

Reading 4

Why bureaucracy no longer works

G. Pinchot and E. Pinchot

Notes

McLagan and Nel (as well as the Department of Education's 'Changing management to manage change' report) suggest that various kinds of societal changes are making it necessary to change the way we run organizations such as businesses and schools. Both readings suggest that a move from hierarchical and authoritarian structures towards flatter and more participative organizational styles is a key change. They also argue that 'new' organizations need to be more flexible so they are able to respond to the rapid change that will become the norm in contemporary South African society (and the world).

Pinchot and Pinchot take this argument further. They show how society is changing, then argue how and why organizations should restructure in order to play a meaningful role in this society.

Reading Changes in society and the nature of work

(...) *The fully developed bureaucratic mechanism compares with other organizations exactly as does the machine with non-mechanical modes of production. Precision, speed, unambiguity, knowledge of the files, continuity, strict subordination, reduction of friction and of material and personal costs – these are raised to the optimum in the strictly bureaucratic administration (Max Weber in Mommsen, 1989:113).*

unambiguity: no possible confusion of meanings

The world no longer needs the machine-like organizations that bureaucracy produces. The challenges of our times call for lively, intelligent organizations. Bureaucracy was efficient for certain kinds of repetitive tasks that characterized the early Industrial Revolution. It no longer works

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so well, because its rules and procedures are often diametrically opposed to the principles needed for workers to take the next step toward greater organizational intelligence. These principles include:

- more responsibility to define and direct one’s own job;
- more responsibility to co-ordinate with others;
- a shift in authority from one’s boss to one’s ‘customers’.

diametrically opposed to:
quite the opposite of

Table 4.1 The changing nature of work

From	To
Unskilled work	→ Knowledge work
Meaningless repetitive tasks	→ Innovation and caring
Individual work	→ Teamwork
Functional-based work	→ Project-based work
Single-skilled	→ Multi-skilled
Power of bosses	→ Power of customers
Co-ordination from above	→ Co-ordination among peers

From unskilled work to knowledge work

We no longer need many unskilled assembly-line workers; increasingly new jobs in factories involve technical knowledge and training. What is more, fewer and fewer jobs in a manufacturing organization are in ‘production’. Most ‘manufacturing’ jobs are in functions such as marketing, design, process engineering, technical analysis, accounting, and management, which require professional expertise and mastery of a large body of knowledge. This same trend toward more *knowledge workers* is present in service industries, not-for-profit organizations (NGOs), and in government. (...)

The very nature of knowledge work, which involves *information gathering, imagination, experiment, discovery, and integration of new knowledge with larger systems*, means that bosses cannot order knowledge workers about like assembly-line workers. If knowledge workers are any good at all, they soon learn more about what they are doing on a specific project than their boss. Knowledge work inherently has a large component of *self-direction* and *teamwork* and is hampered by remote control from distant bosses. As we move beyond bureaucracy, we will find ways to organize so that all work is knowledge work, bringing everyone’s intelligence and collaborative abilities to bear on constantly changing ways of achieving shared goals.

elicit: to draw out, to discover or bring to light

From repetitive tasks to innovation and caring

Since the passing of craft production, management has been responsible for organizing people to work efficiently at narrow, boring jobs. This has meant that the managerial role was as much to limit the intelligence and potential of employees as it was to **elicit** talent. Now the mindless repetitive jobs that bureaucracies were designed to manage are rapidly disappearing. Machines do more of the routine work, and the work that is left requires initiative and flexibility. As a result, the job of leaders is to bring out people's talents around a common vision.

What sort of work will be left as machines get smarter? What do people do so much better than machines that it will provide human work for the foreseeable future? People are much better than machines at **innovating**, at **seeing new possibilities within fluid and imperfectly defined systems**, and at **knowing what to do**. (...)

Another apparently irreplaceable human talent is **caring**. As more work becomes service work, caring about and for others becomes increasingly important. People do not generally sue doctors just because they make a mistake. They sue them because they make a mistake and relate to patients in a way that says they do not care. Good salespeople keep customers because the customers can sense that they genuinely care. Good entrepreneurs are able to break through barriers within the organization when others sense that they care more about the result than about personal success. (...) Leaders elicit commitment when their people sense that they care about them, the group's success, and their mutual contributions.

The rules of bureaucracy forbid caring and, in particular, acting on the basis of the inner values one holds dear rather than out of strict obedience and loyalty to the boss. We find no examples of innovation where the entrepreneur did not break some bureaucratic rules. Most often the entrepreneurs and team members were carried away by a passion for an idea that aligned with deeper values – that promised at least in some small way a better world. (...) Caring, like innovation, must come from the inside. We cannot **order** people to innovate or to care. We also cannot **order** people to use their intelligence. People engage their intelligence when they have reason to care, when they are part of something bigger than themselves and see that their wider interests are served by the work at hand. Bureaucracy is too autocratic and rule-driven to motivate and manage the intelligence that is brought to innovation and caring. Creativity and connecting with others require engaged relationships, personal responsibility, and flexible thinking and acting. Thus, as the rules of bureaucracy block both innovation and caring, they block the essence of modern work.

Toffler pointed out in *The Third Wave (1980: 45)* that **universal public education** had the purpose of teaching obedience, punctuality, and the ability to sit still a long time and do mindless, repetitive work. In the early industrial era the ability to endure boredom was a key survival skill.

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universal public education: the provision of schooling for all children (in a society)

Although education has improved a bit, bureaucracies have done little to prepare the average worker for the innovation, teamwork, and caring that constitute much of modern work. (...) We need education systems today that preserve 'childlike' curiosity and give practice in teamwork, initiative, and collaborative responsibility. Many of our current practices in education not only block innovation, they also blunt one's ability to care, to engage heart and mind in one's work. People who act on what they care about jump out of their seats. They fail to follow the lesson plan, and ask too many questions. They help fellow students rather than maximizing their own grades. Many schools are getting better at teaching children to care about one another and to treat one another with respect, but still follow the bureaucratic model in the way both teachers and students are treated. In other words, they are forced to measure up to defined procedures rather than pursue goals with creative innovations, evaluated on individual performance instead of teamwork and collaboration, taught compliance rather than participative self-management and democratic processes.

From individual work to teamwork

Bureaucracy replaces the natural ability of humans to find ways to work together with the more sterile discipline of the chain of command. It is not rich and lively enough for today's fast-paced changes and challenges. Virtually every recent management innovation that works relies in part on the power of teams. A 'Total Quality' programme gives power to teams to examine processes and make them work better, a task that until recently belonged exclusively to managers. Because knowledge workers cannot produce much of value alone, their work takes them across organizational boundaries to search for integrated information. In re-engineering, case teams replace isolated functions. In manufacturing, ordinary workers take responsibility for the whole and go for help whenever trouble shows up. (...) Organizations become more intelligent when they find ways to bring the intelligence of every member into supporting the purpose and goals of the organization.

From functional work to project work

As knowledge workers shift from static jobs to solving a series of problems or seizing opportunities, they do so in work organized as **projects**. Each project in this complex world generally requires a cross-disciplinary team. These teams then learn together as the project evolves. Soon, their bosses in the functions they 'report' to become too distant from the work to manage the decisions for the teams. As a consequence, control shifts from the functional organization of bureaucracy to project teams.

Specialization will continue to be a critical part of every complex organization. But because of the interconnection of issues in a complex world, more and more work will involve integrating the viewpoints and activities of specialists, and less and less will be performing tasks com-

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pletely within those specialties. As a result, each employee will have to be both a specialist and a generalist. (...)

Managers cannot bring out the intelligence of everyone in the organization if they pretend they can do better thinking in a few hours than a project team that has wrestled with the problem for months. Instead of issuing arbitrary orders, they need to raise concerns and trust the project team to find a way of handling them that integrates with all the other issues guiding the design. Paradoxically, as issues become more complex and specialties more differentiated, it becomes increasingly necessary for teams of diverse specialists to themselves integrate their work with the work of other teams. Management can never understand all the trade-offs and creative solutions that get the team where it is. Heavy-handed intervention leads to inconsistencies – or worse. In an intelligent organization, participation is widespread to help expose all the issues as early as possible. Individuals with multiple skills are brought together to cover more viewpoints in a team of manageable size, and the team does its work guided by feedback, not commands.

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From single-skilled to multi-skilled

(...) No system can exist without being able to provide reserve capacity when something does not exactly follow the plan. Bureaucracy gets its margin of safety from extra bodies. If extra work of one kind appears because customers ordered a different mix of products than expected, a bureaucracy has extra workers of that exact type waiting in the wings, or it falls short of meeting the orders. The same situation arises if someone is sick: another ‘identical’ worker needs to be waiting to do the job. This system of narrowly defined skills and extra bodies is expensive and inflexible. In a typical multi-skilling programme, responsibility shifts to teams, and employees get raises for each new skill they acquire. At Lechmere (*Denton, 1992: 19*), a twenty-seven-store American retailer, cashiers get pay raises by learning to sell products, and sporting goods staff get raises by learning to operate the forklift. With a multi-skilled workforce, when bottlenecks appear, whether through absenteeism or a sudden rush of one kind of work, someone can step in and get things moving.

Bureaucratic relationships between organized labour and management prevent multi-skilling by adherence to numerous contractually defined job classifications. Unions today do well to negotiate for more training and education to make members more widely employable. (...)

From the power of bosses to the power of customers

For an organization to be responsive, customers’ wishes have to have a strong influence on the people doing the work. Relaying this sort of information through bosses is too slow – and besides, they may not be there to hear what customers want.

This sort of thinking applies to internal customers or ‘users’ of a unit’s

output as much as to external customers. In a rapidly changing world, if internal customers cannot get what they need promptly and flexibly, the system will not be able to serve external clients promptly and flexibly. Freedom of choice between alternative suppliers gives users of internal services the power enjoyed by real customers – the power to say ‘no’ to one and ‘yes’ to another. Once internal customers have this power, the attention of those internal suppliers shifts from pleasing their bosses to winning customers. If they have customers, the boss can be pleased; without customers, they had better find new work.

From ‘co-ordination from above’ to ‘co-ordination among peers’

Clearly, new systems of co-ordination and control are needed. In a bureaucratic system, employees are not responsible for co-ordinating their work with others at their level; that is their boss’s job. They need not think about the big picture beyond doing their speciality well – to do so would be *presumptuous*. It is the job of senior management to figure out how it all fits together, so *cross-functional concerns* are referred up to a level of management that can resolve them. When co-ordination is the boss’s job, cross-functional or horizontal communication with one’s peers is frowned upon as either a waste of time or a *usurpation* of the boss’s authority.

In post-bureaucratic organizations, most of the co-ordination between functions and even businesses is done by teams. In 1988, AT&T (*Denton, 1992: 49*) needed to cut in half the product development time for cordless phones. The old product development system was a series of hand-offs from the research and development office to manufacturing to marketing to sales. They formed teams that included people from each of these functions and gave the teams authority to make decisions about almost everything except their deadline: they would be finished in one year. Rather than wrestle with the bureaucracy, the teams worked together as entrepreneurial generalists.

They did market research, decided how much each product should cost, what its features would be, what it should look like, and how it should work. The result: half the development time, better quality, lower cost.

Reality has become so complex and multi-dimensional that there is no way of dividing the organization into chains of command that will work for all aspects of the challenges faced. As a result, integration is achieved through peer-level cross-organizational communication rather than through the hierarchy. Huge volumes of cross-functional communication are needed because every important process crosses the boundaries of the organization. The general manager does not have time enough in the day just to relay communications; the process is not fast enough. Besides, as you may remember from the childhood game of ‘telephone’, in which a verbal message is whispered from person to person down a

presumptuous: taking too much on themselves, acting above what is appropriate for their position in the hierarchy

cross-functional concerns: matters that are broader in scope than the area of specialization associated with one particular function or position in the organization

usurpation: taking over

long line of kids, communications replayed through too many humans get garbled. In the intelligent organization, communications whenever possible are direct, without intermediaries.

In the industrial era, the large-scale but stable means of production pushed us toward distant, formal, and unequal relationships at work. Today, our complex and intelligence-intensive tasks push us toward relationships that are close, open, honest, and more nearly equal. Because 'organization' is about how we structure our relationships, these new realities will completely change our ideas about methods and patterns of organization. The nature of work in modern high-tech workplaces calls on people in many positions in the organization to take responsibility for processes and services that intimately affect the customer and the wider community. Even in small service businesses and government agencies, the goods and services produced are knowledge- and information-intensive by virtue of the skills and intelligence of the people with their hands on the work processes. When a medical unit delivers life-saving help to patients, its members must intelligently apply hundreds of technical instruments, drugs, and procedures to a variety of unique customers – and learn anew as the knowledge and technology are continually updated. This is as true of the technicians as the physicians. What works in a society of knowledge workers will be completely different from what worked before.

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Table 4.2 Revolutionary change in the structure of our relationships

What bureaucracy is	Why it once triumphed	Why it fails now	What replaces it
Hierarchical chain of command	<ul style="list-style-type: none"> • Brought simple large-scale order • Bosses brought order by dominating subordinates 	<ul style="list-style-type: none"> • Cannot handle complexity • Domination not best way to get organization intelligence 	<ul style="list-style-type: none"> • Visions and values • Teams (self-managing) • Lateral co-ordination • Informal networks • Choice • Free enterprise
Specialization	<ul style="list-style-type: none"> • Produced efficiency through division of labour 	<ul style="list-style-type: none"> • Does not provide intensive cross-functional communication and continual peer-level co-ordination 	<ul style="list-style-type: none"> • Multi-skilling specialists and entrepreneuring
Organization by function	<ul style="list-style-type: none"> • Focused intelligence 		<ul style="list-style-type: none"> • Organization in market-mediated networks
Uniform rules	<ul style="list-style-type: none"> • Created a sense of fairness • Clearly established power of bosses 	<ul style="list-style-type: none"> • Still need rules, but need different rules 	<ul style="list-style-type: none"> • Guaranteed rights • Institutions of freedom and community
Standard procedures	<ul style="list-style-type: none"> • Provided crude organizational memory • Able to use unskilled workers • Overcame old ways 	<ul style="list-style-type: none"> • Responds slowly to change • Does not deal well with complexity • Does not foster interconnection 	<ul style="list-style-type: none"> • Self-direction and self-management • Force of the market and ethical community
A career of advancing up the ladder	<ul style="list-style-type: none"> • Bought loyalty • Furnished continuity of elite class of managers and professionals 	<ul style="list-style-type: none"> • Fewer managers needed and more educated workforce expects promotions; therefore, not enough room for advancement 	<ul style="list-style-type: none"> • A career of growing competence • A growing network to get more done • More pay for more capabilities
Impersonal relations	<ul style="list-style-type: none"> • Reduced force of nepotism • Helped leaders enforce tough discipline and make tough decisions 	<ul style="list-style-type: none"> • Information-intensive jobs require in-depth relationships 	<ul style="list-style-type: none"> • Strong whole-person relationships • Options and alternatives • Strong drive for results
Co-ordination from above	<ul style="list-style-type: none"> • Provided direction for unskilled workers • Furnished strong supervision required by rapid turnover in boring jobs 	<ul style="list-style-type: none"> • Educated employees are ready for self-management 	<ul style="list-style-type: none"> • Self-managing teams • Lateral communications and collaboration

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