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Bureaucracy in business organizations

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Abstract

Bureaucracy describes a sophisticated organization with nested rules and procedures. Decision making is slowed down by the systems and procedures that have been successfully implemented. They are made to keep the organization under control and in uniformity. This paper discussed the effect of bureaucracy on business organizations, examined the views of some notable philosophers on bureaucracy and ways to improve businesses that practice bureaucracy to make them more efficient and profitable.

Keywords: Bureaucracy; Business; Organization; Professional

1. Introduction

As indicated by the Merriam-Webster English Dictionary reference, Bureaucracy is a system of administration marked by officialism, red tape and proliferation. Many business organizations practice bureaucracy in their running and this has both negative and positive effects on the business operations. The objective of this paper is to discuss the positive and negative effects of bureaucracy on business organizations, examine the views of some notable philosophers on bureaucracy and think of ways to improve businesses that practice bureaucracy in order to make them more efficient and profitable.

A firm can be classified as a bureaucratic organization if it has a pyramidal command structure with a high degree of formal operations usually with organizational charts for all departments in the company and decisions made via a hierarchical order [1]. There are many examples of bureaucratic organizations; government agencies, hospitals, schools and large business organizations either public or private owned.

Bureaucracy can be both beneficial and deleterious to a firm depending on how the stakeholders of the firm organize and fine-tune their business processes. Wilson [2] noted that 'bureaucracy creates a purely professional environment, devoid of allegiance to fleeting politics'. Hence this makes it an ideal model for large business organizations and government agencies as the workers are not bound by political affiliations or beholden to any ideology or person.

2. Views of notable philosophers on bureaucracy

Notable philosophers and theorists have differing opinions on bureaucracy. These include Karl Marx, John Stuart Mill, Max Weber, Ludwig Von Mises, Woodrow Wilson, and Robert K. Merton etc. Karl Marx opposed bureaucracy. According to him, "The Corporation is civil society's attempt to become state; but the bureaucracy is the state which has really made itself into civil society" [3]. John Stuart Mill studied bureaucracy as it related to monarchies and wrote that over time, bureaucratic organizations tended to become a system run by unimaginative people who concentrated on minute details while missing opportunities for growth and innovation [4].

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Max Weber, the highly influential sociologist of years past delineated the characteristics of a bureaucratic organization as one that has a hierarchical organization, has a rigid division of labor, regular and continuous ways of doing things with all officials in the system experts at their own fields, evaluated by systems not by individuals [5]. Other philosophers and theorists like Ludwig Von Mises noted that bureaucratic practices in an organization stifled the individual drive for innovation, a much needed skill in a capitalist profit driven world. He made the case that bureaucracy while ensuring a rule based system engendered stagnation and lack of growth and must be carefully managed if an organization desired to make progress [6].

3. Effect of bureaucracy in business organization

Bureaucracy is the ideal way for large organizations to run efficiently and effectively because it has hierarchical chain of command, division of labor with clearly defined organizational goals, merit-based promotions and formal rules and regulations. However bureaucracy needs to be controlled else it subjects people into a cage [7]. There are benefits associated with the practice of bureaucracy. These include; operating business processes within clearly understood rules and regulations thereby insulating the business from interpersonal and intrapersonal squabbles, having a clear chain of command which helps in time of crisis and in decision making hence rational decisions are usually made, objective and impersonal business decisions that are often encompassing and made in such a way as to strengthen the business, expertise at work as the best inputs are made by those who qualify to do so and benefit of providing feedback and data for business decisions.

Negative effects of bureaucracy include long waiting times before decisions are made or finalized which can impact on the business operations. Some businesses require instant and quick decisions to be made at any given time because the inability to do so might cost the business enterprise opportunities for expansion and profit. This system of administration also leads to redundancy with potential for the abuse of power. Bureaucratic organizations also generate a lot of lengthy official processes that require lots of paper work which impedes on the capacity of the organization to provide quality services to her clients; hence it can also lead to customer loss and loss of revenue/profits for the firm. For a government agency this lengthy processes and paper work will reduce the quantity and quality of services provided by the agency hence costing the average tax-payer.

4. Ways to improve business that practice bureaucracy and minimize problems associated with bureaucracy

The problems with bureaucracy can be minimized if the management of a bureaucratic organization has a clear idea and vision of the goal that they want to achieve and how to achieve it in the easiest and simplest possible way. Prioritization of the needs of the organization and what is needed to keep the organization profitable and devoting time to it would also help the organization to become profitable, reduce paperwork and protocols that the organization has to go through in order to achieve set aims and objectives. Paper work has to be eliminated as much as possible or replaced by technology that would make processes faster and seamless. Duplication of functions and processes if minimized in a bureaucratic organization would also make processes simpler to manage and this would translate to efficiency and profits for the organization [8]. Authority to carry out simpler tasks in the organization can also be given to people lower in the hierarchy of the organization so as to speed up decision making processes and mitigate against the loss of opportunities that delayed decisions exposes the firm to. According to Goldstein [9] when management practices are more geared towards autonomy, project completion and quality improves, but if they are related to performance based incentives, the quality and completion rates of the project diminishes. Workers who are dedicated to their work and produce good results for the firm should also be rewarded as an incentive for others in the organization to put in efforts that will make firm more efficient and prosperous.

5. Conclusion

Bureaucracy is essential in the operation of large organizations both business and government or private and public. There are many issues associated with bureaucracy as well as many successes it achieves in organizations that utilize it as a form of administration. However, a lot of issues have to be addressed with bureaucratic systems so as to allow organizations practicing these systems to become more efficient and profitable.

Compliance with ethical standards

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