

Shrinking Bureaucracy

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Abstract. *Bureaucracy and human creativity may be seen as the two extremes of a dimension when analyzing the continuous activity of organizations pursuing a goal or trying to achieve their objectives. The bureaucracy occurs and develops only if the outcome of the organizational activity is beneficial to both the consumers and the suppliers, or else this “organizational technique” should be shrunk using a managerial system in order that performances match the requirements of an open and democratic society.*

Key words: bureaucracy; bureaucratic behavior; activities structuring; concentration of authority; organizational control; functionality flaws; the firm model; the bureau model; the firm model.

JEL Classification: D02, D20, D23, D73, D74, H40 ■

1. The bureaucracy holism

Bureaucratic behavior prevails in most activity fields nowadays. The intensity of this behavior is differentiated between the private and the public sectors. Although there is little rationality in segmenting organizations as private vs. public, we may easily attribute the bureaucracy lead to the public sector, resulting in focusing the behavioral typology. Based on analysis, in this area we identified an organization system relying on strict rules, following the norm to the letter, excessive formalization, reduced innovation and relative change, all these aiming at an exact achievement of objectives.

Having no *a priori* conception, this system is rather an outcome of the confluence of the elements.

i. The behavior of public personalities and that of the direct subordinates, the technocrat type adhering to the oligarchy system, with essential values such as politics, hierarchy, excessive formalism, monopoly, etc. Motivation is rather inhibited and some confusing and even wrong perceptions and attitudes may be found;

ii. The group behavior of the public servants may be described as meticulous but limited to an “educated incapacity”, intimidated and dominated by law; the

leadership is stimulated as a thrust force of the organizational development;

iii. Organizational structures are often mechanical, tall, multilevel, “reversed hierarchy pyramids”; job and work specifications run short of clear definitions;

iv. The organizational processes in the public sector rely on strict procedures, as a chain of highly specialized functional departments; the decision making process uses a limited range of instruments, with partially defined problems and “invented” solutions to match the interests of the parties involved, based on negotiation and compromise.

This results in an organizational behavior dominated by impersonal rational rules. The work specialization gets priority over the value added goods, with a goal to implement legislation politics bottom lines, to increase the state power and interventionism, etc.

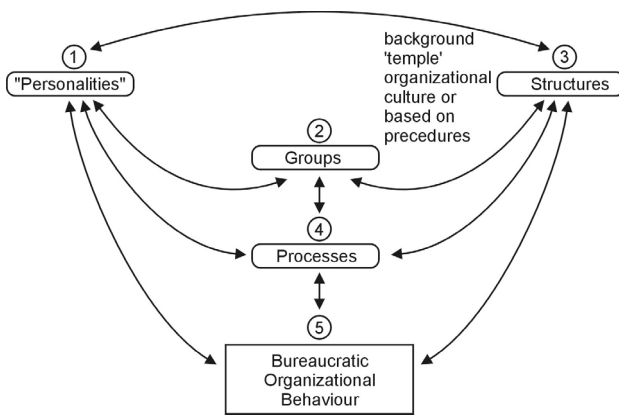


Figure 1. The Bureaucracy Holism

2. The intensity of the bureaucratic process

The intensity of the bureaucratic process is essential and may be revealed by a bi- or tri-dimensional variable system. Thus, in the first case, bureaucracy depends on two variables: the degree of activity structuring (S_a) and the degree of intensity concentration (C_a). Thus:

$$B = S_a \times C_a \tag{1}$$

Where bureaucracy B gets maximum intensity when both variables top; this is the case of *total bureaucracy*. The *personnel bureaucracy* represents a special situation when the structuring is low and the authority concentration high.

In the tri-dimensional system there is a new variable, the control (C_o), which takes values in the interpersonal-structured type range. Thus:

$$B = S_a \times C_a \times C_o \tag{2}$$

In this system, the high bureaucracy is caused by the high structuring, high concentration of authority and the impersonal control.

All the variables in the above formulas are expressed as cost quantities, using the TCR (Total Costs and Risks) method.

From Weber with his three dimensions: charisma, tradition and the legal-rational authority, to Mintzberg with his models: simple structure, bureaucracy machine, professional bureaucracy, divisional and operating adhocracy, as well as administrative, the whole literature on this subject presents various stages of bureaucracy with respect to time, type of activity and type of organizational theories (the contingency and the configurative theories).

In all this evolution, we follow the human relations school and its “iceberg”, Mayo, who offers a critical synthesis on the bureaucratic process.

3. The critics of bureaucracy

The critics of past, present and future bureaucracy (see the administrative adhocracy) may be presented as follows:

i. the strict specialization and the high activities structuring are incompatible to the need for human growth and development and contributes to the alienation of employees;

ii. the powerful dependence on the formal authority, correlated with the excessive centralism, eliminates the creative process;

iii. the strict impersonal rules lead to the minimum performance level;

iv. the strong specialization eliminates the vision on the organizational goals and favors confusions between objectives and instruments to achieve them.

Without eliminating the beneficial aspects of bureaucracy, especially with respect to the effectiveness, in the industrial era and in the times of the classic public administration, in the “bureau-shaping” model there are some flaws, such as:

i. the day to day stability breaking stress, equally identified in the public and in the business sectors;

ii. the lack of physical time, caused mainly by a poor documents management, which underlines the operational side if the information flows;

iii. the time wasted with excessive document approval formalities, leading to a “mountain” of paper instead of a true organizational resources management by many top and bottom level managers (see the practice in the human resources field).

The new organizational environment requires a transition from the “red tape of bureaucracy” to the

“optimal tape of bureaucracy”, where the processing time dimension cuts delays and creates human openings, reduces unreasonable rules, obstructive goals, rigidity, maximizing private interests to the expense of the organizational ones.

4. Shrinking bureaucracy

Based on the above, we advance the concept of *shrinking bureaucracy*, bureaucracy attenuation and not cancellation. For this purpose we prepared this list of ten points:

4.1. Extending the “firm model” to the “bureau model”, observing all particulars of the later. Both models share a fundamental logic, i.e. balancing demand and offer. In bureaucratic processes, the costs of the output is higher than the efficiency threshold, demonstrated by:

i. The minimum marginal output cost within the bureaucratic model $\left(\frac{\Delta c}{\Delta q}\right)$ is greater than the sponsored marginal value $\left(\frac{\Delta v}{\Delta q}\right)$ or put in a mathematical form:

$$\frac{\Delta c}{\Delta q} > \frac{\Delta v}{\Delta q} \quad (3)$$

ii. Also, the marginal cost of the public goods and services is greater than the marginal profit resulted from the activity of the bureau $\left(\frac{\Delta \pi}{\Delta q}\right)$ or put in a mathematical form:

$$\frac{\Delta c}{\Delta q} > \frac{\Delta \pi}{\Delta q} \quad (4)$$

The “profit” (social expectations) as a general notion represents the difference between the allocated budget and the marginal costs of the public goods or services. Financially, the marginal profit achievement or overtaking demands new lines of action, which are being simulated in the bureaucratic process, such as:

- the introduction of a competitive system in any activity, together with a strong stimulation of the work force;
- sound decisions based on the public market demands;
- modernization of the strategic process, allowing for quality goods and services at prices or tariffs accepted by the consumers, through finding ways

to cut costs; efficiency is achieved by the real trend to increase the “activity volume”.

4.2. Implementing the first point to the benefit of the consumer requires a change of the organizational system to a flat organic structure, and in the same time continuous balance between the number of managers and the number of employees, or between the later and the number of hierarchical levels, in a relative rather than absolute way, or else the hierarchy pyramids are “reversed”.

4.3. The use of the business managerial tools, such as MBP, MBE, TQM etc. Case studies show that MBO favors the derivation of objectives, to the expense of the correlation and the balance between the goals and the resources (all types), and in such a situations the targets are failed. Also, assuming objectives and the control (or the self-control, to be more accurate) are not to be identified at the first line operational levels, which makes MBE irrelevant.

4.4. Delegation and empowerment are separate ways due to their absence from the bureaucratic processes; the theory and case studies show that organizational systems may gain in strength and performance through “empowerment”, which is a trade-off between the lack of power and the abuse of power.

4.5. Limited differentiation on “class” like administration people (routine, mechanic jobs) and professionals (intellectuals) leads to a benefic group synergy, eliminates head to head conflicts, turning them into *win-win* ones. Thus, valuable specialists appear, adding to the effectiveness and to the efficiency.

4.6. Simplifying administrative procedures by a constant deployment of the IT (the electronic information transfer between the administrations and the citizen). Nonetheless, the electronic information processing reduces costs of the regular transactions for all parties involved and development if the on-line operations as a way to simplify procedures.

4.7. Training beginner and generalist administrators in the management and organizational analysis fields to facilitate behavioral change from bureaucratic to competitive. In the same direction we have the action of the recruitment system, with emphasis on university and post-university graduates, or the businessmen who may put their experience to work for a better framework to produce goods and services. Thus, a new ethos is established in the administrative systems, based on the human value.

4.8. Shifting of the organizational culture from the “temple” bureaucratic and procedure based area towards the matrix or “load” culture area, at least for the processes of some public projects. To the same purpose, we believe in a stronger link between the two sides of the organizational culture iceberg, the formal part (strategy, objectives, structures, procedural systems, artificial systems, human resources, management, etc.) and the informal one (values, attitudes, beliefs, leadership style, informal groups, conflicts, etc.). Finally, we need to implement organizational excellence in the administrative sector as well, as a superior level of a positive and powerful culture.

4.9. The introduction of a management certificate in the public sector, based on a performance criteria system

- “public benchmarking”. Hence, the European Award for Quality offers enough criteria like: general management, human resources, planning and strategy, resources, processes, customer satisfaction, the social impact and results.

4.10. Based on the above, the public sector behavior may turn from bureaucratic to competitive, where employees show a high degree of rationality, effectiveness and efficiency. The problem is only when, as the classic public sector (the “milk cow”) is on verge to disappear. Moreover, the environment for every organization is turbulent, highly changeable and difficult to predict. In this case, the bureaucracy patterns become obsolete.

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