

# Examining Hindrance of Bureaucracy on Management Innovation for Organizations

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## Abstract

This study aims to examine the hindrance of bureaucracy on management innovation, specifically how it affects practice. The study identifies some of the hindrances of bureaucracy on management innovation including: its limitation on what individuals are allowed to bring to their jobs, how it damages organisational effectiveness and its constraints on the new public management practices. The study reflects on the fact that most organisations both in public and private sectors have been ineffective on management innovation because the bureaucratic systems under which they operate are not flexible despite being confronted with very dynamic business/working environment. Innovation in management principles and processes can create long-lasting advantage and high performance. It is recommended that organisations should have well shared vision and mission rather than being organized through hierarchy and fixed procedures. By minimizing bureaucracy, employers will be able to provide conducive environment for innovation within their organizations. Through management innovation, organisation can perform more effectively and efficiently which provides it with a competitive advantage.

**Keywords:** Bureaucracy, Management Innovation, Vision, Mission

## Introduction

Most organisations in the public sector and some private sector rely on bureaucracies to function. Although bureaucracy exists in both the public and private sectors but it is mostly evident in the public sector (Krut, 2012), which could partly explain why they are inefficient. It is believed that the job of the bureaucrats is to implement government policy, to take laws and decisions made by elected officials and put them into practice. They also implement policies by writing rules and regulations where as others administer policies directly to people.

It has been argued that bureaucracy can organise many people to work together in compatible ways by defining their tasks within the existing hierarchies (Chand, 2015). Unfortunately, the society is rapidly changing in response to new technologies and environment in which the organisations operate, so change is inevitable and flexibility has

become crucial. This challenges the bureaucratic form of organisation to develop new methods and rapidly modifying their strategies. Probably something might have been done and today's bureaucracy might have been improved compared to the traditional bureaucratic system but the problems still exist. It is believed that management innovation needs flexibility because it is about change, Hamel (2006) argued that competition and allocation flexibility are important design principles if the goal is to build a highly adaptive organisation. The aim of this paper is to examine the hindrance of bureaucracy on management innovation and how it affects its practices. The drive behind this study is on the fact that management innovation is crucial for the introduction of new management techniques and practices which facilitates organizational change through improving its competitiveness and effectiveness in their operations. It facilitates changes in the decision making process which seems to conflict the bureaucratic system. The study intends to identify the hindrances which bureaucratic organisations encounter on implementation of management innovation so as to deal with them for the betterment of performance improvement.

### **Definition of the Concepts**

#### **Management Innovation**

Management innovation is defined as the market departure from traditional management principles, processes and practices that significantly alters the way the work of management is performed so it targets the organisation management processes and it changes how managers do what they do (Hamel 2006). Also, Mol & Birkinshaw (2009) have defined management innovation as the introduction of management practices that are new to the firm and intended to enhance firm performance. The practices can be invented or adapted from another peer organisations. It represents one of the most important and sustainable sources of competitive advantage for the organisation.

Active search is a significant contributor to the introduction of new management practices. It can be through; search for new ideas to the organisation from managers' own experiences outside the organisation, read the management literature or bringing in consultants who markets and implement their practices but also looking at practices or parts of practices which have previously been implemented (Mol & Birkinshaw, 2009). More contacts with knowledge sources lead to more insights into new management practices and the external parties often play a critical role in the early stages of introduction of new management practices. This implies that management innovation is based on various sources of knowledge, which can be external or internal; hence, collaboration of various stakeholders is crucial.

#### **Bureaucracy**

Chipea & Banciu (2013) described that when an organisation is characterised as being bureaucratic it means that it has a complicated organizational structure with many hierarchical levels, acting to inflexible rules, using many forms and folders which require consultation of various superiors to express agreement towards a problem. With such kind of procedures it means that the organisation will solve its problems slowly and also there can be delay on resolutions which is time consuming.

According to Alorinyeku (2011), it is evident that private sector bureaucracy adopts flexible workplace structures and encourages creativity and experimentation to maximize efficiency and productivity. This strategy enables and supports management innovation in the organisation. There should be periodic review of procedures, methods, rules and regulations.

He pointed out that excessive bureaucracy negatively impacts on social and economic development especially in poor countries.

## **Literature Review**

### **Theory**

#### **Max Weber (1864-1920): The Theory of Bureaucracy**

This theory was developed by Max Weber in the late 1800s where he criticized organisations for running their businesses like a family. He believed in a more formalized and rigid structure of organization known as bureaucracy (study.com 2013). This followed a formal structure where rules, formal legitimate authority and competence were characteristics of appropriate management practices. Max Weber refers to bureaucracy as the ideal and rational type of administration useful for achievement of positive results. He took bureaucracy as a system of administration where an organisation operations are guided by laid down rules, regulations, procedures and methods for the purpose of achieving efficiency. The characteristics of his theory are; leadership, authority, division of labour and specialization, hierarchy, functional specificity, rules, regulations, procedures, methods and job performance. The dysfunctions of bureaucracy is due to excessive application of its guiding principles by office holders.

Division of labour assist workers in becoming experts in their jobs due to specialization and their performance improves but also has limits in management innovation. Specialization, for all its benefits, limits the kind of cross-boundary learning that generates break through ideas (Hamel 2006).

The rules and procedures can lead to consistency in the behaviour of employees as they are bound to follow them as a guideline and this can facilitate easy management. The problem concerning the rules and procedures is when there is an excessive adherence to them because this can inhibit the initiatives and growth of employees. Since they have feelings, emotions and other factors which can affect their decisions then it is difficult for them to work like machines following each and every rule and procedure and this can lead to inefficiency. It can also cause easy divergence from the organisational goals.

Also the employees may become used to the system as a result they become rigid and resistant to any change and introduction of new technique of operations. This is very dangerous in management innovation as the system is not supportive to the organisations where change is anticipated. For any change to happen it means that the organisation must be flexible and easy to adapt changes. Active search should be a significant contributor to the introduction of new practices (Mol & Birkinshaw, 2009).

Merton (1957) has pointed out that excessive bureaucracy makes public organisations more arthritic and self-serving, less able to achieve their core missions and less responsive to service users. It is characterised by red tapeism, excessive paper work, fear of innovation, poor customer service, duplication of working procedures, strict adherence to procedures, weak management practices and low morale.

### **Analysis And Discussion**

The discussion considers and refers to Max Weber's theory of bureaucracy. As organizations became more complex, it gave a way to increased functional specialization with many hierarchies of middle and lower managers for coordinating management efforts and the result was a bureaucratic approach to organization structure. Max Weber proposed a set of principles to provide grounds for organizing group efforts. The characteristics of bureaucratic

organisation are division of labour by functional specialization, defined hierarchy of authority, a set of rules covering the rights and duties of employees, a system of procedures dealing with work situations, impersonal relations between people and selection of employees and technical competence. The system is mostly applied in public service sector with large number of offices and employees and also in some private companies.

Chand (2015) has stated that Weber's model can be performed in those organisations where change is not anticipated and also pointed out that although big businesses and government departments use this type of management but it has drawbacks including its rigidity, impersonality, excessive cost of control, excessive dependency on superiors and tendency to ignore organisational goals. All what is pointed out as drawbacks are against management innovation practices as management innovation is about change also organisation should be more of community than hierarchy. Community based means that organisation should have a sense of shared purpose by working as team, control should be more peer based than boss based and there should be emotional satisfaction as well as opportunity to contribute which is not bounded by narrow job descriptions (Hamel, 2006).

### **The following are some of the Hindrance of Bureaucracy on Management Innovation**

*Bureaucracy puts an upper limit on what individuals are allowed to bring to their jobs*

It was pointed out by Hamel (2006) that bureaucracy has limitations on individual's creativity. The problem is that, there is little room in bureaucratic organizations for passion, ingenuity and self-direction and this hinders introduction of new management practices. Organisations have grown more complex due to the change in the environment in which they are operating and this requires more creativity and judgement from employees, which calls for new management practices instead of depending on the bureaucratic system of doing things as usual. In bureaucratic organisations employees are treated as if they cannot be trusted or they won't work hard unless they are pushed. With this kind of attitude it is difficult to have management innovation. This implies that organisations should be managed using unbureaucratic management principles. It is described by Sørense & Torfing (2012) that collaborative innovation is very important through creation of environment in which employees can collaborate with each other, as well as users, managers and policy experts to develop and test new innovative solutions. Also there should be the formation of leadership networks that permit managers to learn about other organizations' most successful innovations and try them out in their own organisations. This kind of collaboration cannot be found in bureaucratic organisation because of the existing limits.

### *Bureaucracy Damages Organisational Effectiveness*

Bureaucracy is not suitable for modern organisations due to changes in objectives, approaches, culture, structure and environment in which organisations operate. Its inefficiency is caused by too much emphasis in rules, rigidity and its impersonal approach. It seems to be difficult to have innovative management practices due to lack of dynamism and adaptation to change. For example in the public sector it is a challenge for an employee to innovate the public policies, organisations and services. It was pointed out by Hamel (2012) that in this hyper competitive global economy any organisation that is going to thrive to survive over the next decade or two must reinvent its management systems at their core, which simply means their bureaucracy must die. Bureaucracy weakens employee morale and commitment as it divides people within the organisation against each other and misdirects

their energy into conflicts or competition with each other instead of mission achievement. Decisions leading to management innovation are made in rational way based on the careful analysis of costs and benefits and the prospects of greater efficiency (Volberder, Bosch & Mihalache, 2014).

*It is a limitation in New Public Management*

This is based on the fact that usually the bureaucrats are the ones who are involved in the designing and managing the process of administrative reform. They also define, operationalize and implement specific reforms so the inspiration of reform on its intention to weaken strong elite bureaucracy could ironically result in the augmentation of the bureaucracy (Kim & Han 2015). New public management is taken as a stepping stone towards management innovation in public sectors as its objective is to make the public sector more efficient, competitive and responsive to change. Larbi (2003) stated that new public management advocates changes by separating functions into separate agencies, replacing traditional hierarchies with flatter, flexible and more responsive structures and decentralising management authority within public agencies giving top management freedom to manage with clear responsibility. Without proper communication and involvement of the employees in the process of new public management it is difficult to see its value and leads to failure to implement new management practices. It was described by Birkinshaw, Hamel & Mol (2008) that motivation is the precondition and facilitating factors that lead individuals in the organisation to be impressed to experiment with new management innovation.

*Bureaucracy limits the focus on the organisational goals.*

This is based on the fact that in the bureaucratic organisations most employees tend to focus on their own departments and they do their best to adhere to the rules and given procedures. The heads of the units/departments feel responsible first to protect the department, its people and budgets without thinking much about how to help the efforts to achieve the organisation's vision. Employees do not have the sense of belongingness in the organisation as pointed out by Chand (2015) and that the majority of them are usually not aware of the vision and mission of their organisation but instead work in order to impress their supervisors. This limits management innovation because employees are not concerned with their value and contribution to the general goals of their organisation. In many cases, their main concern is proper adherence to the rules and procedures and they don't feel like they have a challenge to work more or make adjustments because the focus is limited. Steiber, (2014) described that Google's management model is unique as it ensures long term sustainable success of the company through development of ways which maintains its capacity for continuous change. The management team and managers work consistently to communicate the mission of the company to every employee so that each person will understand it in the same way and it can be used as a basis for independent decisions. This approach has enabled the management team to produce a dynamic organisation through an expectation of continuous change and improvement.

**CONCLUSION AND REFLECTIONS**

Different organisations both in public and private sectors have utilized bureaucracy to control the activities of their employees but the system has been ineffective for management innovation because it does not allow flexibility while the operating environment is dynamic. Based on the findings it has been revealed that bureaucracy limits creativity, focus of the

organisation and also it is rigid so it does not support management innovation in the organisation. It has been noted that excessive bureaucracy negatively impact social and economic development so organisations should not be organised through bureaucratic hierarchy and fixed procedures but should be flexible and have a vision and mission which are well communicated and shared across the organisation.

Management innovation allows the organisation to perform more effectively and efficiently which provides competitive advantage to the organisation. It is important for an organisation to have a focus and different strategies to attain it. By minimizing bureaucracy, organisational hierarchy and unnecessary politics, employers will be able to provide a conducive environment for innovation and spontaneous structure which will be beneficial to the whole organisation. It is important that organisations should be very careful in introducing new management practices as they must not only have clear reasons for imposing change but also explain clearly to their employees the impact of such changes and the plan for successful implementation. In addition, imitating behaviour should be avoided so that management innovation can be performed in organisations with positive results.

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