

## ORGANISATIONAL SOCIOLOGY

**Lex Donaldson**

*Australian School of Business, University of New South Wales, Australia*

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### Summary

Max Weber is the foundational figure of organizational sociology, with later organizational sociologists working in the tradition he set, or reacting against it, either modifying it or rejecting it. Weber defined legitimate authority and saw this as central to the bureaucratic type of administration. Bureaucracy is an administrative structure that features full-time officials, who are arranged in a hierarchy of subordination, and whose work is governed by specialization of function, as well as by rules and documents. Bureaucracy leads to efficiency and predictability of work.

Subsequently, the neo-Weberians identified numerous dysfunctions of bureaucracy. These include inflexibility, barriers to innovation, low output and the parochial interests of specialized organizational sub-units. Many of these studies were qualitative case histories.

Subsequently still, quantitative research considered bureaucracy to be a collection of variables such as specialization, formalization (i.e., rules) and decentralization of decision-making. Weber's idea of bureaucracy tended to be confirmed, but as a quantitative dimension rather than as a singular type of organization. Some Western organizations limit the decentralization of organizational decision-making so that the organization is tightly controlled from its top by stakeholders such as organizational members or the government. Some non-Western business organizations also limit the decentralization of organizational decision-making.

Structural contingency theory argues that organizations need to adopt more or less bureaucracy according to the size of the organization, the diversification of its operations, and whether it conducts routine, low cost operations or innovation. Later theories in organizational sociology, including organizational ecology and institutional theory, use legitimacy and other Weberian concepts.

The post-modernist movement offers a refutation of Weber and bureaucracy. However, the cumulative research on organizations supports the modernist view that it is possible to progress towards a general theory of organizations that includes their being formally rational, as their circumstances allow.

## **1. Introduction**

Organizational sociology is a branch of sociology that focuses on the organization. Sociology is much concerned with understanding social structures and organizational sociology gives much attention to the internal structure of the organizations, such as the managerial hierarchy, as well as to the external structures that connect organizations, such as strategic alliances. Organizational sociology tends to focus on work organizations, although it is equally concerned in principle with non-profit and other types of organization, and hence has particular links with other sociological approaches which also study work situations.

## **2. Weberian Bureaucracy**

A foundational figure is the leading German scholar Max Weber (1864-1920), whose contributions to sociology include key contributions to organizational sociology. Weber distinguishes authority from power, in that authority is accepted as legitimate by those subject to it, thereby avoiding the need for coercion. Authority is either rational-legal, based on rules, or traditional, or charismatic in which the leader is seen by the followers as being extraordinarily gifted e.g., Jesus Christ.

In a bureaucracy authority is rational-legal. For Weber, bureaucracy is defined as being a social organization in which there are full-time administrators, arranged in a hierarchy, who have well-defined roles and follow rules. Bureaucracy is superior to other forms of organization in its ability to control subordinates and have them give priority to role requirements over personal feelings, which in turn facilitates efficient working. Bureaucracy also has extensive paperwork and records. Bureaucratic officials are superior in their knowledge of the files and capacity to keep official secrets. Bureaucracy provides a tool that offers efficient and predictable operations according to the objectives of policy-makers. The instrumental nature of bureaucracy allows it to be used to pursue a wide range of policy goals. The superior efficiency of bureaucracies means that only another bureaucracy can survive competition against them, so that bureaucracy tends to destroy non-bureaucratic organizations, e.g., armies or political parties.

Weber propounded bureaucracy as the type of organizational structure that came to predominate, because of its efficiency, over earlier forms of organization. Patrimonialism is one earlier form, in which there is no clear separation between the

organization and the private property and life of the person controlling that organization. Earlier types of organization have the authority of those in charge of them based on tradition or charisma. Over time, traditional authority is replaced by bureaucratic authority, with occasional eruptions of charismatic authority that challenges bureaucratic authority (e.g., Christ challenged the written law of the priests saying: “it is written, but I say into you”). Charismatic authority tends to become routinized over time so that, for instance, the Catholic Church developed a hierarchy, administrative procedures and long-range plans. However, the Pope, as head of the church, is not simply a manager and is seen as holy, illustrating that the routinization of charisma is only partial.

While the efficiency gains from adopting bureaucracy are often focused upon by organizational scholars in the Weberian tradition, Weber saw bureaucracy as part of a larger historical trend towards formal rationality, meaning codification into written precepts and rules. Formal rationalization is manifest also in the growth of science, musical notation, written rule-based law, and written rule-based religion. Weber appreciates these developments, but also sees them as a loss of magic and as a disenchantment of the world.

Weber's sociology emphasizes the power of culture and values, as opposed to the material conditions emphasized by Marx. Weber's stance on methodology emphasizes taking an interpretivist approach, through understanding the perception and intentions of the actor. However, Weber's lasting contribution to sociology has been a general theory, sweeping over history, rather than localized understandings of empirical persons.

The eminent US sociological theorist, Talcott Parsons, propounded a functionalist view of society as being a social system. Parsons saw the organization in this light, stressing that organizations helped society solve adaptive problems by providing instruments capable of getting work done and attaining specific goals. While adapting to their environments in a task sense, organizations had also to justify themselves. Parsons sees organizations as containing three levels: the lower level focused on technical efficiency, the middle managerial level that coordinates and adapts these technical resources, and the upper or institutional level that legitimates the organization to the wider society.

The Weberian and Parsonian traditions in organizational sociology were developed farther by Etzioni. He distinguished three different bases of compliance in organizations and three different bases of involvement that were congruent with them. Coercive compliance systems, like prison, have alienated lower level participants, i.e., prisoners, who are reluctant members, governed by force. Utilitarian compliance systems, like business firms, have instrumental lower level participants, i.e., workers, with calculative involvement, who comply only to the extent that they are materially rewarded, e.g., pay-for-performance. Normative compliance systems, like monasteries, have lower level participants, i.e., monks, with moral involvement who comply because of symbolic rewards, e.g., absolution of sin. In utilitarian compliance systems, the hierarchy is made up of managers, though the top manager (e.g., founding CEO) is a charismatic, as part of the legitimation of the organization to society. In normative compliance systems the hierarchy is composed of charismatics, to facilitate the work of the organization, e.g., in a hospital the patient needs to see the doctor as extraordinary, to reduce the anxiety of

the patient to facilitate the cure.

Functionalist sociology, with its treatment of organizations (like societies) as systems adapting to their environment and producing instrumental benefits has been challenged by conflict theories. Conflict theories tend to be highly critical of functionalist organizational sociology, seeing it as a pernicious ideology that justifies structures that oppress people in organization. Some conflict theories see functionalist theory as creating oppressive organizations. Conflict theories stress that individuals in organizations (as in society) have divergent interests, which they pursue, through power and politics, leading to conflict and resistance. Social action theorists eschew general theoretical predictions and empirically study the values and perceptions of individuals, so that conflicting groups are potentially quite idiosyncratic in their behaviors.

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### **Biographical Sketch**

**Lex Donaldson** is a Professor in the Australian School of Business of the University of New South Wales. He was previously a Senior Research Officer at London Business School and has been a visitor at the universities of Iowa, Maryland, Northwestern and Stanford. Lex Donaldson holds a BSc (Aston) and a PhD (London). He has published a series of books defending and developing functionalist and positivist organizational theory: *In Defence of Organization Theory: A Reply to the Critics* (1985), *American Anti-Management Theories of Organization: A Critique of Paradigm Proliferation* (1995), *For Positivist Organization Theory: Proving the Hard Core* (1996), *Performance-Driven Organizational Change: The Organizational Portfolio* (1999) and *The Contingency Theory of Organizations* (2001). Lex has also published in journals such as *Academy of Management Review*, *Academy of Management Journal*, *Academy of Management Learning and Education*, *Administrative Science Quarterly*, *Corporate Governance: An International Review*, *Human Relations*, *Journal of Business Ethics*, *Journal of Management Studies*, *Organization*, *Organization Studies*, *Organization Science* and *Sociology*. His research interests are contingency theory, corporate governance, organizational theory and organizational structure. Recently, he published: “The Contingency Theory of Organizational Design: Challenges and Opportunities”, Chapter 2 in R.M. Burton, B. Eriksen, D.D. Hakonsson and C.C. Snow (eds.) *Organization Design: The Evolving State-of-the-Art*, Springer, 2006, pp. 19-40. Presently, he is developing a new organizational theory, statistico-organizational theory: an article, “Statistico-organizational Theory”, is forthcoming in the *Journal of Management Inquiry*