

A Study of Bureaucracy in the Digital Transformation Era: A Global Organizational Context

Pimploi Tirastittam, Sotarath Thammaboosadee*, Rojjalak Chuckpaiwong

Information Technology Management (ITM) Program, Faculty of Engineering, Mahidol University, Nakhon Pathom, Thailand

Received 10 April 2018; Accepted 11 May 2018

Abstract

Max Weber's bureaucratic theory has been one of the most powerful and well known practical method for the organization for a very long time. Since the globalization, the world has changed the way of doing business, especially in the cultural and human resources for organizations. While facing the pressure from the practice in digital transformation era, the bureaucratic organizations still working in the paperwork could not suddenly transform into the other business practice based on digitization. This paper will discuss how the bureaucratic organizations in the digital transformation era are doing and how they can survive by the talent management (the better human resource) to improve the organization's working efficiency.

© 2018 Published by ITMSOC Working Group.

Keywords: Bureaucratic Organization, Digital Transformation, Global Context, Government Sector.

1. Introduction

FOR the last couple of years, digital transformation has been a very most discussed issue. It is described as the solution for companies that want to stay relevant and remain competitive in a digital world. More than 66% of CEOs of big companies consider digitization a fundamental part of their business strategy. Digital transformation is a deep transformation of the activities, processes, competencies and business models of any company, to take full advantage of technology and digital tools, and their impact on society in a strategic way. It is a change that any organization must do to stay relevant in this new era. But the digital transformation is not only about switching from paper to laptop or just investing in more modern equipment. This transformation must be accompanied by a change of mentality and corporate culture.

As the digital transformation is a very trendy for the organization to adopt the practice, there is a fair amount of the organization which still cannot change themselves and blend in the digital transformation era which is the organization which operates with the bureaucratic practice. They cannot adapt well to the current situation of the business practice due to the limit of the mobility of the organization which still contains the hierarchy approach inside the organization.

Large bureaucratic organizations have become a crucial fact of life in previous era [1]. As bureaucracy has become an essential concern in the national government sector, it has grown as a focus of comparative analysis. The previous studies having dealt with the basics of bureaucratic organization in both developed and developing countries include the theoretical insights of Max Weber, Robert Michels, and other social theorists in the early twentieth century [2]. Weber set the standard for viewing bureaucracy regarding rational decision-making, hierarchical organization, and standard operating procedures. Over the past half century, a large body of writings has attempted to construct the basic theories of bureaucracy [3, 4].

*Corresponding author.

Email address: sotarath.tha@mahidol.ac.th (Sotarath Thammaboosadee)

Table 1. Brief Information about Bureaucracy in Each Countries.

Country	Developed/Developing	Detail
South Korea	Developed	The bureaucratic system is still with the government and also creates the same disadvantages as the developing countries.
South Africa	Developing	The one-party democracy is always link to the bureaucracy and everything will be controlled by the politic.
Brazil	Developing	Bureaucracy still covers in every transaction with the government.
Pakistan	Developing	The designated government agency controls the transaction with the government monopoly.
Thailand	Developing	The situation of bureaucracy is continuing to improve from the previous era.

2. Problems of Bureaucracy

Bureaucracy usually refers to a system in which selected officials take the decisions instead of the elected professionals and representatives [5]. There are 2-sides opinions on the advantages and disadvantage of the bureaucratic system. But most of the general public is clearly against it because of its numerous problems and shortcomings. There are five main problems of bureaucracy which are rigidity stampedes creativity, impersonal, customer dissatisfaction, slower decision making, and limits capabilities of the employees.

2.1. Rigidity Stampedes Creativity

When the whole bureaucratic system is formed around rigid rules and regulations, the excessive form of rigid structures stampedes creativity and restricts will growth. In all types of officialdom there is always adamant, inflexible, and unaccommodating. Moreover, the bureaucracy requires everything to follow the way it is and will diminishes any chances of creativity idea and out-of-the-box solutions.

With the modern-world changing fast and evolving in light of new challenges, this rigidity of bureaucracy is a big problem for any organization or government.

2.2. Impersonal

According to Max Weber's theory of bureaucracy, it all works within a structure that does not have enough room for human emotions, satisfaction, needs and values. It is impersonal and neither cares for the consumers nor the employees working around.

So in a bureaucratic system, the fixed rules and regulations of an organization are more important than any individual's emotions, values or needs. It is one of the biggest shortcomings of bureaucracy, which makes it one of the most disliked forms of administration.

2.3. Customer Dissatisfaction

Although bureaucracy claims to have a framework to organize things, the byproducts of it make it all the more difficult to manage things quickly and efficiently [6]. There are a lot of paperwork, files, registrations, and processes in a bureaucratic system. This makes dealing with customers or consumers more troublesome, complicated, and problematic.

For example, if a consumer complains about a product or service, he requires immediate redemption and action on his complaining. The consumer does not want to get bogged down with filing procedures, structured hierarchy, and complex systems.

2.4. Slower Decision Making

As you know that a bureaucratic system runs by its structure and set mechanics of official, it significantly slows down the decision-making processes. Bureaucracy most often fails to quickly respond to the ever-changing competitive world. It cannot react to business changes, consumer complaints, and demand-and-supply needs as quickly as some of the other competitors can do.

This is one of the reasons that we see unnecessary delays in a bureaucratic system. Today's world requires fast-paced decisions and instant reactions something that bureaucracy will always fail to comply with.

2.5. Limits Capabilities of Employees

The limiting capabilities of its employees are one of the most significant drawbacks and problems of bureaucracy. You must know that a bureaucratic system believes in heavy departmentalization and division of job responsibilities. Although compartmentalization may bring some advantages, on the other hand, it significantly limits the potential and capabilities of the employees.

The job compartmentalization does not allow an employee to work beyond its delegated responsibilities. This not only limits the personal growth and motivation of the employee, but it also confines the overall productivity level of the organization.

3. Contrasting Aspect between Bureaucratic and Digital Transformation

The bureaucratic organizational structure such as a government sector involves the compartmentalization of an organization into several departments focused on their own respective objectives. However it mainly leads to departments ignoring one another a phenomenon referred to as the silo mentality. In the past, this organizational structure has indeed worked well, but in today's dynamic world of business, it's a plague able to destroy a company [7]. It is a career service in the sense that its members take up public service as a lifetime occupation. Its members are skilled in the sense that they become an expert in their profession due

to continuous work experience. It is organized on the principle of hierarchy in which a chain of command stretches in a pyramid fashion from the lowest office to the highest. Neutrality that is its members serves different political regimes impartially. The anonymity that is its members works without praise or blame.

Digital transformation is possible only with information sharing across the organization, which can transform business and help to drive business success. Now the question is how to initiate this in the bureaucratic organization? The answer is: Collaboration is key to success. And Collaboration comes with culture. So to drive digital transformation in any bureaucratic organization first we need to initiate cultural transformation.

4. Bureaucracy in Developed Countries

The bureaucracy in the developed countries is quite the same with the one in the developing countries as it still creates 5 problems of bureaucracy in the organization. For example, the bureaucracy in South Korea is a result that the central Korean government to reinforce its legitimacy through answering the demands by provinces for more equitable representation in the public bureaucracy. Based on the widespread belief of the existence of the county who are the leaders of the national organization. Those leaders currently not only create and launched the policy but also have a duty to manage a large number of bureaucratic personnel. As they can manage the large number of the officer, they can control everything whether the problems occur. They will and willing to use the control mechanism which is specially designed to minimize the problem by aligning the other interest or trying to improve the essential information if they would like to do [8].

5. Bureaucracy in Developing Countries

Bureaucracy is the independent factor in public administration and it is also called workforce management, personnel management, labor welfare management and so on. But the bureaucracy has broader meanings which are deals with classification, recruitment promotion compensation, discipline and retirement benefits of the personnel in government.

According to Encyclopedia of Britannica "Bureaucracy is a body of professional, full-time officials employed in the civil affairs of a state in non-political capacity". It is a professional body of officials, permanent paid and skilled. The civil service requires that it shall be impartially selected, administratively competent, politically neutral and imbued with the service to the community. It does not include persons of military service, judicial service and police service. It does not include persons who hold political offices and those persons who work for the state without being paid that is in an honorary capacity. Thus Bureaucracy is a body of professional administrators as opposed to amateur politicians. The impartial selection that is its members is appointed

by an open competition as against politicians who are elected on party lines. They are paid regularly by the state and do not have the incentive of private profit while in civil service.

It is a career service in the sense that its members take up public service as a lifetime occupation. Its members are skilled in the sense that they become an expert in their profession due to continuous work experience. It is organized on the principle of hierarchy in which a chain of command stretches in a pyramid fashion from the lowest office to the highest. Neutrality that is its members serves different political regimes impartially. The anonymity that is its members works without praise or blame.

Mostly of the developing countries have the same characteristics which they have a tremendous amount of natural resource in the countries. A large amount of the natural resource always export to the other countries in the form of raw material and after the other countries already manufacture and assemble the goods into the finished products, they were imported back to the developing countries for selling at the much higher price.

Another example of the developing countries which has lots of natural resources is Brazil. There are lots of bauxite, gold, iron ore, manganese, nickel, phosphates, platinum, tin, clay, rare earth elements, uranium, petroleum, hydropower and timber. Corruption is widespread throughout Brazilian culture, both nationally and organizationally. Bureaucracy has influence and control over Brazilian business operations in such a significant manner, that a foreigner or lesser-seasoned negotiator may even find the need for a middleman which called *despachantes*. *Despachante* is an individual who can navigate all the red tape that seems to block the ability to conduct business smoothly. Moreover, there is a word, *Jeitinho* which mean a task of getting through the multitude of barriers and political checkpoints [9].

While the South Africa has a de facto one-party democracy, it is improbable that individual bureaucrats will be held accountable by political control for making unlawful decisions that align with the political objective of social transformation [10]. The traditional methods of bureaucratic control, such as political control, or management control by strict discretionary guidelines, supervision and disciplinary action has not transpired and will in all probability not materialize in South Africa by virtue of the political objectives [11].

In Pakistan, there is a government agency called the Central Superior Service (CSS), it is an elite permanent bureaucratic authority and the special civil service that is responsible for running the bureaucratic operations and government secretariats and directorates of the Cabinet of Pakistan. So if there is no existence of CSS, the Pakistani government and public system would be stop running. So, clearly the civil servants handling and leading these departments have to be outstanding and brilliant as well as unique [12].

The Thai bureaucracy had a reputation like most of the bureaucracies everywhere which known for of being unproductive and blocked down by red tape. As there was an effort which tried

to reduce the power of the bureaucracy through the use of public hearings. But in the early 2000s, a former president of Thailand tried to make the bureaucracy more efficient by eliminating red tape and making bureaucrats more responsive to his orders. There was a policy that put a premium on doing things quickly with an emphasis on evaluation and getting results. As a result, the bureaucrats that failed to perform were purged or forced to resign while those that performed well were promoted just as they would be if they worked for a company. Those who perform well can be counted as a talent for the Thai government.

As shown in Table 1, there are some brief information about the bureaucracy in both developed and developing country.

6. Talent Management and Its Benefits in Multination Enterprise

The multinational enterprises have to operate in the numbers of countries because of the size of the company because the main problem for the multinational enterprise is the efficiency of the local human resource. But since there is the term Talent Management existed, the way to solve the human resource problem is opened. There is a wide variation in how talent management is defined in academic literature [13–15]. In its essential form, talent management “is simply a matter of anticipating the need for human capital and then setting out a plan to meet it” [16] which is widely used in operation in most of the multinational enterprise to create the better working efficiency in the organization.

In the multinational enterprise, the criteria of creating the talent management is need to be a focus on the organization objective and then define what does “talent” in the organization should look like. Which is going to be quite different from the local or the “SME” organization’s mindset.

The Turkish multinational enterprise has developed the talent management systems that are able to respond to the local need and if the practices are appreciated by a local workforce then it is incumbent upon Turkish managers to manage careers and talent in a more comprehensive way. This might not be possible for many smaller local firms, but those companies need to recognize its own position and the importance of maintaining and growing their employees, regardless of whether they deploy exclusive or inclusive TM practices.

Organizational culture also plays a fundamental role in shaping the talent management motives and practices and the institutions in which the organizations operate to limit and shape the extent to which the practices are thought acceptable. This acceptability will depend upon the evaluation of transactions costs and the extent to which practices adhere to the status quo and facilitate and perpetuate perceptions of a “stable” environment. However, managers within this environment need to understand the impact their choices have on their ability to attract, develop and retain talented individuals in their organizations.

7. Conclusion and Suggestion

Although the bureaucratic system is a fundamental which create some of the disadvantages or burdens to the organization for a specific type of organization, the existence of the bureaucracy system is still essential. Because the size of the organization or the culture of the organization is an important matter to the bureaucratic practice.

As in mostly of the multinational enterprises, which have a large size of the organization as same as the government sector, already adopt the talent management practice and approach into the business practice of the organization and there is a successful approach for the organization.

The talent management is playing the promising role for keeping the bureaucratic organization to keep it running and survive. As in some developing countries, the bureaucratic system is running deep into the operation system but the great talent will be able to create the idea and the business plan which will move the bureaucratic organization forward. To adapt the bureaucratic organization into the digital transformation era, it must have to find a reliable measure and tool which is the talent management to move forward or survive in the digital transformation era.

In the future, there will be a further research in order to search for the proper strategy to manage the talent and to attract, develop and retain those talent to the bureaucratic organization.

References

1. Wihantoro Y, Lowe A, Cooper S, Manochin M. Bureaucratic reform in post-Asian Crisis Indonesia: The Directorate General of Tax. *Critical Perspectives on Accounting*. 2015 Sep;31:44–63. Available from: <https://doi.org/10.1016/j.cpa.2015.04.002>.
2. Cingolani L, Thomsson K, de Crombrughe D. Minding Weber More Than Ever? The Impacts of State Capacity and Bureaucratic Autonomy on Development Goals. *World Development*. 2015 Aug;72:191–207. Available from: <https://doi.org/10.1016/j.worlddev.2015.02.016>.
3. Torstendahl R. History of bureaucratization and bureaucracy. In: *International Encyclopedia of the Social & Behavioral Sciences*. 2nd ed.; 2015. p. 919–923.
4. Damarin A. Sociology of bureaucracy. In: *International Encyclopedia of the Social & Behavioral Sciences*. 2nd ed.; 2015. p. 913–918.
5. Boynton J. Bureaucratic thoughts. *Survey of Ophthalmology*. 1990 Jan;34(4):323. Available from: [https://doi.org/10.1016/0039-6257\(90\)90043-u](https://doi.org/10.1016/0039-6257(90)90043-u).
6. Yang S. Bureaucracy versus high performance: Work reorganization in the 1990s. *The Journal of Socio-Economics*. 2008 Oct;37(5):1825–1845. Available from: <https://doi.org/10.1016/j.socec.2007.03.009>.
7. Bijawat A. How to initiate digital transformation in bureaucratic organization.; 2017.
8. Huang Y. *The Industrial Organization of Chinese Government*. Harvard Business School, Boston, MA: Harvard Business School; 1998. Available from: http://www.hbs.edu/faculty/Publication%20Files/99-076_7f686861-40fe-4aa5-bd4a-7bfd69e2f9a.pdf.
9. Abramson NR, Moran RT, Moran SV. *Managing Cultural Differences*. Routledge; 2014. Available from: <https://www.amazon.com/Managing-Cultural-Differences-Remington-Abramson/dp/0415717353?SubscriptionId=AKIAIOBINVZYXZQZ2U3A&tag=chimbori05-20&linkCode=xml2&camp=2025&creative=165953&creativeASIN=0415717353>.

10. Smit M. Bureaucracy is constraining democracy in South African schools. *Law, Democracy & Development*. 2010;12(1). Available from: <http://www.ajol.info/index.php/idd/article/view/52883>.
11. Meier KJ, O'Toole LJ. Bureaucracy in a Democratic State: A Governance Perspective. *Journal of Public Administration Research and Theory*. 2006;18(2):345–347. Available from: <https://academic.oup.com/jpart/article-lookup/doi/10.1093/jpart/mun003>.
12. Ahmed H. Proposed CSS reforms get nod of approval from relevant quarters. *Pakistan Today Newspaper*. 2016 January 3; Available from: <https://www.pakistantoday.com.pk/2016/01/03/proposed-css-reforms-get-nod-of-approval-from-relevant-quarters/>.
13. Cappelli P, Keller J. Talent Management: Conceptual Approaches and Practical Challenges. *Annual Review of Organizational Psychology and Organizational Behavior*. 2014 Mar;1(1):305–331. Available from: <https://doi.org/10.1146/annurev-orgpsych-031413-091314>.
14. Dries N. Talent management, from phenomenon to theory: Introduction to the Special Issue. *Human Resource Management Review*. 2013 Dec;23(4):267–271. Available from: <https://doi.org/10.1016/j.hrmr.2013.08.006>.
15. Lewis RE, Heckman RJ. Talent management: A critical review. *Human Resource Management Review*. 2006 Jun;16(2):139–154. Available from: <https://doi.org/10.1016/j.hrmr.2006.03.001>.
16. Cappelli P. Talent on Demand – Managing Talent in an Age of Uncertainty. *Human Resource Management International Digest*. 2009 Aug;17(6). Available from: <https://doi.org/10.1108/hrmid.2009.04417fae.002>.

Biographies



Pimploi Tirastittam received her B.Sc. degree in Applied Computer Science and M.Sc. degree in Information Technology from King Mongkut's University of Technology North Bangkok, Thailand, in 2009 and 2011, respectively. She is now a department chairperson of Management Information System Department, College of Innovation and Management, Suan Sunandha Rajabhat University, Thailand. She is also a Ph.D. candidate

of Information Technology Management Program at Mahidol University, Thailand. Her research interests include Talent Management and Organizational Behavior Management.



Sotarath Thammaboosadee is an Assistance Professor of Information Technology in Information Technology Management (ITM) Program, Faculty of Engineering, Mahidol University (MU), Thailand. He received a Ph.D. degree in Information Technology from King Mongkut's University of Technology Thonburi in 2013. He is an expert in Data Science and Data Governance and is also a director of Datalent Team, the data talent development research group. He has authored and contributed to many research studies related to Data Science, Data Mining, Health Informatics, Human Resources Analytics, Data Governance, and Data Stewardship Development.



Rojjalak Chuckpaiwong received her BBA in International Business from Mahidol University, Thailand and MBA in Electronic Business from University of Technology Sydney, Australia, in 2003 and 2006, respectively. She is now a lecturer in Information Technology Management (ITM) Program, Faculty of Engineering, Mahidol University. Her research interests include Human Resources Management and Organizational Behavior Management.