

The Bureaucracy in the Current Economic Climate

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Abstract. *In recent years the bureaucracy has become a topical subject. Therefore this study aims to analyze the problems of bureaucracy and the effects it can have on the current economy. Given the current economic context, Romania is going through a turning point, and the bureaucracy in our country may have a hard word to say about the future. The conclusions of the study aim to come up with some relevant solutions regarding the elimination of the negative effects of bureaucracy.*

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Introduction

In the current economic climate, bureaucracy began to play an increasingly important role. Given the fact that bureaucratic phenomenon has made its presence felt throughout history from the beginning of the first civilizations (the Roman Empire was known for his many public institutions which collects through their officials fees and taxes on behalf of the king, public institutions that also offered various approvals to proceed certain activities) and to this day, it is hard to believe that at present this phenomenon has not an important role on social and economic progress.

Currently all activities in Romania are in direct contact with the bureaucracy from the public institutions, a phenomenon that our country's economic development can not escape.

Thus, to have a competitive economy in Romania would be important that the main problems created by the bureaucracy (the ineffectiveness of civil servants, the lack of communication at the internal and external level from public institutions, rules and regulations that hinder the proper performance of public institutions and hence the activities of the private sector, the lack of transparency in decision-making) to be improved or even eliminated. From this point of view if there are created the premises of a harmonious economic development, there are more chances that Romania can pass more easily the problems created by the economic crisis.

Bureaucratic phenomenon is not an actual problem of modern society because it was studied and analyzed for a long period of time by specialists. They wanted to observe the main features of bureaucracy, but they also analyzed the positive and negative effects that bureaucracy can generate.

The main scholars who came with relevant analysis, studies and observations in this area are: G. Mosca, R. Michels, M. Weber, Ludwig von Mises, G. Tullock, J. Bichanan, A. Downs and W. Niskanen.

Current status of research on bureaucracy

J.S. Mill analyzed bureaucracy and emphasized the contradiction between democracy and bureaucracy, focusing on the idea that in all systems based on bureaucratic procedures it has been a steady trend towards empowerment of civil servants and to transform them into a separate category that tends to reproduce and to assert their own interests through the exercise of power.

G. Mosca was among the first to research the phenomenon of bureaucracy, analyzing the historical aspect of this phenomenon resulting in a description of the centralized state formations – from the great empires to modern states – as systems dominated by bureaucracy and inevitably lead by a minority political class.

In the case of R. Michels the concept of bureaucracy has been expanded from state parties to political parties and he described the phenomenon of increasing the power of the political leaders by using bureaucracy in the organizations they are driving.

Fundamentals of an explicit theory of bureaucracy were made by M. Weber. Because most of the professional studies and researches in this area are the landmark studies of the German sociologist he is considered the “father” of bureaucracy. In his many studies and researches, M. Weber used the tools of sociology to analyze the general characteristics of the departments (bureaucrats bureaus), but also the behavior of the bureaucrats (civil servants) from the public administrations. He was going on the premise that the increasing of the bureaucratic organizations is resulting from their efficiency in accomplishing complex activities. For M. Weber the perfect bureaucratic system was an organizational system where the power was based on competence not on force or tradition (Weber, 1978, pp. 25-30).

Ludwig von Mises proposes one of the first economic analyses of bureaucracy and also he observed the main differences between bureaucracy and profitable organizations and unprofitable organizations. He has shown that government bureaucracy will be unable to engage in an economic calculation and thus will suffer from significant inefficiencies (Coyne, 2007, pp. 11-12). Therefore, Ludwig von Mises made a clear distinction between bureaucratic management and profit management.

In the case of G. Tullock we can say that he has provided a detailed analysis of the nature and limits of bureaucratic structures and he has focused his attention on public bureaucracies emphasizing the personal relations and the way bureaucrats advanced in these organizations. G. Tullock has made an important distinction between political and economic relations. In this case bureaucracy is placed in a position of a producer which has to maximize his production in the constraints given by his limited resources (Coyne, 2007, p. 12).

J. Buchanan and G. Tullock are putting the foundations of “public choice” theory through which they formulated a new theory of bureaucracy and the political market, theory in which they criticized the omnipresence of the state in the economy. They came up with a new momentum of research concerning the application of economic principles in areas considered outside the economic game like the case of the public administration, research that is using traditional microeconomics to analyze individual and collective decision process, to assess the comparative efficiency of the market and state, to assess bureaucrats motivations and to interpret an ambiguous concept such as social welfare (Buchanan, Tullock, 1995, p. 31).

A. Downs defined a series of concepts for the study of the bureaucrat economic behavior, social behavior and political behavior such as: convenience and public interest. Along with G. Tullock, A. Dows has done an economic analysis of bureaucracy that is placed in a position of a producer that must maximize his production in the constraints given by his limited resources.

In the case of W. Niskanen, he introduced a new concept in “public choice” theory, namely the budget maximization model through which he examines rational choices in public administration. W. Niskanen believes that rational bureaucrats will always try to increase their budgets because they want to increase their own power; thereby the bureaucrats are contributing to the growth of state power and they reduce social efficiency. W. Niskanen considered that the allocation of a good or service in the public sector can lead to increasing the amount of their production rather than their efficiency (Bierhanzl, Downing, 1998, p. 175).

In the current literature bureaucracy is seen in various forms (an organization based on strict rules and regulations or a form of an “heavy” hierarchical organization and with lacks of transparency in terms of taking certain decisions), but most researchers from this field of activity are trying to find solutions for the bureaucracy to become more efficient in the economic activities or replace it with another form of organization more efficient. Thus, researchers like Song Zang believe that: bureaucratic systems are those that use mass production with some losses, while high performance systems prefer to reduce production losses in the system (Yang, 2007, p. 3), and Hilarious Berger believes that: bureaucracy is a form of organization that is based on strict rules and powers attached to positions and bureaucrats are making their decisions by processing information with respect to predetermined laws (Berger, 2007, pp. 386-387).

In his study of bureaucracy C.J. Coyne believes that bureaucracy refers to all forms of non-market organization. Among other things, in this general category are included government agencies and internal organizational structures of many private companies (Coyne, 2007, p. 11).

In terms of making the bureaucracy more efficient or even replace it with other forms of management in the research of J. Toye (“Modern bureaucracy”) it is introduced the idea of a non-bureaucratic bureaucratic organization (Toye, 2006, p. 3). Other authors, such as Maija Halonen-Akatwijuka and Carol Propper, believe that privatization is not the only solution that governments can take, which can lead to increasing efficiency in the public sector. Many politicians have tried government reforms in social services such as health and education. A model for this purpose should be to create a government agency whose sole purpose is the administration of a single complete program (Halonen-Akatwijuka, Propper, 2007, p. 1).

Today, through research and analysis dealing with the issue of bureaucracy it can be seen a tendency to search for relevant solutions through which the harmful effects of the bureaucratic system to be removed and eventually a change of rules and regulations that guide current bureaucratic system so that it becomes much more efficient than it is in present.

The effects of bureaucracy

Romania is recognized as a country where bureaucracy is taking over the control in the most areas of activity (health, legal system, education system, banking system, etc.). There is currently no Romanian public institution that can escape the “heavy” bureaucratic system which presence can be seen in generally in their activity.

Besides such problems faced by the employees of public institutions at certain times of their activity it is possible to occur some organizational problems that can develop the bureaucracy from those institutions. In terms of working with the external environment, the bureaucratic system of public institutions lead to a complete lack of cooperation between public institutions and the external environment (investors, citizens, businessman, other state institutions).

These problems usually occur when any interested person to perform a certain activity or wants to know some information’s enters in contact with the Romanian bureaucratic system. The main problems and effects created by the bureaucracy that the public institutions are facing are:

1) Overloading departments with civil servants.

There are many people in one department that must do a single service task or solve a single problem. But if a problem must be solved it is required to pass almost every person in part from that department and in these case many persons are losing valuable time. In this case the assignments of civil servants and problems can be solved by using fewer civil servants.

Also in this case we can speak about the costs from the state budget with the salaries of the civil servants who provide some activities that in a more efficient system would be provided by a much lower number of employees in this domain. Still we need a solution in this situation because the dismissal of civil servants that are in excess is not an effective solution now (the civil servants who are dismissed will receive unemployment benefits, but this solution can also lead to a decrease in consumption - Romania now has an economy relied heavily on consumption).

2) The “traveling” of documents.

In most cases many people, both employees and those who come into contact with them are bound by the bureaucratic system in which they operate to travel with all kinds of documents and files from one department to another

or from a state institution to another with different purposes. This can hinder the proper performance of the Romanian public institutions and efficiency in terms of solving some problems. The time that is lost in these situations can lead, for example, to huge loss of money to persons who submit their documents to attract European funds. It can be concluded that one of the reasons that the absorption of structural funds on September 30, 2011 is only 14.13% (source: www.fonduri-structurale.ro) is the Romanian bureaucratic system.

3) The lack of communication between public institutions, their departments and between civil servants of the same department or office.

In this case unpleasant situations may arise where some people may suffer from a lack of transmission unclear or insufficient information or the transmission thereof between public institutions, departments or between fellow employees in the same department. This may occur also in the case when the information is transmitting between superiors and subordinates and vice versa. Thus, there may be many problems that can lead to lower efficiency of their activity due to lack of communication both vertically and horizontally. In the case of an efficient communication, information should be processed and distributed to the hierarchical levels or to the departments and their use should lead to solving the tasks that are dealing with the public officials or to solve some problems, but this phenomenon is suffering a lot now days. This information that should be sending by the departments or civil servants from the same office should be characterized by objectivity and timeliness. There are cases when information is communicated with a delay of a few days.

Similar situation happens in the communication between public institutions where gaps occur in the same communication and collaboration between them. Rules and regulations which the public institutions (bureaucratic institutions) must strictly comply lead to many inaccuracies of communication order, these having direct effects on growth performance in economic activities.

4) The lack of transparency.

Another problem faced by public institutions is the lack of transparency. This is typical situation for all bureaucratic institutions and is manifested by lack of information provided to those directly interested in a particular issue or providing incomplete information. Bureaucrats (civil servants) profit by the status they have and the information they have (even if this information is usually public) and they can have in this case some power over the others. The lack of transparency in the communication of the public administrations can lead to the increase of the corruption.

5) Loss of documents.

Due to a lack of organization and most of the time the inefficiency of the bureaucratic system (old rules and regulations), there are unpleasant cases when some documents are lost, or to wander during the circuit that the documents are

making. Also, due to lack of organization and storage of documents in different locations unsuitable for them, they can easily lose many of them, and also they can easily damage or lose. Thus, the costs with searching and remaking the documents are too high for the institution and the default budget.

6) The reticence in using modern technology (computer, performance operating systems, advanced software, etc.) for administrative tasks.

Many bureaucrats from public institutions consider that the best way to perform their tasks is the use of the same rudimentary techniques they used when they were hired. Many such persons have a higher age (over 50 years old) and considered unnecessary the use of modern techniques mainly due to the mentality. This behavior leads to a low efficiency for the staff of public institutions and major delays in carrying to the end their tasks. These public servants are trying to oppose the use of modern techniques because they don't know or they don't understand that modern techniques can help them and facilitate the work they do and remove routine that can occur when carrying out administrative activities.

It can be seen that the bureaucracy that exists now in the public institutions in Romania can lead to many losses in financial terms (for example loss of direct investment or loss of EU funds). In the current economic climate these losses affect the economic growth.

Conclusions

Observing the negative effects on economic development from nowadays created by the bureaucracy it is necessary to take certain measures to eliminate the problems created by the bureaucracy especially in attracting foreign investments and European funds.

With a more "flexible" bureaucratic system the economic growth from Romania can be helped to develop.

First, to eliminate the existing problems in the bureaucratic system from Romania must be implemented a document management system through which to achieve a reduction in spending the money from the state budget (there are high costs in finding the lost documents or damaged documents and the lack of efficient communication between state institutions or departments of the same institution) and a reduction in waiting time from citizens, businesses and investors in obtaining information.

Secondly, there must be a high transparency in the provision of public information from the public institutions. If this information is posted through communication channels that everyone can access (bulletin boards, web pages) it would eliminate many of the problems faced by potential investors. In this sense all public institutions should provide the following information: documents needed for submitting aimed solving specific problems (approvals);

periods and the schedule when must be submitted the documents; information about the domain of activity of that institution; data on the amounts of local taxes (for example the municipalities) and how that money is spent; the implementation of a computer program through which interested parties can have access to certain statistical information.

In conclusion, if Romania would remove some of the problems created by the bureaucratic system, our country would have a much higher competitive advantage in terms of attracting foreign investment and European funds.

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