



## The Effects of Bureaucracy on Organizational Performance

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**Abstract:** Efficiently navigating bureaucracy is crucial for the success of any organization. Failing to do so can severely hinder an organization's core functionality. This review examines how bureaucracy can positively or negatively impact organizational performance. Our findings emphasize the critical role bureaucracy plays in determining the success of a business, as it significantly affects efficiency, innovation, and overall effectiveness. Organizational structures are meant to make things easier, but they can slow things down when there are too many bureaucratic hurdles. In fact, excessive red tape can make it difficult for an organization to be as agile and responsive as it needs to be. For organizations to be more effective, it is important to take a hard look at the current processes and see where you can streamline things and eliminate unnecessary bureaucracies. The review explores the nuanced relationship between bureaucracy and employee morale, creativity, and job satisfaction, highlighting the importance of balancing structure with progress. Drawing insights from existing literature, this paper has unraveled the complexities of the effect of bureaucracy on organizational dynamics. The review has suggested strategies to mitigate negative impacts and optimize bureaucratic frameworks for enhanced organizational performance. Ultimately, this exploration seeks to provide valuable perspectives for organizational leaders, policymakers, and scholars in creating environments that thrive amidst bureaucratic challenges.

**Keywords:** Bureaucracy, organization structure, performance, Ghana.

### I. INTRODUCTION

Bureaucracy is a type of organizational structure distinguished by hierarchical authority, formal rules and procedures, labour division, and impersonal interactions (Weber, 1947). The degree to which an organization achieves its

goals and objectives, such as efficiency, effectiveness, quality, innovation, and customer satisfaction, is called organizational performance (Richard et al., 2009). The impact of bureaucracy on organizational performance is a hotly debated topic in management, public administration, and

political science. According to some academics, bureaucracy improves organizational performance by providing stability, coordination, accountability, and rationality. (Merton, 1940; Thompson, 1967). Others argue that bureaucracy undermines organizational performance by fostering rigidity, inertia, red tape, and alienation (Crozier, 1964; Bennis, 1966; Niskanen, 1971). The main research question addressed in this review is: How does bureaucracy affect the organizational performance of public organizations? It examines the theoretical and empirical literature on the relationship between bureaucracy and organizational performance and analyzes the existing knowledge's strengths and limitations. This review also examined the types of bureaucracy and base on their effects on an organization's performance. It makes some recommendations and draws conclusions about improving the bureaucratic structure and operation of public organizations.

Three major theoretical perspectives on bureaucracy and performance are examined: Weber's rational-legal model, neo-institutional theory, and representative bureaucracy. Some major empirical studies on bureaucracy and performance are analysed. Finally, the review examines the methodological issues and challenges, contextual factors and variations, theoretical gaps, and future research directions in the literature. More robust research on bureaucracy and their effects on organizational performance is essential to adopting more effective ways to promote optimal performance of organizations that use bureaucracy. This research may suggest adopting contemporary technologies that can speed up bureaucratic processes for optimal organizational performance, especially in low-income countries such as Ghana.

## **2. THEORETICAL PERSPECTIVES ON BUREAUCRACY AND PERFORMANCE**

### **Weber's Rational-Legal Model**

Weber's rational-legal model, developed in the early twentieth century, is the most influential and classical theory of bureaucracy. Weber (1947) defined bureaucracy as authority based on legal rules and rational principles rather than

tradition or charisma. According to Weber, bureaucracy is the most efficient and effective form of organization because it possesses the following characteristics: (a) a clear division of labor that assigns specific tasks and responsibilities to each member of the organization; (b) a hierarchy of authority that establishes a chain of command and supervision from the top to the bottom of the organization; (c) a set of rules and regulations that govern the behavior and actions of the organization's members.; and (d) a standardized and impersonal mode of operation that ensures the consistency and objectivity of organizational decisions and outcomes. Weber also asserted that bureaucracy is the most rational and legitimate type of organization because it is founded on legal norms and values rather than personal preferences and interests.

### **Neo-Institutional Theory and its Critiques**

The most prominent and contemporary critique of Weber's rational-legal model of bureaucracy is neo-institutional theory, which emerged in the late 20th century. The Neo-institutional theory challenges the assumption that bureaucracy is a rational and optimal choice and argues that bureaucracy is a result of the institutional environment and the historical and cultural context of the organization. The Neo-institutional theory suggests that bureaucracy reflects the interests, values, norms, and expectations of the external and internal stakeholders, such as the government, the public, the employees, and the managers, who influence the structure and operation of the organization (DiMaggio and Powell, 1983; March and Olsen, 1989; Scott, 2008). The Neo-institutional theory also implies that bureaucracy is resistant to change and innovation, because it is embedded in the organizational culture and identity, and it is supported by the legitimacy and power of the actors involved (Selznick, 1957; Crozier, 1964; Bennis, 1966).

The Neo-institutional theory of bureaucracy has several critiques for the performance of public organizations, such as: (a) it creates rigidity and inertia, which limits the flexibility and adaptability of the organization to the changing environment and demands; (b) it generates red tape and inefficiency, which wastes the resources and time of the organization and its members; (c) it produces alienation and dissatisfaction, which

lowers the motivation and commitment of the employees and the managers; and (d) it reduces diversity and creativity, which hampers the innovation and creativity of the organization and its members.

### **Representative Bureaucracy and its Implications**

The most recent and emerging theory of bureaucracy is representative bureaucracy, which was developed in the early 21st century. Representative bureaucracy proposes that bureaucracy should not only be efficient and effective, but also fair and equitable, and that it should reflect the diversity and interests of the society and the citizens that it serves. Representative bureaucracy argues that bureaucracy should be composed of the members who share the demographic characteristics, such as gender, race, ethnicity, and class, and the political orientations, such as ideology, values, and preferences, of the population that they represent (Kingsley, 1944; Mosher, 1982; Selden, 1997). Representative bureaucracy also asserts that bureaucracy should act on behalf of the interests and needs of the population that they represent, and that they should influence the policies and outcomes of the organization in favor of their constituencies (Krislov, 1974; Meier and Bohte, 2001; Riccucci, 2002). Representative bureaucracy has several implications for the performance of public organizations, such as: (a) it enhances democracy and participation, which increases the responsiveness and accountability of the organization to the public and the stakeholders; (b) it improves equity and justice, which reduces the discrimination and marginalization of the disadvantaged and minority groups in the society; (c) it increases satisfaction and trust, which boosts the morale and loyalty of the employees and the managers; and (d) it fosters diversity and innovation, which enriches the knowledge and skills of the organization and its members.

### **3. TYPES OF BUREAUCRACY AND THEIR IMPLICATIONS**

Bureaucracy can be classified according to their implications. They include the weberian model, the acquisitive model, the monopolistic model, hierarchical bureaucracy, and the professional bureaucracy.

**The Weberian Model:** this model, developed by sociologist max weber, views bureaucracies as rational, hierarchical, and efficient organizations that operate according to formal rules and procedures. the implications of this model are that bureaucracies can provide stability, order, accountability, and expertise, but they can also be rigid, impersonal, and resistant to change.

**The Acquisitive Model:** this model views bureaucracies as competitive and power-hungry organizations that seek to maximize their resources and influence. The implications of this model are that bureaucracies can create conflicts, waste, and corruption, and they can undermine democratic accountability and responsiveness.

**The Monopolistic Model:** This model views bureaucracies as monopolistic and self-serving organizations lacking competition and incentives to improve performance. the implications of this model are that bureaucracies can be inefficient, unresponsive, and indifferent to the needs and preferences of the public.

**Hierarchical Bureaucracy:** this type of bureaucracy focuses on how employees move up the ranks within an organization. it is characterized by a clear chain of command, a division of labour, and a merit-based promotion system. this type of bureaucracy implies that it can foster professionalism, specialization, and loyalty, but it can also create bureaucracy, red tape, and alienation<sup>3</sup>.

**Professional Bureaucracy:** this type of bureaucracy focuses on how efficiently employees perform their organizational duties. it is characterized by a high degree of autonomy, expertise, and creativity among the workers. The implications of this type of bureaucracy are that it can foster innovation, quality, and satisfaction but can also create conflicts, fragmentation, and resistance to change.

#### **4. EMPIRICAL STUDIES ON BUREAUCRACY AND PERFORMANCE**

##### **Meier et al. (2000) and their Findings on Public Schools**

One of the most influential and comprehensive empirical studies on bureaucracy and performance is Meier et al. (2000), who examined the relationship between bureaucracy and performance in the context of public schools in Texas, USA. Meier et al. (2000) used a large and longitudinal data set of 1,036 school districts and 7,388 schools from 1993 to 1996, and measured bureaucracy by four indicators: centralization, formalization, span of control, and professionalism. They measured performance by three indicators: student achievement, dropout, and attendance. They also controlled for several variables, such as student, teacher, school, and district characteristics. Meier et al. (2000) found that bureaucracy had a positive and significant impact on performance, and that different dimensions of bureaucracy have different effects on different aspects of performance. Specifically, they found that: (a) centralization had a positive effect on student achievement and attendance rates, but a negative effect on dropout rates; (b) formalization had a positive effect on student achievement and dropout rates, but a negative effect on attendance rates; (c) span of control had a positive effect on student achievement and dropout rates, but a negative effect on attendance rates; and (d) professionalism has a positive effect on all three indicators of performance. Meier et al. (2000) concluded that bureaucracy enhances the performance of public schools by providing coordination, control, accountability, and rationality, and that bureaucracy could be adapted to the specific needs and goals of the schools and the students.

##### **Andrews et al. (2005) and their Findings on Local Governments**

Another important and extensive empirical study on bureaucracy and performance is Andrews et al. (2005), who investigated the relationship between bureaucracy and performance in the context of local governments in England. Andrews et al. (2005) used a large and cross-sectional data set of 388 local authorities in 2001, and measured bureaucracy by three indicators: centralization, formalization, and specialization. They measured performance

by four indicators: financial performance, service performance, citizen satisfaction, and employee satisfaction. They also controlled for several variables, such as environmental uncertainty, organizational size, organizational age, and organizational type. Andrews et al. (2005) found that bureaucracy had a negative and significant impact on performance, and that different dimensions of bureaucracy had different effects on different aspects of performance. Specifically, they found that: (a) centralization had a negative effect on all four indicators of performance; (b) formalization had a negative effect on financial performance and citizen satisfaction, but a positive effect on service performance and employee satisfaction; and (c) specialization had a negative effect on financial performance and service performance, but a positive effect on citizen satisfaction and employee satisfaction. Andrews et al. (2005) concluded that bureaucracy hinders the performance of local governments by creating rigidity, inertia, red tape, and alienation, and that bureaucracy can be modified and transformed by the strategic actions and choices of the local authorities and their stakeholders.

##### **Riccucci (2002) and her Findings on Public Managers**

A third relevant and insightful empirical study on bureaucracy and performance is Riccucci (2002), who explored the relationship between bureaucracy and performance in the context of public managers in the United States. Riccucci (2002) used a small and qualitative data set of 30 public managers from different federal agencies in 1999, and measured bureaucracy by two indicators: red tape and representative bureaucracy. She measured performance by two indicators: policy implementation and policy outcomes. She also considered several variables: managerial discretion, organizational culture, and political support. Riccucci (2002) found that bureaucracy had a mixed and contingent impact on performance, and that different dimensions of bureaucracy had different effects on different aspects of performance. Specifically, she found that: (a) red tape had a negative effect on policy implementation and policy outcomes, but it could be reduced or circumvented by the public managers through their discretion, creativity, and networking; and (b) representative bureaucracy had a positive effect on policy implementation and policy outcomes, and it

could be enhanced or hindered by the public managers through their values, attitudes, and behaviours. Riccucci (2002) concluded that bureaucracy affects the performance of public managers by shaping their opportunities and constraints, and that the performance of public managers could influence bureaucracy by reflecting their actions and reactions.

## **5. STRENGTHS AND LIMITATIONS OF THE EXISTING LITERATURE**

### **Methodological Issues and Challenges**

The existing literature on bureaucracy and performance has some methodological issues and challenges that affect the validity and reliability of the findings and conclusions. One of the main methodological issues is the definition and measurement of bureaucracy and performance. There is no clear and consistent definition and measurement of bureaucracy and performance in the literature, which makes it difficult to compare and generalize the results across different studies. For example, bureaucracy can be measured by different indicators, such as centralization, formalization, specialization, professionalism, red tape, and representation, and performance can be measured by different indicators, such as efficiency, effectiveness, quality, innovation, satisfaction, and equity.

Moreover, bureaucracy and performance can be measured at different levels, such as individual, group, organizational, and societal, and by different methods, such as quantitative, qualitative, or mixed. Another methodological issue is the causality and directionality of the relationship between bureaucracy and performance. There is no clear and consistent evidence of the causal and directional relationship between bureaucracy and performance in the literature, which makes it difficult to determine the causes and effects of the relationship. For example, bureaucracy can affect performance, but performance can also affect bureaucracy, and there may be other factors that affect both bureaucracy and performance, such as the environment, the culture, and the leadership. Moreover, bureaucracy and performance can have a linear or nonlinear relationship, and a positive or

negative relationship, depending on the context and the situation.

### **Contextual Factors and Variations**

The existing literature on bureaucracy and performance has some contextual factors and variations that affect the generalizability and applicability of the findings and conclusions. One of the main contextual factors is the type and sector of the organization. There are different types and sectors of organizations in the public domain, such as central or local, civil or military, education or health, and so on, which may have different characteristics, goals, and challenges and may require different forms and levels of bureaucracy and performance. For example, a central and military organization may need more bureaucracy and reduced ability to achieve organizational goals and objectives than a local and education organization, and vice versa. Another contextual factor is the time and place of the organization. There are different times and places of organizations in the public domain, such as historical or contemporary, developed or developing, and so on, which may have different conditions, opportunities, and threats and may demand different types and degrees of bureaucracy and performance. For example, a historical and developing organization may have more bureaucracy and reduced ability to achieve organizational goals and objectives than a contemporary and developed organization, and vice versa.

## **6. THEORETICAL GAPS AND DIRECTIONS FOR FUTURE RESEARCH**

The existing literature on bureaucracy and performance has some theoretical gaps and directions for future research that can improve the understanding and explanation of the relationship between bureaucracy and performance. One of the main theoretical gaps is the integration and synthesis of the different perspectives and approaches on bureaucracy and performance. There are different perspectives and approaches on bureaucracy and performance in the literature, such as the rationalist, the institutionalist, and the representative, and the quantitative, the qualitative, and the mixed, which may have different assumptions, arguments, and evidence, and which may complement or contradict each other. For example, the rationalist and



quantitative approach may emphasize the positive and causal relationship between bureaucracy and performance, while the institutionalist and qualitative approach may stress the negative and contingent relationship between bureaucracy and performance. A more integrated and synthetic approach may provide a more comprehensive and balanced analysis of the relationship between bureaucracy and performance. Another theoretical gap is the extension and application of the existing theories and models on bureaucracy and performance. There are some existing theories and models on bureaucracy and performance in the literature, such as Weber's rational-legal model, neo-institutional theory, and representative bureaucracy, which may have some limitations and shortcomings, and which may need some revisions and adaptations. For example, Weber's rational-legal model may be too idealistic and unrealistic, neo-institutional theory may be too deterministic and pessimistic, and representative bureaucracy may be too normative and optimistic. A more extended and applied theory or model may provide a more realistic and pragmatic analysis of the relationship between bureaucracy and performance.

## 7. CONCLUSION

This review has examined the impact of bureaucracy on organizational performance in the public sector by reviewing the theoretical and empirical literature on the relationship between bureaucracy and performance and by analyzing the strengths and limitations of the existing knowledge. It has also provided some recommendations and implications for improving public organizations' bureaucratic structure and operation. The main findings and conclusions of the review are as follows:

- a. Bureaucracy is a complex and multifaceted phenomenon that has different dimensions, levels, and methods of measurement;
- b. Performance is a diverse and multidimensional phenomenon that has different indicators, aspects, and methods of measurement;
- c. Bureaucracy and performance have a mixed and contingent relationship that depends on the context and the situation;
- d. Bureaucracy and performance have a complex and interactive relationship that involves the causes and effects, the opportunities and constraints, and the

actions and reactions of the organization and its members;

- e. The existing literature on bureaucracy and performance has some methodological issues and challenges, such as the definition and measurement of bureaucracy and performance and the causality and directionality of the relationship between bureaucracy and performance;
- f. The existing literature on bureaucracy and performance has some contextual factors and variations, such as the type and sector of the organization, the time and place of the organization; and
- g. The existing literature on bureaucracy and performance has some theoretical gaps and directions for future research, such as the integration and synthesis of the different perspectives and approaches on bureaucracy and performance, and the extension and application of the existing theories and models on bureaucracy and performance.

The main recommendations and implications of the review are that public organizations should:

- a. Adopt a more comprehensive and balanced approach to bureaucracy and performance, which considers the advantages and disadvantages, the trade-offs and balances, and the complementarities and contradictions between bureaucracy and performance;
- b. Adapt and modify their bureaucratic structure and operation according to their specific needs and goals and to the changing environment and demands, by introducing reforms and innovations, such as decentralization, delegation, participation, and performance management;
- c. Enhance and promote their representative bureaucracy, which reflects the diversity and interests of the society and the citizens that they serve, by increasing the representation and participation of the disadvantaged and minority groups, and by influencing the policies and outcomes in favor of their constituencies; and
- d. Improve and evaluate their bureaucratic performance, which achieves their goals and objectives, such as efficiency, effectiveness, quality, innovation, satisfaction, and equity,

by using different indicators, aspects, and methods of measurement and by involving different stakeholders, such as the government, the public, the employees, and the managers. It is important to note that bureaucracy and performance are not mutually exclusive or incompatible but mutually dependent and interrelated and that bureaucracy and performance can be improved and enhanced by the actions of public organizations and their members.

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