and believe in the cause. Labor unions, mutual aid societies, and political movements are all normative organizations.

- **Coercive organizations:** People belong to coercive organizations not because they want to, but because they have to. They're forced to belong, often as a part of some kind of punishment.

➞ **EXAMPLE** Prisons and mental institutions are coercive organizations—people aren't there necessarily because they want to be, but because they are forced to be as some form of social consequence.



TERM TO KNOW

Formal Organizations

Large social groups intentionally organized to achieve specific goals (i.e. government agencies, the

3. Organizational Environment

Organizations may seem compartmentalized and black and white, but that's not necessarily the case. One organization can belong to all three types at the same time.

IN CONTEXT

Consider a prison. For the corrections officers who work there, the prison is a utilitarian organization: this is their job, and it provides their income. The people who are incarcerated in the prison are forced to be there, because they were convicted of a crime or are awaiting trial. Because they are forced, or coerced, to be in the prison, for them it is a coercive organization. Now, what about the volunteer who teaches classes at the prison, because she is concerned about the limited opportunities available to formerly incarcerated people after their release? She is volunteering to spend time at the prison in order to do something she believes in, which makes it a normative organization for her. As you can see, it's not as black and white as you may think.

Organizations do not exist in isolation but as part of an organizational environment. An organizational environment is shaped by the social influences outside of an organization that affects its operation and, in some cases, its existence. Organizations do not exist in and of themselves or by themselves—they exist in context, enmeshed in society, and they're affected by outside forces such as technology, politics, and current events.

➞ **EXAMPLE** The Department of Homeland Security is a formal organization which was created by President George W Bush after the 9/11 terrorist attacks. This entire organization exists only because of an influence from the outside environment.

Economic trends are outside forces that can affect the organizational mission and existence; they form part of the organizational environment.

➞ **EXAMPLE** High unemployment rates affect both business and government organizations. High unemployment means that many people might not be able to purchase the commodities that organizations are putting to market. Unemployment agencies—another formal organization—might be overloaded. This organizational environment—the economic trend of high unemployment—impacts multiple organizations.

Finally, organizations are also affected by other organizations. In industry-speak, organizations dealing with other organizations are called 'business to business transactions,' or B2B.

➞ **EXAMPLE** Many universities and colleges look to each other for cues on major institutional changes. In the 19th century, most American universities required knowledge of Greek for all degree candidates. When a few universities began eliminating the Greek requirement, most other universities did the same in the next couple decades—and soon, Greek disappeared from high school curricula as well.



BIG IDEA

Organizations are completely enmeshed in an organizational environment that affects their operation;

they do not act in isolation.



THINK ABOUT IT

Sociologist Robert Michels (1911) suggested that all large organizations are characterized by the iron rule of oligarchy, wherein an entire organization is ruled by a few elites. Do you think this is true? Can a large organization be collaborative?

4. Weber's Six Characteristics of Bureaucracies

How do you measure a "good organization"? As we mentioned earlier, the sociologist Max Weber identified six characteristics of an ideal-type of bureaucracy, so according to Weber, a good organization is one that is efficient, that is profitable, that pays well, that provides service with a smile, and so forth. Sociologists use Weber's characteristics of bureaucracy when they study an organization and compare it to Weber's ideal-type bureaucracy.



BIG IDEA

Why is bureaucracy important and relevant to sociologists? It's important because Weber recognized this bureaucratic form as taking over society and transforming it in its image. He called this the process of bureaucratization, where all social life would come to be organized like the bureaucracy.

These are the characteristics that Weber highlights:

- **Specialization and Division of Labor:** Industrial capitalism dramatically increased the division of labor such that each person can perform specialized tasks. People don't try to do everything themselves--the division of labor spreads out all of the tasks among all members of society. You might do one thing, and another person might do another. Ideally, the more specialized the tasks become, the more efficient you can become because not everybody has to switch between tasks, and you can have individuals who are very good at one thing focused on doing that one thing only. Therefore, specialization is a hallmark of bureaucracy.

➞ **EXAMPLE** Economist Adam Smith developed a famous way to look at the division of labor (1776). Smith constructed an example of the pin-maker to describe the division of labor. He said that one person making pins themselves could make a small amount of pins—for example, 10 pins a day. However, once you bring in somebody else and divide the tasks so that one person is responsible for fashioning the small part of the pin, and yet another person makes the tops of the pin, together they can suddenly make exponentially more pins, and so on.



BRAINSTORM

Can you see the characteristics of bureaucracy in your job? What about the church, the government, the education system or the military? Life is filled with bureaucracy.

- **Hierarchical Authority Structures:** Bureaucracies are hierarchically organized, from high to low. They are organized this way to ensure good communication and orderly decision-making.

➞ **EXAMPLE** You have a boss, and your boss has a boss, and so on. You can see that there is a high chain of command.



THINK ABOUT IT

What if anyone could circumvent the chain of command and simply go directly to the highest boss anytime they wanted? For instance, what if anyone at Microsoft could approach Bill Gates anytime they chose? The organization couldn't function very efficiently that way. Therefore, there is a nested set of hierarchical offices in a bureaucracy.

- **Rules and Regulations:** In order to operate efficiently, you can't leave operations to chance—you want to try to control as much as you possibly can. There are many rules and regulations that govern the conduct of people in bureaucracies and those who wish to engage with them.



THINK ABOUT IT

Think about a time you've gone to the DMV. You stand in a line, then you walk up to a counter. Sometimes, you might even be required to take a number, to ensure a proper flow of people. Everything is controlled and rule-bound. What do you think would happen if you dared to just walk up to the counter without obeying all of these rules? You might incite a riot. People would protest, "What is this person doing? He's not following the rules!" The whole operation couldn't function without rules.

- **Technical Competence Guidelines:** The bureaucracy is filled with specific offices and roles, and there are rules to determine who can fill each office and role.

IN CONTEXT

The bureaucracy is impersonal—people don't necessarily know each other well, and you certainly don't know the people who are wanting to work in the office. You have to hire somebody with established qualifications, the kind that is outlined in a resume. After you hire somebody, their performance has to be monitored according to predetermined, formalized standards. This is the idea of technical competence.

- **Impersonality and Personal Indifference:** In the eyes of a bureaucracy, everyone is treated in the same uniform fashion. It doesn't matter who you are, who you know, what you want, or how you might think you're special. Rules come before all else, and the bureaucracy doesn't care if you're having a bad day or if you can't afford to make your payment, or if you simply don't have the time to wait in line and go through the whole process. In a bureaucracy, you're going to follow the rules the same way as everyone else; it's governed by the idea of impersonality.
- **A Standard of Formal, Written Communications** A premium is placed on formal, written communication. Rather than face to face, casual communication, the bureaucracy depends on memos, briefs, paperwork, and now, email and digital storage—basically, any form of written communication.

➞ **EXAMPLE** When your boss wants to set up a meeting, you would get an email, rather than a question from two cubicles away. Everything is documented: the meeting time, the meeting place, your acceptance of the meeting, etc. Even though you could have simply had a face to face conversation, in a bureaucracy, it would be done through email.



TERM TO KNOW

Weber's Six Characteristics of Bureaucracy

Max Weber argued that the bureaucratic organizational form is characterized by six features: 1) Specialization and Division of Labor; 2) Hierarchical Authority Structures; 3) Rules and Regulations; 4) Technical Competence Guidelines; 5) Impersonality and Personal Indifference; 6) A Standard of Formal, Written Communications.

5. Benefits of Bureaucracy

Bureaucracies are, in theory at least, **meritocracies**, meaning that hiring and promotion are based on proven and documented skills, rather than on nepotism or random chance. This is considered by many to be an important benefit of bureaucracy. But it's rare to find a bureaucracy that actually lives up to the ideal of being a meritocracy! Most large businesses, for instance, don't hire based on things like exams, but on more ineffable measures like personality and attitude.

IN CONTEXT

In order to get into a prestigious college, you need to perform well on standardized exams and have an impressive transcript, which are measurements that could make admissions meritocratic if all else were equal. There are some rare example of truly meritocratic college admissions, such as at the University of Texas, which automatically admits all Texas students who graduate in the top 10% of their high school classes. But most private universities present themselves as meritocracies while actually reserving spots for the children of donors and alumni, or for recruited athletes. Many colleges and universities both private and public also define their purely academic admissions standards in ways that are biased towards or against certain populations.



BIG IDEA

Maintaining the appearance and values of a meritocracy is crucial to the image of many bureaucracies, even if they don't actually function as a meritocracy at all.

There are several positive aspects of bureaucracies. They are intended to improve efficiency, provide equal opportunities, and ensure that most people can be served. And there are times when rigid hierarchies are needed. But remember that many of our bureaucracies grew large at the same time that our school model was developed: during the Industrial Revolution. Young workers were trained, and organizations were built for mass production, assembly line work, and factory jobs. In these scenarios, a clear chain of command was critical.

Today's workplace requires a faster pace, more problem solving, and a flexible approach. Too much adherence to explicit rules and a division of labor can leave an organization behind. But once established, bureaucracies can take on a life of their own. Maybe you have heard the expression "trying to turn a tanker around mid-ocean," which refers to the difficulties of changing direction with something large and set in its ways. Government organizations can be difficult to change. Many bureaucracies, as mentioned, grew as institutions at a time when privileged white males held all the power. While ostensibly based on meritocracy, bureaucracies can perpetuate the existing balance of power by only recognizing the merit in traditionally privileged paths.



Problem Solving: Skill Reflect

Consider how bureaucracies have helped you solve problems in your life. You may have used a financial organization, either a private or government entity, to help you finance your college education. If you have children, they may attend school to obtain an education. Also consider if you have been part of a bureaucracy to solve problems. Your place of work may be a bureaucracy which provides a service to others. How have your experiences with bureaucracies strengthened your problem solving skills?



TERM TO KNOW

Meritocracy

A system where opportunity and advancement are based on proven and documented skills, rather than on nepotism or random chance.



SUMMARY

In this lesson's **introduction to bureaucracies**, you learned about **formal organizations** and the three types of organizations. You also learned how formal organizations exist in an organizational environment and learned about the **benefits of bureaucracies** and **Weber's six characteristics of a bureaucracy**.

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TERMS TO KNOW

Formal Organizations

Large social groups intentionally organized to achieve specific goals (i.e. government agencies, the United States Post Office, corporations, and higher education).

Meritocracy

A system where opportunity and advancement are based on proven and documented skills, rather than on nepotism or random chance.

Weber's Six Characteristics of Bureaucracy

Max Weber argued that the bureaucratic organizational form is characterized by six features: 1) Specialization and Division of Labor; 2) Hierarchical Authority Structures; 3) Rules and Regulations; 4)

Technical Competence Guidelines; 5) Impersonality and Personal Indifference; 6) A Standard of Formal, Written Communications.