

FORMAL AND INDUSTRIAL ORGANISATIONS IN NIGERIA: OBJECTIVES AND PROBLEMS

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Abstract

This study undertook to discover why organisations are created and if organisations actually work according to expectations. The study built on Max Weber's analysis of bureaucracy and argued that the very characteristic nature of organisations is also the major problem they have in performing their functions in society. The paper argues that the knowledge and powers that organisations have also help in affecting their efficiency and touch on society. It shows that the impersonal rules that characterise organisations also produce inefficient and self-defeating behaviours in them. At the end, it was recommended among others that further studies are needed in this area in order to discover what affects and or does not affect organisations so as to make them function optimally. Two, treating organisations as active institutions in society will help to understand how they construct and impact the social world. It was also recommended that organisations be treated as independent entities so that they can continue to impact their social environment positively and minimize tendencies of conflict in society. This can be done when a wider perceptual view is placed on functions of organisations. Following Weber's caution on the nature of bureaucracies, we recommended that the disposition of rigidness on the part of bureaucracies be controlled so as to curtail the tendency of undermining the personal freedom of its social environment.

Key Words: *Bureaucracy, institution, environment, autonomy, rationality,*

Introduction

Formal and industrial organisations are institutions created to help people solve their day-to-day problems in the society with ease. However, one would want to know if these organisations actually do what their creators intend them to do. In every society, the number of organisations created have become so many over the years that social problems should become easier to solve. Nigeria has been having her share of problems as far as organisation and development are concerned. Over the years, many banks and other organisations have failed. Schools are failing. Many organisations have been privatized for lack of performance. Many theories have also emerged along these theories to try to explain why these organisations exist and what they actually do. Most of these theories try to address the problem of development, governance, family, corruption, efficiency and welfare provision in organisations. Development is one thing, while sustainable development is another. Researches have however shown that after organisational creation, many do not actually care to monitor how these organisations really behave.

Results have shown that most times, organisations deviate from the real goals and theories setting them up. Results show that these organisations begin to assume and exercise powers that were not originally intended for them. For this reason, there is the need for a reconsideration of the life of the organisations and what they actually do in society. This paper therefore takes a constructive sociological look at the operations of organisations and their tendency to deviate from their actual expectations in society.

Following Max Weber's arguments on formal organisations and sociological institutional approaches to organisational behaviour in general, this paper then argues that the rationalist-legal authority that organisations embody gives them power independent of the persons that created them and channels that power in particular directions. Of note is that organisations by their nature give rise to social knowledge. They define shared social tasks and values like development and transfer models of social and political organisations around the world like creating markets and democracy. However, these abilities to channel their courses in society can also make them to become unresponsive to the demands and expectations of the society hosting them. When organisations become obsessed with their own rules and interests at the expense of their primary mission it leads to inefficiency and self-defeating behaviour. This is so because, efficiency is also calculated by how much an organisation affects its environment positively. Many had suggested before now that organisations are more that the reflections of the interests of their creators and we know that with time, organisations begin to grow weak and inefficient. However, our interest here is to note that the nature of organisations provides a different and very broad basis for thinking about how they influence their environment.

Organisations do more than just facilitate cooperation and problem solving in society, they also create actors, specify responsibilities and authority among these actors. They also define the work they do thereby giving it meaning and normative value. Even some less powerful organisations still have power enough to affect their host communities strongly. Note that industrial organisations are mechanisms through which problems are or should be solved and are characterised by operational principles, norms, rules and decision-making procedures. Weber's insights about the normative power of the rational-legal authority that bureaucracies embody and its implications for the ways bureaucracies produce and control social knowledge provide a basis for challenging the view that organisations are mere agents in society. Many people see the rise of technology and industry as the social saviour. With this, they do not consider as significant the problems they create in society. This functionalist view of organisations as positive-positive is unsatisfying. We know that whatever type of organisations they may be, they still produce some undesirable and even self-defeating outcomes. Most of these undesirable outcomes as seen between oil companies and their host communities in Nigeria most often go unreported and unpunished. From the principal-agent theory, we know that bureaucratic

politics do compromise organisational effectiveness. As we continue, we will see from sociological and anthropological researches how the bureaucratic features of organisations that make them powerful are also those that make them weak. We will also understand the world of organisations and how they work through understanding how bureaucracies are constituted socially.

Having seen the above, we will start this work by exploring different organisation theories for the study of organisations in society. However, we will reject all the economic and political arguments and adopt the sociological arguments that help to clarify the problem of lack of empirical aspect of their argument. We will look at powers held by organisations and their sources of influence. We will also explore the organisational behaviour that undermines the stated goals of organisations.

Theoretical Approaches to Organisations

There are two major sources of organisational theories in the social sciences. These are economical and sociological. The economic theory is the birth child of economics and business departments and schools. One of the major proponents of this perspective in the social sciences is Ronald Coase (1937) and later Oliver Williamson (1975) (Barnett & Finnemore, 2001). The economic source is rooted in assumptions of instrumental rationality and efficiency concerns. In this study, the economic perspective helped us to explain why do people form business firms. In economics, all transactions are done in markets and not in bureaucracies. This means that allowing large organisations to dominate and conduct businesses is an anomaly. The theory helped to explain the need for organisations and how we can understand the power of their existence. On the other hand, the sociological aspect focuses on issues of legitimacy and power. One of the major proponents here was Max Weber (1921). It shows why organisations should exist even if they are not as efficient as expected. His explanations helped us to look for kinds of power and sources of autonomy in organisations which is an area the economists overlook. One thing to note is that sociological explanations of organisations are different from those of economics. These two perspectives of organisational theories focus on different things and answer different questions.

Organisations and their Environment

There are different types of environment. Different factors determine different environment. There are different types of environment on which organisations operate. However, the environment assumed by economic approaches for organisational operation is narrower than that assumed by sociology. The economic approach is only out for business and neglects social rules, cultural contents or even other agents that affect the life and existence of organisations in society. For the economist, competition, exchange, and pressures for efficiency are the only driving forces for organisational formation. On the

other hand, the sociologists study organisations in a wider world of nonmarket situations and consequently differ from the economic views. Sociologically, organisations are treated as 'social facts' (things) to be studied. Organisations do not just respond to actors pursuing material interests in the environment but also to normative and cultural forces that shape how they see the world and their missions. Environment is very important in this consideration since they can 'select' or favour organisations for reasons other than efficient or responsive behaviour. For instance, organisations can be created and supported in society for reasons of legitimacy and normative fit rather than efficient output. They may be created not for what they do or can do, but for what they represent symbolically and the values they embody.

Organisational Autonomy

Are organisations autonomous? Do they have life and powers of their own or are they just mechanisms by which people solve their problems? The economist's answer to these questions may be that they are creations put in place just to help in problem solving. This means that organisations are not things. Viewing organisations this way will make them empty shells or impersonal policy machinery to be manipulated by other actors. This does not grant organisations any autonomy and independence from their creators but makes them passive entities worthy of use and drop. Studies have shown that organisations are not as passive as some assume. It is true that organisations are constrained by the objectives and intents of people who set them up but that by no means makes them passive mechanisms with no independent agenda as they progress. In Nigeria, there are very many multi-national organisations like Banks, Communication organisations, Manufacturing and Service organisation pioneers and their objectives do no longer exist, but they are still operating and affecting their environments. Some of these organisations have grown and expanded to the point that they have become autonomous with their own authority. This goes to say that not only are these organisations independent actors with their own agenda but with their own agents in society.

Ethnographic studies of organisations describe a world in which organisational goals are strongly shaped by norms of the profession that dominate the bureaucracy and in which interest themselves are varied. Sociological theories help in 'investigating the goals and behaviour of organisations. From Weber, sociologists have explored the notion of bureaucracy is a peculiarly modern cultural form that embodies certain values and can have its own distinct agenda and behavioural dispositions. Instead of treating organisations as mere arenas or mechanisms through which actors pursue their interests, many sociological approaches explore the social content of the organisation. The social content would include culture, legitimacy concerns, dominant norms that govern behaviour and shape interests and the relationship of these to a large normative and cultural environment. Rather than assuming behaviour that corresponds to efficiency criteria alone, these

approaches recognize that organisations also are bound up with power and social control in ways that can eclipse efficiency concerns.

Organisational Power, Autonomy and Authority

Organisations can become autonomous sites of authority, independent from the people who created them. This is possible because power flows from two sources. These sources are the legitimacy of rational-legal authority they embody and the Control over technical expertise and information. These two features provide a theoretical basis for treating organisations as autonomous actors in contemporary world politics. Since these two are part of what defines and constitutes bureaucracy, the autonomy that flows from them is best understood as a constitutive effect. On the other hand, to understand how organisations become autonomous, we will turn to Weber in his bureaucratic studies. He was deeply concerned about how the world around him was becoming bureaucratic. He was well versed in the good, the bad and the ugly of this new social form of authority. To him, bureaucracies provided a framework for social interaction that can respond to the increasing technical demands of modern life in a stable, predictable and nonviolent way. Weber believed that bureaucracies exemplified rationality and are technically superior to previous forms of rule because they bring precision, knowledge and continuity to increasingly complex social tasks. He also believed that upon such virtues, bureaucracy can become autonomous from their creators and at the same time dominate those they should be serving because of rational-legal authority and control over technical expertise and information. Both rational-legal authority and control over technical expertise and information make bureaucracies very powerful. Bureaucracies present themselves as impersonal, technocratic and neutral. These claims are what give them legitimacy and authority. However, Weber was not unaware that behind the functional purposes of bureaucracy are some disadvantages including behavioural disposition of rigidity where the bureaucrats become specialists without spirit. Bureaucracies can undermine personal freedom in important ways. The impersonality, rule-bound character that empowers bureaucracy also dehumanizes it.

The Pathologies of Organisations

Bureaucracies are created, propagated and valued in modern societies. This is because of their supposed rationality and effectiveness in carrying out social tasks. These characteristics apply to every type of organisation in society. However, criticisms against bureaucracies are that they are also ineffective and unresponsive to everyday situations in the society. Bureaucracies create and implement policies that are often not logical in operation. They often act in ways that are in opposition to the objectives for setting them up. They refuse to respond even when situations are becoming bad.

In Nigeria, many people are trying to study and understand a wide range of undesirable and inefficient bureaucratic behaviours that are caused by bureaucratic rules and how they can be solved. In every field of endeavour, scholars try to discover the organisational characteristics that produce self-defeating and inefficient behaviours. Powerful and less powerful organisations exhibit dysfunctional behaviours. Dysfunctional behaviours are those that undermine the stated objectives of organisations. Our major point for judging dysfunction will be the stated objectives of organisations. There can be occasions when the overall organisational dysfunction is in fact functional for some people but this is not what we are after.

Many theories explain the basis for understanding dysfunctional behaviour in organisations. Each emphasises a different area of causality for such behaviour. There are five features of bureaucracies that can produce problems in organisations. These are bureaucratic politics which explains that one of the things that bring organisational dysfunction is the pursuit of material interests within an organisation and how this creates competition among the organisational operators over material resources. This leads up to irrational decisions in organisations that cause malfunction. Another theory of what causes organisational dysfunction explains that the material forces outside them cause them to malfunction. In this case, organisations are seen as not free to make their own choices; rather their choices are made by the key players who dictate the entire steps taken by the organisations. These are seen as environmental conditions of organisations.

There are cultural theories that explain the sources of organisational dysfunction. Such theories accept that an organisation cannot be analysed apart from the cultural contents of their environment. Here dysfunctions are seen to arise from both the internal and external cultures of the organisation. The internal cultural problem arises when organisations follow strictly steps that would help them to achieve their set goals without the consideration of any other thing. The Niger Delta of Nigeria from where the bulk of the Nigerian wealth had been coming from has remained neglected over the years while the oil companies continued to declare profits. This ultimately gave rise to the first waves of kidnapping in Nigeria. On the other hand, dysfunctions arise from the external environment when organisations become ambiguous. This arises from the fact that the world is full of contradictions where interests of parties conflict. On the Niger Delta issue and on many other cases, such powerful people as traditional rulers, educated elites colluded with companies and forced them to face differing view points because each party was pursuing its interest. This can lead to dysfunction. Finally, when organisations begin to develop distinctive internal cultures, this can lead to dysfunction. This can happen when bureaucracies which are social forms begin to develop knowledge and expertise which make them to go against established goal path. When they bend too much towards rules to follow them religiously, it affects effectiveness negatively. Again, the growth of

knowledge, expertise and specialization would often lead to too much division and division of labour which in turn begins to breed interdepartmental and organisational conflicts and hatred. When this happens, instead of going forward, a counter experience will be seen.

The above shows that organisational cultures can affect behaviour much and to show this, we will take a look at some studies in sociology and anthropology that show that bureaucratic culture can breed problems. This will be done by taking a look at some mechanisms by which this happens. The mechanisms include the irrationality of rationalisation, universalism, normalisation of deviance, organisational insulation and cultural contestation. The first three are characteristic of all bureaucracies; however, they do not have the same intensity in all organisations. Some are observed more in some organisations while less in others. The stand here is that the nature of an organisation determines how it behaves. This means that the existence of these mechanisms may or may not breed problems. It depends on situations and nature of organisations.

On the irrationality of rationalisation, we know that too much of everything is bad. Too much of good is bad, and too much of bad is bad. The truth is always at the middle. Max Weber recognized that the rationalization process can be overdone. When this happens, they become counterproductive. Rationalization becomes irrational when the rules and procedures for work become ends in themselves. Counter productivity occurs when organisations tailor their missions to fit the existing, well-known, and comfortable rulebook. When ritualism towards rules becomes the order, then many things will be left undone, overdone and when they are done, they are done late with no gain.

On bureaucratic universalism as a source of problem in organisations, bureaucracies are everywhere. Being everywhere, the operators or bureaucrats necessarily flatten diversity because they are supposed to generate universal rules and categories that are by design inactive to contextual and particularistic concerns. The reason for this situation is that people think that all organisations are the same and that what worked in one can also or should work in another. This is a sometimes thing. Because of the peculiar nature of every organisation and the actors in them, when circumstances are not appropriate to the generalised knowledge being applied, the results can be disastrous.' To Barneth and Finnemore (2001: 425), 'although some technical skills can be transferred across contexts, not all knowledge and organisational lessons derived from one context are appropriate elsewhere.'

On normalisation of deviance as a source of problem in organisations, bureaucracies establish rules to provide a predictable response to environmental stimuli in ways that safeguard against decisions that might lead to accidents and faulty decisions. However, many times organisations thinking that they know it all can make small and calculated

deviations from established rules because of new environmental or institutional developments, 'explicitly calculating that bending the rules in this instance does not create excessive risk of policy' thereby creating big problems for both themselves and their environment and host communities. The truth here is that what worked in situation A may not work in situation B. every situation needs its own analysis and application. The deviations of organisational norms which did not actually cause any problems at the time under analysis can accumulate over time and eventually result in normalisation of deviance. This means that what was once considered bad can begin to appear a good practice which can also backfire. Chemical organisations sending wastes little by little into their host environment to save cost can result in the accumulation of the same chemical over time and become detrimental to everybody.

On organisational insulation, when an organisation does not get enough feedback on its activities from the host environment, it might become an island. By being so, the organisation forms its own cultures and world views that do not promote the goals and expectations of those who created it. This can be a source of problem to both the organisation and the host environment. When organisations are filled with experts, they can begin to be egoistic about their professionalism and competence and neglect the necessary input that can be made by others. Again, the absence of competitors in an environment can make an organisation think that it has it all and as such refuse to care about feedback. This can be a source of trouble on and for organisations.

Lastly, on cultural contestation, with time organisations which actually are organised around the principle of division of labour begin to witness the growth of departments. Each department is peopled with varying experts and as such will begin to develop different cultures and interests. From this may arise interdepartmental conflicts and hatred as noted before. The different departments may begin to fight for recognition over others. They may fight for space, budgets and other things. This fight may not be so open and noticed but can affect organisations very badly.

Conclusion

We cannot at this point conclude that we have studied and understood all the organisations and how they work, what affects or does not affect them and how organisational problems can be totally solved. Depending on one's field and interest, people have different views about organisations. The economists, the political scientists, the chemists, the sociologists all have different perspectives on issues. In this paper, we have tried to uphold the sociological point of view on organisations in Nigeria and suggest that organisations be seen and treated as active players in society. This will bring out the importance of organisations and an understanding of their impact on social life. We have tried to show that organisations are bestowed with bureaucratic authority which is real and they use the

same to construct and impact the social world. Organisations have been shown to develop autonomy from their original creators with time and as such should be treated as independent entities which can as well have varying effects on their host communities. It is therefore recommended that further studies are needed in this area in order to discover what affects and or does not affect organisations so as to make them function optimally. Treating organisations as active institutions in society will help to understand how they construct and impact the social world. It is also recommended that organisations be treated as independent entities so that they can continue to impact their social environment positively and minimize tendencies of conflict in society. This can be done when a wider perceptual view is placed on functions of organisations. Following Weber's caution on the nature of bureaucracies, we recommend that the disposition of rigidity on the part of bureaucracies be controlled so as to curtail the tendency of undermining the personal freedom of its social environment. We know that over rigidity creates ineffectiveness and unresponsiveness to environmental demands.

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