CHAPTER

1

Introduction
A SOCIETY OF FORMAL ORGANIZATIONS

In teaching people about culture, many like to use an old quote from anthropologist Ralph Linton who wrote that the last thing a fish would notice would be the water. For a fish, water is ever-present. It is constant. It is so ever-present and so constant that it is just taken-for-granted, and thus not notable to the fish. Large formal organizations, such as governmental agencies, business corporations, universities, churches, and the like may be like that for people today. We are educated by them. We work in them. We worship in them. We shop in them. The things that we buy when shopping are supplied by them. We pay with money that is withdrawn or borrowed from them. They are where you get your electricity, phone, cable, and internet service. They provide you with news, such that it is. They often provide how and where you go on vacation. When you need medical care, you are treated by them, and the organizations that provide medical treatment are overseen by and often paid by yet other large formal organizations. And so on. It was like this when you were born. Barring massive apocalyptic events, it will be like this when you die and your cause of death is verified and recorded in the official records of various government agencies. And you probably haven't noticed it or thought much about it.

We think that societies are made of people. But these days, it might make more sense to think of society as being made of organizations. Think of it like this: People also generally think that forests are made of trees. But why not think of forests as being made of plant cells? Trees, after all, are just made of cells. Perhaps thinking of societies as being made of people is like thinking about forests as being made of cells rather than of trees. There is a way in which it makes sense, and things can be learned with that view of forests in mind. But much is also missed. This book will be about what too often gets missed in the forest of society. We will be thinking about ourselves not as living in *societies of people*, but rather, as living in *societies of organizations*, as organizational sociologist Charles Perrow has put it.

The Idea of Organization

Human beings are social creatures and we always have been. That doesn't just mean that we like to hang around with other people. It means that we do

things cooperatively in groups—we always have. We are primates. Primates are social creatures.

Depending on your cultural background, that might run contrary to some common sense notions. You might have the idea that, fundamentally speaking, society is just what all of the individuals within it choose to do on any given day or at any given time. You may have heard of some Enlightenment philosophy that takes living together in social groups to be a rational decision among individuals—the famed *social contract*. You may have the idea that this is a dog-eat-dog world where it is "every man for himself"—that all of us, as individuals, are turned loose to fight and claw and compete against one another. But all of that is just part of Western cultural myth—at least if it these kinds of things are taken to be fundamental statements about how societies are built and how people behave. Humans do not and have never lived as isolated individuals. We are social creatures—it is actually in our DNA. Human infants cannot physically survive without other, more mature humans, to take care of them. Human beings do not develop normally—biologically, psychologically, or socially—if they do not live in regular interaction with other human beings. In a general physiological sense, we are programmed for very little by our instincts and are fairly puny and weak specimens not particularly well-fit to deal with the challenges of our environments on our own. Our success as a species comes from the fact that we live in socially organized groups.

Since humans live in groups, then that means living with some form of *organization*. There are distinctive, regular, and identifiable patterns of thought, action, and relationships among people that come with rights, duties, obligations, and expectations. Individuals live out these patterns, and they do change over time, but individuals do not produce them. They are born into them. The famous, classical sociologist Emile Durkheim called them *social facts*, in contrast to *biological* or *psychological facts*. Rooted in the regular relationships between people is a way of dividing up all of the things that need to be done for a given course of action. Tasks are broken up among different actors, and all of those activities are coordinated to add up to more than just the sum of the parts. A great deal of variation notwithstanding, societies also have various kinds of authority relationships, even if it is just that elders often have more authority in a group than others. All of these things are, furthermore, shaped and knitted together by cultural rules that go by different kinds of names—*norms, mores, taboos, laws*, and so on.

In the grand scheme of things, human beings have been on the planet in current biological form for about 200,000 years. For almost all of that time, and in most places, social activity has been organized according to *tradition*. In traditional modes of organizing, people organize themselves and what they do according to what is passed down to them over generations, and the primary social relations that people have with each other are often organized along the lines of extended kinship networks.

But, very, very recently—within the last 150 years (that's about 0.075% of human history)—things changed rather radically. Most of our activities now take place through, within, and around what are called *formal organizations*, and that is what this book about. The most common word that you have probably heard for *formal organization* is *bureaucracy*. Although many people would say that the bureaucratic form is only one kind of formal organization we are going to start there and consider the variations later. These

days bureaucracy carries a lot of connotations, most of which are negative. A lot of people, for instance, think that it is a reference to governmental agencies and the people that are in them. This is then often equated with incompetence, inefficiency, and needless complexity, or the infamous *red tape*. But virtually all of the organizations that you know of are bureaucracies. Governments are certainly networks of various bureaucracies. But business corporations are also bureaucracies, as are schools and churches, civic organizations, nonprofit organizations and universities. And that's the thing. Everywhere you look in society today, this is what you see—*formal organizations*. But it wasn't always this way. The dominance of the bureaucratic organizational form throughout all areas of society is a relatively recent and underappreciated turning point in human history.

Somewhere in your educational travels you have probably heard of dramatic turning points in human history such as the *Agrarian Revolution*, the *Industrial Revolution*, or the *Information Revolution*. This particular line of revolutions centers on economic production technologies, but they are called revolutions because they are seen to have radically changed the entire social world in terms of how people live in it. In other words, the changes are not thought to be limited to technologies or economies—the production and distribution of goods and services. They are completely transformative of society—changing politics, economics, culture, and social structure. Yet this kind of story for understanding our human past is one born of our own culture's technologically determinist assumptions. *Technological determinism*, to put it simply, is the idea that technologies, especially economic production technologies, are the single greatest force in shaping a society. But there is something very important that gets overshadowed by our romance with technological change. The something is the *Organizational Revolution*, and it is about people rather than technologies. It certainly involves technologies. But technology by itself can't do anything. People have to create it and put it into motion. The organizational revolution is arguably a revolution that is just as, if not even more, profound than any of these others because it represents a fundamental change in the very logic by which we humans organize all of our social relations and activities. It is a change that hides underneath of everything else something like the way that DNA lies behind the myriad of physical surface variation among humans. The fact that it is a little-recognized or discussed revolution (outside of those who study organizations, anyway) is real problem, because we have no hope of understanding what is going on in the world today without recognizing and understanding it and what it means. Trying to understand today's world without an understanding of organizations is like trying to understand biological organisms without knowing anything about DNA.

The Idea of Formal Organization (a.k.a. Bureaucracy)

In order to get started on the idea of formal organization, you can think very simply. Many people share a living space with other people—houses, apartments, dorm rooms. In those living spaces there are all sorts of things that need to get done. Kitchens and bathrooms need to get cleaned. The garbage needs to get taken out. The electric bill needs to be paid. There are floors to be swept, vacuumed, and mopped. Perhaps this also means that the couch needs to get moved. (I'm not saying these things *do* get done! But they

probably do *need* to get done!) If you need to move a couch you'll often have help from someone else. It might be impossible to do it by yourself. It might just be easier to have some help. (This is the nature of the advantage of collective action among humans.) But if it's going to work you have to *coordinate* (organize). Each of you will need to take an end, lift at the same time, move together in the same direction, put it back down together at a specified point, and so on. If one of you tries to do her end of the couch on Tuesday and the other on Wednesday, or if one decides to go left while the other goes right, it all just doesn't work. Social life works this way—by having people fit their actions together with one another. This is true even when you're not specifically thinking about it that way. If it wasn't, then you wouldn't be able to navigate an intersection or check a book out of the library.

A lot of everyday stuff like moving couches or getting an apartment cleaned up is done by *ad hoc organization*. We just coordinate ourselves on the fly and the "organization" lasts for as long as the task. It is *informal* organization and is rooted in the decision-making of the actors at the time of the activity. Perhaps in your own living space, all of these things are just left to ride until it becomes obvious that something needs to be done (maybe because someone important is coming to visit). At that point, some kind of plan might get drawn up for covering all of the relevant tasks. This often works fairly well for very small groups of people and relatively simple and *ad hoc* tasks. But many of our activities are much more regular and routine and take place very predictably over time with large numbers of people—like the kind of organization that gets everyone showing up for work and class at regular times and places. These days things like this are a matter of *formal organization*.

In fact, some people who do share a living space will produce *formal organization* for taking care of all of the tasks. This occurs if you make a specific schedule of things to be done, when they are to be done, and by whom. We might write such a thing down and hang it on the refrigerator to keep everyone clear and on board with the program. In addition to keeping everyone clear, it also provides the basis for easy *accountability*. If something isn't done, then you know who failed to do her job. At this point, *informal organization* becomes *formal organization*, albeit on a scale which is very small and simple. In the end, this is the heart of living by formal organization—it is living by the written rule—by preset standards, schedules, routines, and procedures. These standardized procedures are either written down, or actually materially built into the world.

The latter—having rules built into our material surroundings—may sound a little bit odd, but it becomes easier with just a little bit of thought and perhaps a simple example. I work on a University campus and like many campuses we often have too much traffic, both automotive and pedestrian. There is one spot where a very busy main street cuts between two areas of the campus, and right next to this busy main street is a fairly large auditorium that is often used as a classroom. The problem is that when class lets out a lot of people have to get from one side of the main street to another. Just down the street from the auditorium in one direction is a traffic light with a crosswalk. We all know "the rules" for pedestrians. You are supposed to use the crosswalk and obey the traffic light. But we are talking about college students here. College students stubbornly walk in straight lines, and they are often in a hurry. So the deviation down the street to wait at the crosswalk was apparently too much to ask of too many. At the end of every class session in the auditorium

there was fairly widespread traffic disruption as a mass of college student pedestrians flowed out of the building and into main street traffic. Since the mere written rules were apparently not effective enough, a rather intimidating-looking fence has since been built down the center of the street and along the sidewalk. It is the rule built into the world in material form. Keep this in mind as we move along through the book and as you go along through life. The world is full of rules even when they don't look like rules.

And this filling of the world with formalized rules that set down prescribed actions for us to follow is a main story line of this book. In a historically unprecedented way, for the last 150 years (or so), more and more of our lives and activities have come to be defined in terms of written rules. The rules are not merely prohibitive (specifying what you are not supposed to do) but are heavily prescriptive (specifying what you are to do). In a global and cross-cultural sense, the degree to which this applies to people is still variable. However, the march of the formal rule has been consistent and relentless, and over time fewer and fewer people on the globe and fewer and fewer aspects of our lives escape the systems of rules. A famous hero of classical sociological theory, Max Weber, has referred to it as *the iron cage of rationality.*

Max Weber's Bureaucratic "Ideal Type"

Max Weber is one of the foremost heroes of classical sociology theory. He lived and wrote during the turn of the twentieth century and was among the first people to draw attention to the *organizational revolution*. We find this in several different aspects of Weber's work, but the most central one has to do with his *ideal-type*[1] definition of *bureaucracy* and by extension his more general *rationalization thesis* from which we will get the *iron cage* imagery. In defining the bureaucracy, Weber was calling attention to a new form of organizing human activities and predicting that this form would only grow and spread to encompass more and more aspects of life. Anyone who thinks that sociologists haven't ever used their analyses to make good predictions about social change has apparently overlooked Weber because he pretty much nailed it.

The ideal-typical definition of bureaucracy, in particular, has always been a central point of reference for the study of formal organizations. To think about and keep track of the elements of the definition it is probably easiest to picture a typical organizational chart. Almost all formal organizations have them, and they generally look something like Figure 1.1. In his classic description Weber provides six primary characteristics of bureaucracy. For simplicity's sake, I will summarize all of them in terms of the first three (see Figure 1.2 for a summary).

Division of Labor/Task Specialization: Think of any organization as having a primary general goal such as administering drivers' licenses, granting Bachelor's degrees, or making toothpicks. Accomplishing those goals requires a lot of different tasks (the labor). If your organization makes toothpicks you

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[1]This will be defined shortly. For now, note that an *ideal-type* is just a pure conceptual definition of some kind of thing that leaves aside messy details and contingencies. Its purpose is to capture the essential features of a thing so that we can do systematic comparison and contrast. An ideal-type definition will rarely, if ever, correspond exactly to any specific instance of a thing.

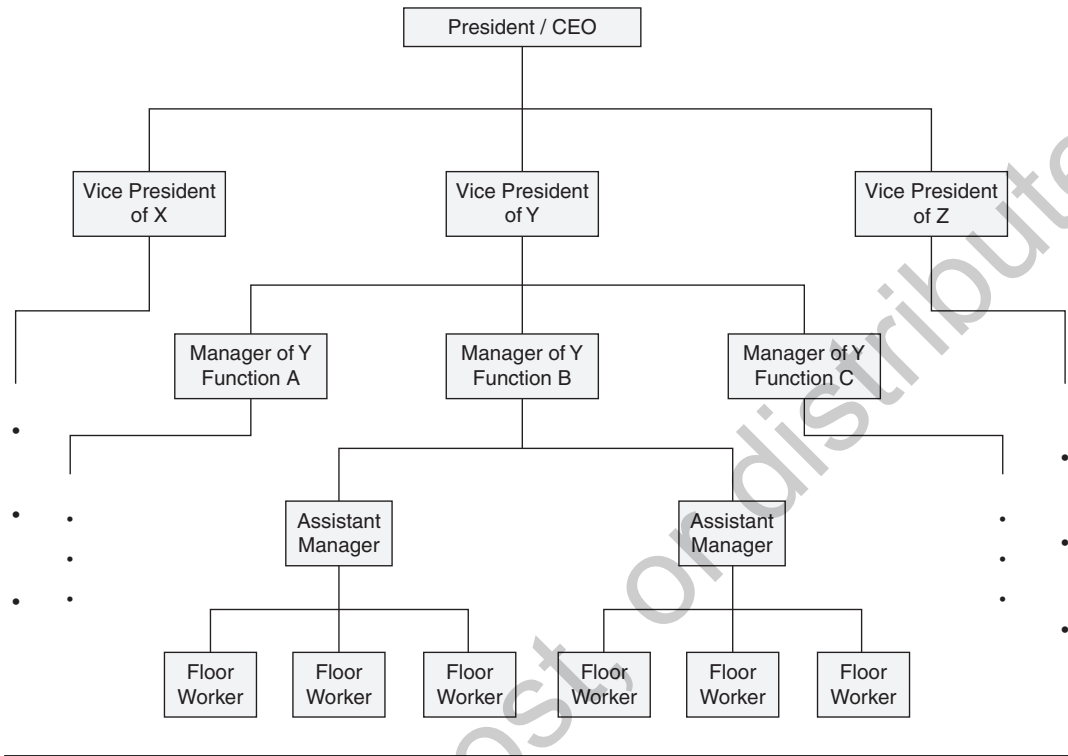**FIGURE 1.1   An Ideal-Typical Organizational Chart**

FIGURE 1.2   Summary Table of Weber's Ideal-Type Description of Bureaucracy

Division of Labor / Task Specialization
- Everyone has clearly defined roles
- Tasks are assigned according to technical competence
- Performance of task is to be the office holder's primary occupation
- All positions carry at least some authority
- Rights / duties / obligations go with the offices not the persons

Hierarchy of Authority
- Authority flows downward
- Accountability / responsibility flow upward
- Authority lies with positions, not with persons

Formalization
- Tasks and authority are specified by rules, standards, and procedures
- Authority lies in the rules themselves rather than the persons
- Written records are kept of official organizational activities

need to acquire raw materials, transport them, run machinery, maintain and repair machinery, do accounting, hire and fire employees, administer benefits, clean the bathroom, and so on. In a bureaucracy, all of these tasks are very specifically broken down and assigned to particular *offices*. The word *bureau* means office, or administrative division. The suffix *-cracy* is always about rule or authority, so the term bureaucracy just means *rule by office*. The boxes on an organizational chart represent all of those specialized tasks, or offices. Each box comes with a written job description that specifies the regular duties that are required of the person who occupies that office.

All of this carries several very important things with it. First, when people are assigned to specific positions, the only relevant question is supposed to be that of their *technical competence* for handling the role. The office holder must be qualified to perform the duties of the office above all else. In a construction company, you don't want the welders trying to do accounting or the accountants trying to do the welding. Ideally the office holder is not merely competent, but also *the most competent* person available to accomplish the tasks.

Second, the duties of a person's office become their *primary occupation*. That is, all of a person's work time and attention are to be devoted to doing the job as defined by the organization. This one obviously does vary a lot, but if you are offered a full-time job someplace, the organization expects your full working time and capacity. If you decide to moonlight on a second job, you might even be required to tell your employer about it and seek approval. (This would be written down in a contract and/or job description.)

Third, the office carries with it whatever *authority* over organizational property or other office holders is necessary for the person to carry out the duties. Perhaps most crucially, *the person and the office are strictly separate* from one another. Mixing one's official life with one's private life is not permitted. This includes your time while at work and whatever authority over people or things is carried by your office. You cannot do your personal income taxes on company time. And when you are not on company time, you don't hold any authority over the people below you in the organization, or any authority over any of the organization's resources. If you happen to leave the position, the position remains as it was, someone else occupies it and she takes on those rights, duties, and obligations. You no longer have any of them.

Hierarchy of Authority: In a typical organizational chart you also see that the boxes are arranged in what looks something like a pyramid with lines connecting higher boxes to lower boxes. You can trace chains of boxes all the way from the top to the bottom. Those lines represent lines of authority. Formal organizations are full of order-givers and order-takers where higher level offices give orders to and supervise lower level offices. Thus authority flows downward through the hierarchy. But accountability and responsibility for overseeing that things are done according to plan flows upward. As noted, the authority only goes with the office. When you are at work your boss is allowed to tell you what to do. But if you happen to run into your boss at the grocery store on the weekend, that authority does not carry over. (Remember—this is an *ideal-typical* description!) As noted above, all of the rights and duties that come with an office are strictly limited to life inside of the organization. None of it carries over into private life that is not associated with the official functioning of the organization. In fact, the authority itself, whether one has it or is subject to it, is only with the office and never with the person. Persons do not have power in organizations. Only the offices that they occupy do.

Formalization: Formalization refers to the fact that everything is written down. If you had to choose a single thing to put at the heart of bureaucracy, this is it. Weber went so far as to say that an organization really is its filing cabinet. A bureaucracy is basically a set of written rules and procedures that define what an organization is, what it does, and how it does it. Everything about the *division of labor* and *hierarchy of authority* are written down as sets of standardized rules and procedures. It is the rules themselves that carry the actual authority in an organization. Persons, as persons, don't have any authority, and no one is outside of control by the rules. Even those at the very top of an organization are under the authority of the rules and have their powers limited by them. Think about the situation where you may have created a chore chart for managing the tasks in the apartment. Once the chart is created, it is the chart that rules.

In addition to defining the organization and its activities, all official activities of the organization are written down and filed. When a meeting is held, minutes are kept. When rules and policies are changed and instituted, this is done according to the rules and recorded in the files. Office holders and agencies regularly prepare reports on their activities to be filed. These are often reviewed by other offices and reports are filed on those reports. People often refer to all of this formalization as the famed bureaucratic *red tape*. There is always a lot of paperwork. Yet, as we will come to see, this aspect of organization is crucial to the functioning of the social world as we know it (in ways that people might see as both good and bad). It is also important to keep in mind that the principles apply to all formal organizations (to varying degrees). It is not merely governmental agencies that are awash in their own paperwork and formal rules.

On the Ideal-Typical Nature of Weber's Description

It is important to recognize that Weber's description of bureaucracy, as with most of Weber's concepts, is called an *ideal (or "pure") type*. An ideal type is basically a conceptually pure way of thinking about something. In its pure form, it exists only in our heads and is rarely, if ever, found to be exactly represented in actual reality. The basic purpose of the ideal type is to allow you to make sense out of the world while also allowing for a lot of variation. Ideal types can be seen as akin to everyday concepts that you already know about. If I was to ask you to describe what a chair is, you wouldn't have to know which chair I was talking about. You could come up with a generalized description of a chair that would include the essential elements that are normally found in chairs. This might include a seat mounted on four legs with a back support. I'm sitting in a room with two chairs that fit that ideal-type description well. In the next room there are six chairs that also fit the ideal type but are of a very different appearance and design. But there are also two chairs in there that do not fit the description perfectly because neither rests on four legs. Yet they are still identified as chairs. Every actual instance of a chair represents a specific variation on a general theme. The ideal-type is the general theme. We are quite accustomed to working with ideas that have to be applied flexibly in specific instances. Weberian ideal-types are no different. We know that the world contains a great deal of variation, yet we do manage to order it with general concepts.

It is the same with organizations as it is with chairs, and this will be very important to keep in mind. Just as the specific form of chairs in the world varies a lot with each real chair only approximating the *ideal type*, so it is with formal organizations. For now just think of the Weberian ideal type as providing a baseline description for what a formal organization is and assume that any real organization approximates it only to a varying degree. Some organizations look an awful lot like the ideal type. Others look much less like it, but all carry the characteristics to a varying degree. As we will see in Part III, explaining this variation in organizational form and operation has been a central part of the field of organizational studies.

Formal Organization and the Rationalization of the World

In defining bureaucracy, Weber was actually working on something much bigger about how society was changing. It was the turn of the twentieth century, and he was witnessing the *organization revolution* as it occurred. And once it had started, he didn't think it would stop. He noted that bureaucratic forms of organization, once created, are very difficult to change or destroy and that they have a tendency to both grow and spread. As such, he saw the bureaucratic form and the logic that it carries as well on its way to becoming the most fundamental aspect of society and the basis for more and more of our activities over time. Ultimately he argued that society was in the process of becoming encased in what he called the *iron cage of rationality*.

The Tendency to Grow and Spread

By laying out day-to-day activities in terms of specific rules and duties assigned to specific offices with replaceable office holders' whose primary concerns in life are the accomplishment of those duties, bureaucracies come to take on machine-like characteristics. They operate from moment to moment, day to day, year to year in way that is much more reliable and predictable than other ways of organizing activities. Thus for most any kind of activity bureaucracies would be *technically superior* to other modes of organizing and would basically outcompete other, less formal ways of organizing. This would cause them to spread.

For Weber, this aspect of the bureaucracy is especially important when viewed next to the rise and growth of capitalist market economies. Bureaucracy was growing simultaneously in all sectors of society. The increasing formal organization of governments provided for the management of such things as banking and monetary supplies, economic infrastructure for reliable transportation and communication, and a basic legal structure for the definition and enforcement of property rights and contracts. These things stabilize the entire social environment and make things more *predictable*. This encourages and facilitates the growth of business enterprises because people can be more certain about access to things like suppliers, customers, and financial capital. Furthermore, from the point of view of business, the machine-like operations of the formal organization present the potential for *predictability* and *efficiency* both inside one's own organization and in supplier and customer organizations. This provides distinctive competitive advantages for businesses who adopt the bureaucratic form and through some

combination of purposeful design and *survival of the fittest* in market economies, formal organization rapidly becomes the standard form for business operations. Hence, the overall tendency of bureaucracy is to spread, but with the rise of capitalist economic systems the technical superiority of bureaucratic forms of organization takes on addition importance and hastens the process.

Difficulty of Change

Not only will bureaucratic forms spread, but once in place they are only likely to remain. They are very difficult to change and destroy for many complex reasons. To think about it simply for now, one reason is that people become encased in the organizational structure. If one thinks of the organization as a large machine, the offices are cogs inside of that machinery and none of them stand outside of it. The people who occupy the offices are expected to perform their duties to the best of their ability in the interests of the organization itself. The alternative is to get fired. So, in other words, everyone who works inside of the machine is in one way or another compelled to do his part in keeping the machinery operating to the best of his ability. It is also the case that this goal of acting in the best interests of the organization according to the duties as described by the organization is the source of each person's well-being. Note that this applies especially to organizational leaders who would be those most in position to produce changes. In normal everyday terms we're talking about job performance and career advancement. If you do your job well you will continue to hold it and get paid, and perhaps get promotions and raises. In the simplest terms possible, the well-being of persons comes to depend on maintaining organizations.

It is not only the case that individual persons within organizations are dependent upon those organizations, but that everyone becomes dependent on their functioning. As more and more goods and services come to be supplied by formal organizations (whether public or private), people depend on them more and more for access to those good and services. Your electricity service, for example, depends on the continued, routine and predictable functioning of a very large organization which is likely a business corporation. But the functioning of something like your electric company is also interdependent with the regular and continued functioning of other large organizations such as supplier organizations, various subcontractors, banks, and regulatory agencies. So everything gets to be connected to everything else. Some of my readers might be old enough to recall US government activities to save and maintain very large corporations such as insurance companies, banks, and automobile companies during the 2008 financial crisis and its aftermath. Many of these organizations were dubbed *too big to fail* because they exist in a networked system of other organizations. On this logic, the failure of some would bring down the entire system like a string of dominoes, or perhaps like matter being sucked into a black hole.

This dependence and interdependence is not only there in instances where large-scale disruptions might take place. It is there in the minutiae of our everyday lives. The fact that bread constantly appears on grocery store shelves, gasoline at gas stations, textbooks to the college book store, that your money is good for purchasing those things, and so on owes the networks of organizations that are involved in producing, distributing, regulating, and

selling these things. Once these things are built, basic dependency is the result. Any dramatic forms of change result in disruption to daily life and even to survival.

Changing Organizations Usually Means More Organizations

Note that the Weberian claim is only that change is difficult. It is not that it is impossible. It is not the case that organizations never fail or change or are destroyed. (Heck, I still miss *Circuit City* and *Radio Shack.*) Nor is it wise to reduce the humans to mere automatons. Change happens all of the time; interconnections and dependencies are variable, as is the place and importance of persons. The issues are complicated, and we will revisit them later. But for present purposes, note that even when organizations are changed or destroyed, it is most often in the face of actions by other organizations, or by turbulence in networks of organizations. If you begin to pay attention to the world as one populated by organizations rather than people, then you will begin to see that society is full of organizations acting on other organizations. Politics, for example, is about control of the state. The state itself is a large network of organizations. The main route for trying to control state organizations is through yet other organizations. Political parties are the most prominent, but the bulk of lobbying and campaign funding is also done by organizations on behalf of organizations.

With regards to the business world, business people, economists, and other commenters like to give the impression that business success is all about the customer—in the sense of individual consumers. This is certainly relevant. But first note that many customers are not individual consumers, but are other organizations. In many businesses, such as those that deal in raw materials, there might not even be any customers who are actual persons. Furthermore, in the world of business, often your most important interactions aren't with customers at all. Other relevant organizations include suppliers, distributors, regulating agencies, competitors, formally organized consumer interest groups, and the like. In fact, competition from other organizations is one of the primary drivers of attempts to change business organizations.

If you go on to study attempts to produce general social change on issues such as human rights, equal rights, environmental concerns, and so on, then you will quickly find organizations as well. In the study of social movements in sociology, for instance, the importance of the *social movement organization* (SMO) is well known. SMOs are the vehicles by which people recognize shared grievances, frame those grievances in terms of meanings, cause and remedy, and engage in collective action to seek redress. Without the organization, grievances tend to just remain *personal troubles*, in the words of C. Wright Mills. C. Wright Mills was a prominent sociologist, even if a bit of a renegade, during the middle of the twentieth century. He wrote a famous book for introducing sociology called *The Sociological Imagination* where he draws a distinction between *personal troubles* and *social issues*. Personal troubles are things about your own personal life, like being unemployed. But sometimes your own personal troubles are related to much larger *social issues*, such as the onset of a large recession or widespread decline of the industry in which you have been working. Individuals have troubles. But SMOs can turn the *troubles* of many into things recognized as social *issues*.

Thus, the observation that organizations do, in fact, change doesn't modify Weber's observation regarding the growth of the iron cage. Individual organizations certainly do change and do even disappear. But that doesn't change the picture of the world as one increasingly populated with formal organizations. Any serious attention to the question actually just serves to highlight the spread of formal organizations to an even greater extent. These are complicated issues to be sure and we will return to them.

The Iron Cage of Rationality

Once we have the basic picture of what a bureaucracy is, and we know about the tendency of this mode of organizing to spread we have the nuts and bolts of a central thread of Weber's famous *rationalization thesis*.[2] As the bureaucratic form grows and spreads it comes to encompass virtually everything in society. People now spend their lives, both over the long haul and on a day-to-day basis just moving from one rationalized structure to the next. You are born in an organizational nexus of hospital, insurance company, professional medical associations, and state regulations. You are quickly moved on into an education in other formal organizations (schools), so that you can later go work in one or more of them (businesses, government agencies, nonprofit organizations, and so on). Along the way you will get your goods and services—from gallons of milk to life insurance policies to brain surgery—through formal organizations which you will pay for in a form set up by other formal organizations such as banks that are themselves overseen by government agencies. When you die you will be ushered out of this world by formal organizations. Some will record your death and its causes. (I understand that you want to be a person, but you are *also* a number… perpetually.) Other organizations will see to it that your body is dealt with in culturally and perhaps religiously appropriate ways. There are virtually no aspects of social life that go untouched or unregulated by formal organizations.

When all of the pieces come together to the full picture you arrive at the basic, core meaning of the rationalization thesis. *Rational* activity is means-ends activity. Social actors have ends or goals—things that they need or want to do. For any given end or goal, there may be various means that will accomplish the goal. To be rational is to select the least cost means to a given end. This is a hallmark of modern social life. We don't live by old-fashioned adherence to tradition or superstition or the like. We deal in calculated reality. Our world is one that according to Weber is *disenchanted*.

Formal organizations are an expression of this rational approach to life. Organizations all have ends—to produce shoe laces, administer driver's licenses, sell insurance, promote interest in numismatics, or whatever else. The organization itself is designed as a set of means. It is the plan for how it is that the ends will be accomplished. Because the bureaucratic form is set up with full planning of tasks that are assigned to specific office holders with regular duties and all of this is designed to meet the ends of the organization, these are referred to as *rationalized structures*. More precisely for bureaucracies, they are *formally rationalized* because everything about the means is set out in writing or otherwise built into various material items such as production machinery or, more recently, computer algorithms.

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[2]The full rationalization thesis in Weber's work is built on a lot more than his observations about bureaucracy, but that is beyond the scope of what we need to carry on here.

Formal rationalization brings a great deal of stability to social life. As summarized by George Ritzer, who has tried to rename this process the *McDonaldization of Society*, the formally rationalized world is marked by *efficiency*, *predictability*, and *calculability*. Ritzer basically agrees with Weber in pointing out that formal rationality has continued to spread throughout society on the basis of the same logic by which fast food is produced. The emphasis is on full standardization of all processes, activities, and products. These are designed to be the least cost means to produce and serve food. They also produce remarkable stability across time and place such that the operations and products from fast food restaurants are the same time after time and from location to location. All of that stability and efficiency also produces an emphasis on and ease of calculation. There is not only an ability to calculate but also an emphasis on things that can be quantified and calculated. What Ritzer was pointing out is that you can see the same principles in operation everywhere you look. School curricula become standardized in the form of textbooks, standardized worksheets, and standardized tests. Organizations like KinderCare have moved this packaged version of education to the preschool level. Vacations can be chosen off of a menu of services from various kinds of agencies. A great deal of uncertainty can be removed from camping by camp ground chains such as KOA. News outlets such as *USA Today* provide very short, simply packaged and "digestible" news. As Ritzer shows, the list goes on. The more you look, the more you see a world of pre-planned, pre-packaged goods and services provided by fairly large, bureaucratic organizations.

For many people, these things represent the benefits of formal rationality as they underlie the relatively smooth functioning of everyday life in industrialized areas of the globe. In a certain respect it is what Western culture celebrates about itself—we are "civilized" in that we have rationalized our social world. It is orderly and predictable. Weber himself seemed rather optimistic at times about some aspects of formal rationalization.

But there is a much darker side. Most people are familiar with the fact that standardized procedures can actually make things more cumbersome, for example. Faced with such situations, this is when people tend to complain about *bureaucratic red tape*. Such moments, if taken to characterize all of formal organization, do so only through selective observation because the clumsiness that can come from standardized routines does not cancel out many efficiencies that may go unnoticed. But nonetheless, as Ritzer also notes, while formal rationality can produce efficiency, predictability, and calculability, it can produce the opposite. Formal rationalization can have irrational consequences which go by the ironic phrase the *irrationality of rationality*. We will have more to say about that below and throughout the book. But regardless of whether one is thinking about what organizational sociologist Diane Vaughan has called the *bright side* or *the dark side* of formal organization, the process of formal rationalization does continue to grow and spread as Weber predicted.

Main Consequences of Rationalization

The rise of formally rationalized organizations has had profound effects on society as a whole, from the most general aspects of social structures all the way down to the level individual. There is no way to develop a comprehensive and all-inclusive list of such effects and we will deal with many aspects as we go

through the book. For now, I will focus on some of the main elements that Weber emphasized as the most important effects.

Impersonality and Credentialing

Bureaucratic rationalization fundamentally changes what people are in their social contexts. The organizational focus on technical efficiency and qualifications makes what people are qualified to do a central aspect of their social statuses and identities. This produces a dominant concern with the question of credentials with regards to work education and experience. What people become is what they are worth to an organization in terms of the technical needs of organizations. This contributes to the persistent growth of formal schooling and constant pressures toward what has been called *credential inflation*. Most college students these days are in college for exactly this reason, and both they and their parents are prone to ask one related set of questions about education: What kind of job might I like to have and what credentials do I need to get there? Or, in other terms, what kind of cog do I want to be in what kind of organizational machinery, and how can I get the credentials that allow me to be there? In the minds of many, education is about technical qualifications, and its main purpose is to provide what is called *human capital* for people. Our primary identities, both what we are to ourselves and what we are to other people, become less and less tied to personal and meaningful things about ourselves and our significant others, and more and more tied to impersonal criteria as defined by the technical needs of formal organizations.

Value on Obedience to Authority

Not only do organizations turn you into a resume, but they also demand duty and loyalty from people. In fact, following organizational rules becomes a major component of socializing people in an organizational society. It begins very early in formal schooling where there are really several different curricula. On the surface education contains the credentialing aspects of "skilling" people. Students learn the famous "three r's": reading, 'riting, and 'rithmatic. But there are other *hidden curricula* in formal schooling, a major one being to learn the values associated with following along with organizational programs. In order to be successful with the content of schooling—the three r's—students must first learn to present themselves at preset times and places, occupy their assigned stations, punch the clock (so to speak), and follow orders. In many respects, the obedience to authority curriculum is taken even more seriously than the skill-building curriculum. Students who appropriately obey organizational routines but do not perform adequately on skill development might actually be set aside for special assistance and treatment. But those that break the organizational routines will be subject to more intensive forms of social control, including even involvement and enforcement of those rules by agents of government.

This sounds cold and creepy, and that is because it should. But in everyday understandings the authoritarian nature of formal organizations is accepted and justified for many reasons. One is that the organizational systems themselves are purported to be designed and run according to technical expertise. The "authority" is seen as being rooted in what is correct and best. Another is that each individual's well-being becomes tied to her abilities to perform the duties. Performance of duty comes with rewards, and in a sense everyone

involved is given the incentive to remain dutiful and loyal to the organizational routines. The obedience is translated into basic respect for rules and for others, and, not surprisingly, many find that their own experiences in following the routines of authority have paid off.

The Dynamics of "Life's Chances"

These consequences at the individual level are part of a much larger shift in how social stratification operates. In common terms, social stratification is about issues of *social class* along with cross-cutting dimensions of *race/ethnicity* and *gender*. It refers to how people in society are unequal in terms of what resources they have, especially as those resources relate to power. We will have a lot more to say about power in the next two chapters and elsewhere, but for now note that most social power resources come under control of various formal organizations. Large business organizations, for example, possess large amounts of control over economic resources. Large political party organizations exist to attempt to control the organizations that make up the state which monopolizes political power. Media corporations, universities, and churches wield large measures of cultural power. As such, social stratification structures come to be thoroughly entangled with the structure of organizations and their offices.

For individuals this does mean that your own sources of social power are tied to your organizational position. For most people this becomes a primary life's concern. As Weber once noted, people come to see themselves as cogs in large machines and all they tend to ask about themselves is how to become a somewhat bigger cog. In common terms we call this a career ladder. But at the much larger level it means that much of a society's structure of opportunities is mapped to the structure of its organizations. If you are an ambitious person who seeks some high level of political power or wealth, you will find that the route will involve either navigating existing organizations or building a new one of your own.

Centralization of Social Power

This becomes even more important when one recognizes that the rise of formal organizations comes with what Weber referred to as the *concentration of the means of administration*. In more common language, social power becomes more and more centralized. One of the main administrative advantages of bureaucratic organizational principles is that it allows the coordination of many different actors and their activities. It provides the basis, in other words, for organizations to get really big. But recall that organizations are hierarchically organized, so vast amounts of social activity can come under the control of a relatively small number of offices in an organization.

Authority in organizations is tricky though. Paradoxically, formal organizations simultaneously centralize and decentralize power. They centralize because they do put the activities of many into the same administrative hierarchy of authority demanding obedience. Yet, by the same respect power is vested *in the rules*, not the people, and it is *distributed* throughout the hierarchy. No *one* is actually in control of a formal organization.[3] The ability to actually control an organization gets even trickier once you notice that organizations don't exist all by themselves, but in a social environment full of other

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[3]This is still ideal-typical and we have much yet to learn about (a) why this is so and (b) how it is so in varying degrees.

organizations. In the end, formal organizations can become very large and very powerful but remain very difficult to control. They are very clumsy power tools. We will return to questions about power throughout the book.

The Irrationality of Rationality

Difficulties with organizational control are among the things that contribute to what can be called the *irrationality of rationality*. While George Ritzer is generally credited with the specific phrase, the concerns are apparent in Weber's writings on the issue. The irrationality of rationality refers to the fact that one can set up forms of organizing activity that are very much rationally planned and administered, yet the actual results of all of that activity can still turn out to be irrational. Since this sounds rather odd at first glance, we can get started by reference to a simple example from Ritzer's discussion of the issue. McDonald's obviously serves food, and food is important to humans for its nutritional value. That is, the *goal* of consuming food is related to human survival and health. There is little question that McDonald's accomplishes efficiency, predictability, and calculability in terms of providing food. Its operations are highly rationalized in the sense that all of the aspects of the business are calculated to be as efficient as possible. As far as the *means* are concerned, a McDonald's is a well-oiled machine. But what of the actual outcomes if one thinks carefully about it in terms of the *goal* of nutrition? Evaluations certainly vary, but fast food has been under a great deal of question for its nutritional value, including plenty of evidence indicating negative impacts on health. Thus rational means can produce irrational outcomes.

In order to understand the larger issue, it helps to understand that the kind of rationality that is in place in formal organizations—*formal rationality*—is only one type of rationally calculated social action. For Weber, there are three other types called *practical*, *theoretical*, and *substantive rationality* (see Figure 1.3 for a summary). *Practical rationality* is basically like every day decision-making in terms of very direct and pragmatic interests. If you are driving down the highway and get hungry, then you might start scanning for places to buy food. If the next highway exit has a McDonald's then you might

FIGURE 1.3 Summary Table—Four Types of Rationality

Practical Rationality: • Everyday, practical decision-making
Theoretical Rationality: • Decision-making informed by specialized expertise
Substantive Rationality: • Value oriented decision-making regarding the cultural/moral/ethical appropriateness of means and ends
Formal Rationality: • Decisions have already been made and are embedded in written rules or technological forms • The heart of the bureaucratic form, now dominating human action

choose to eat at it because it is a quick and easy way to satisfy your hunger. *Theoretical rationality* occurs where people attempt to develop highly holistic and systematic conceptual understandings of particular areas of activity in order to optimize on means and ends. It is often the province of various kinds of professionals whose knowledge in particular areas surpasses that of the day-to-day pragmatic social actor. If you happen to be a nutritionist who is driving down the highway hungry, then you might be ignoring places like McDonald's in the same way that you are ignoring hotels. Neither is thought to be relevant to your problem of needing some nutritious sustenance. You might instead be looking for a local farm stand or a health food store.

Substantive rationality is most heavily governed by concerns about social and cultural values. Like the nutritionist driving down the road hungry, you don't notice the McDonald's. But this is not out of any deep, theoretical and holistic knowledge regarding nutrition. Rather, you might be a union organizer driving through a right-to-work state, and you know that the McDonald's will be full of low-paid, nonunionized employees. You might instead be in search of a locally owned restaurant that is run by its proprietors, even if the decision to find one will take you more time and cost you more money. To provide your money to a nonunionized, corporate entity would counter your entire system of values.

The *formal rationality* that lies at the heart of the bureaucratic form of organization works by appealing to universally established routines and procedures. Here, people don't actually use their own rational principles to make decisions, whether practical, theoretical, or substantive. The decisions are all made beforehand and embedded in a system of rules. All the people do is follow the rules. And herein lies a central problem in Weber's darker vision of society. With the rise of formal rationality, the means become the ends. That is, in an organizational society our goals come to be the following of predefined routines and procedures that themselves are really just part of rationally planned means. As such, formal rationality eclipses other forms of rationality, most importantly substantive rationality. That is, people begin to be concerned mostly with acting upon means without similar attention to the evaluation of those means or the actual outcomes in terms of human values. As more and more human action gets bound by written rules, and our duties come to be defined according to following those rules, rule following itself becomes the highest value. Everyone contributes as directed toward keeping organizational machinery running with a relative lack of attention to what it is that the machinery actually turns out. An apt analogy can be found in the story of *The Sorcerer's Apprentice* (the old one originated by Goethe and popularized in the Disney version starring Mickey Mouse). The brooms were commanded to carry water. And carry water they did, regardless of the question of whether or not the original tasks were accomplished or whether the outcomes made sense.

But surely, one must think, humans are smart creatures who make decisions informed by their values and even common sense. We *should* know when our means are ethical and sane, and we *should* know when the outcomes are undesirable in some way, and any failure to act in these circumstances just indicates weakness or stupidity or worse. "I was just following orders" is not a culturally acceptable defense. In other words, good humans would know when to stop carrying the water and would, in fact, stop. There are no acceptable

explanations for why human reason and substantive rationality would not always remain in control.

Certainly this is sometimes the case. People regularly set up organizational processes and procedures that do not have desired outcomes and irrational or undesirable things are stopped or changed. But it would be easy to overestimate the extent to which this characterizes today's world. To deepen the *Sorcerer's Apprentice* analogy, the brooms are formal organizations not people. The actual persons are to be found in the little bits and pieces of the broom—more like the cells in the wood and straw and bits of string, wire, and glue that hold the broom together. And the principles of formal rationality have all of those bits only tied to performing their own duties. Organizational leadership is not an exception to this. As noted, everyone is under the written rules of the formal organization, and organizational leadership may be under more pressures to make sure that the organizational machinery continues to operate. When it does not, organizational leaders tend to get the blame. Falling profits fall into the lap of the corporate CEO. Dropping enrollments fall in the lap of the college president. Budget deficits fall in the lap of the nation's president or equivalent. People are, after all, evaluated according to how well their actions are tied to the health of the organization for which they work.

Furthermore, organizations all construct stories about themselves that explain the values inherent in their inner workings. The people who operate in organizational positions are not only socialized into this vision of organizational life but also have their experiences shaped in such a way as to reinforce that very socialization. When organizations operate in ways that end up being branded as bad or irrational, it is often not because people inside of them understood their own actions as deviant. In fact, it is often the case that people all do exactly what they are supposed to do, and socially unacceptable events can occur regardless.

The uncomfortable message is that formal organization carries with it the tendency to actually escape human control. In a very real sense it is built into the operating logic or formal organizations. Humans are not in control of the organization. The organization is in control of the humans. To believe otherwise is to believe that you will be able to write your own job description and do just as you please whenever you get hired to do a job. To believe otherwise is to believe that the newly appointed CEO of a corporation is free to send her company into debt and monetary losses for the next several fiscal quarters if she realizes that many of the company's practices are harmful to the environment and public health. To believe otherwise is to think that organizational processes and procedures and the authority to change them at the stroke of a pen are under the control of specific individuals. Such is rarely the case. Thinking that organizations control people rather than *vice versa* is going to cut against a lot of things that people take for granted. But by the time we are through this book, the thought will be much harder to dismiss. (Of course, it will also be clear why much of this discussion is still ideal typical. There is always a lot of variation.)

The issues get even stickier when you ask about very general kinds of goals and take into account that the world is full of formal organizations, but that there is no rationalization of the totality of human activity itself. Most of the United States, for instance, is built around transportation by cars. There are extensive road networks, including an interstate highway system, large

automobile companies, a vast auto parts industry, tires, fossil fuels, and so on. The current state of things was not a plan. There was no moment in history when someone or even one organization decided that the automotive world as we know it would be what it is. It continues to be the case that no one is actually in charge of it. It is what it is by virtue of the non-formally rationalized activities of the multitudes. (Many economists would say it was all the result of unplanned market activities, but all at the behest of consumer demands. In that respect, there is some "We" who actually "chose" it all.) At every point in the entire nexus, you will find people operating within rationalized structures doing perfectly rational things and for perfectly rational reasons. It all makes sense—in the bits and pieces. Yet the overall picture is questionable in terms of it meeting human goals or even being goal-directed. One set of outcomes—the effects of it all on the natural environment—can certainly be seen as irrational. One might argue that certain organizations, such as governments, are supposed to exercise some form of substantive control and do so through various regulatory agencies and laws. However, the complexity of everything involved is so intense that rational control is unlikely even if one had the authority to exercise it. Furthermore, those regulatory bodies and set of rules are yet other formally rationalized systems with similar kinds of issues, and their operations are not independent of the rest of the system or the politics of it all.

In many respects the irrationality of rationality belongs to a family of issues that have to do with things called *unintended consequences*. In economics, these kinds of things are referred to as *externalities*. The term is a little odd, but economists think of action as rational decision-making. In making rational decisions, calculations are made. All of the factors that are taken into account including the intended consequences of a decision are factors that are "internal" to the decision-making process. But one can never take all things into account or foresee all possible consequences. So many things remain outside of—or external to—the decision-making process. Thus, the term *externalities*.

Any course of human action has multiple effects in the world. You cross the room to pour a cup of coffee and as you do that you stir up a breeze, displace dust, and put more wear on your flooring. A company moves to factory farming of pork, and the increase in waste produced by the livestock ends up downstream of the farm polluting waterways. An anti-drug program administered in schools ends up piquing the curiosity of many students and actually increases drug use. Unintended consequences are part and parcel of all activity. They can't be avoided. However, within the iron cage they take on a special significance. Individuals and small, less formalized organized all produce externalities. But the larger the organizations become, and the more activities become linked together into interconnected systems, the size and practical consequences of those externalities grow in kind. Furthermore, with the frequent loss of attention to questions of substantive rationality, unintended consequences and externalities are more difficult to recognize as such. The Enlightenment promised us an intelligent world guided by the use of human reason. To many, rationality itself is the core of human reason. However, it is possible that the growth of *formal rationality* represents the defeat of human reason. Stay tuned.

Conclusion

Nothing here is meant to be stated as an absolute. Formal organizations certainly come into being and operate via the intentioned activities of people. This just does not mean that people are actually in control of things in any simple way nor does it mean that everything that happens in the world was due to reasoned decisions and choices of persons. And formal organization certainly represents rational activity in some form with rational and intended consequences, though we will eventually refer only to *intended rationality*. Yet it is just as apparent that all of this formally rationalized activity will actually spawn irrationality in many respects, and it is crucial to recognize that the irrationalities will frequently not be simply rooted in the decisions or actions of persons. What I will eventually draw out in Part III of this book is a means of understanding rationality as a variable. Things, whether people or actions or organizations or outcomes, are neither rational nor irrational all by themselves. For one thing, calling something rational requires a value judgment because it includes an assessment of the ends. But even given the ends, there are conditions under which things will be more or less rational and understanding that should really be one of the central foci of the social sciences. This question of rationality and irrationality will occupy us for most of the last third of the book.

But regardless of that question, we can be sure of one thing. Over the last 150 years or so, formally rationalized organizations have continued to spread as the dominant mode of guiding human social action. It did not happen all at once, though we will see that there was a crucial two decade period of change at the turn of the twentieth century that constitutes the core of the *organizational revolution*. Later we will come across various things that might lead to tempering this picture of the world, but for now we are still firmly in the grasp of *the iron cage of rationality.*

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