Discussion on the Pros and Cons of Post-Bureaucratic Approach Towards Managing Contemporary Organisations

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Abstract: Influenced by increasingly changed world context, some scholars argued the traditional bureaucratic form of organization is no longer applicable. On the contrary, there is an opposite hypothesis refers as post-bureaucracy, which attempts on an new organizational form that operates beyond the existence of rules, principles and hierarchies. Through learning from the experience of Netflix, it states that post-bureaucracy will contribute to the long-term sustainability, lower operational cost and a higher performance outcomes. Nevertheless, Wildfire's situation illustrate that with the increase in company scales and complication, post-bureaucracy will bring poor responsibility distribution, reluctant to communication, lack of formalization and problematic decision making. From bureaucracy to post-bureaucracy, it is more important for organisations to treat this choice as a matter of degree rather than of kind.

Keywords: Pros; Cons; Post-Bureaucracy; Degree

1. Introduction

Among the enormous studies, Max Weber, addressing the essential and the fundamental factors for organizations. He demonstrates that high efficient organization can be formed with a strong reliance on rationality and legalism (Hall, 1963). However, influenced by increasingly changed world context, it is argued the traditional bureaucratic form of organization is no longer applicable. Thus, there is an emergence of other forms of organizational structures to adapt to the contemporary management context. Contrary to the Weber's ideal bureaucracy theory, Harris, (1994) proposes another term as ideal post-bureaucracy. He tries to hypothesize an organizational form that operates beyond the existence of rules, principles and hierarchies. Post-bureaucracy is also a pure ideal system without deliberating the practices in real-life. Ideal theories often work as the direction for the research, hence, post-bureaucracy also provokes a wide discussion about the pros and cons as bureaucracy did (Rapolienė and Jakubė, 2015).This study aims at illustrating the advantages and disadvantages of post-bureaucracy based on two case studies of Netflix and Wildfire, to illustrate the contributions and issues that brought by post-bureaucracy management approach respectively.

2. Discussion on Pros- Lessons from Netflix

This section will take Netflix as an example to show the pros of taking post-bureaucratic organizational form. Beneficial from the culture that emphasize performance, freedom and responsibility, Netflix is able to continuously growth in the fierce competence environment with very low cost operation cost and labours with best performance.

2.1 Netflix & Netflix Culture

Netflix was established in 1997, making profit for online movie rentals business. After setting foot in streaming media scope in 2007, Netflix has now become available in worldwide. Netflix is proud of its long been famous culture slides which emphasizing performance, freedom and responsibility. Addressing from the Netflix culture slides, it is clear that company distribute the authority to its employee, because it believes their employees are equipped with capabilities of judgment, communication, innovation and other abilities. Based on this trust, Netflix keeps minimize rules of control. Employees in Netflix are free to choose salary, risk tolerance, unlimited vacation. Even the only control for expenses is "act in Netflix's best interest" (Mccord, 2014). The growth of Netflix relies on its organizational culture, which provides evidence for the pros of post-bureaucratic organization.

2.2 Long-term Sustainability

Netflix culture contributes to its sustainability through flexibility and shared value. Firstly, the flexibility of Netflix contributes to the speed of responding to the disruptive technology innovations in the beginning. As a result, Netflix was able to catch following opportunities to ensure its sustainability. Start working as a movie rental services provider, Netflix did not fall into the trap of finding more distribution channels. It senses the rapid development of digital technology. Instead of engaged in current mature market, Netflix involved in business transformation to find a new model for the new market. Secondly, the shared value inside the company allows Netflix's employee to link their activities with organizational interests (Reeves, et al., 2012). Thus, even with the increase of organization size and business complexity, Netflix still holds the ability to identify the opportunity and step forward collectively. Afterwards, Netflix also successfully launched several original series to participate in the content market competition (Cloudnames, 2017).

2.3 Lower Operation Cost

Netflix freedom culture increases the efficiency of internal communication and the speed of decision making, so that decrease the total operation cost. In terms of accelerating decision making and reducing operation cost, communication, companies now have a tendency to replace the hierarchies constrains with an autonomy response mechanisms by eliminating the hierarchies waste and empowering employees to make decisions. (Johnson, Wood, Brewster and Brookes, 2009). For example, the "act in Netflix's best interests" rule reduces the time and money spends on policy making and labour's behaviour supervision. Besides, the simplified organization operation process also facilitates the efficiency of internal communication. Communication is regarded as the most essential element in the organization as it is the foundation of other elements (Dias and Vaughn, 2006). This transparent communication allows employees to clearly understand the strategy, and then identify the performance, outcomes of current company so that set the priority of their activities (McCord, 2014).

2.4 Higher Performance Outcomes

Netflix's high company performance is attributed to not only the freedom working context, but also the compulsive performance requirements. On the one hand, research shows without being occupied by regulations, employees are more likely to be motivated by decision making authority and the mutual trust (Johnson,Wood, Brewster & Brookes, 2009). The founder of Netflix Patty McCord (2014) has critiqued about waste cost of management in other companies. He believes 97% of the employees in contemporary world have the ability to do the right thing. However, most firms still pay useless effort for the rest 3% of potential risks. Netflix believes the waste effort on inefficient policies making will confusing the talented employees. On the other hand, higher responsibilities are also required. Netflix offers the highest salary for their employees, and it also provides no limit equity compensation. The high compensation could be obtained with a expense of fierce internal competition, as Netflix would eliminate 10% of total employees every year to guarantee the outcomes. Without consideration of labour loyalty, performance is the only criteria (Mccord, 2014). Thus, the externalized human resource management also keep refreshing the vitality of the whole organization.

3. Discussion Cons- Lessons from Wildfire

This section will take Wildfire Entertainment as case study to evaluate the disadvantages of post-bureaucratic organizational form. Wildfire Entertainment has been benefit from post-bureaucracy, however, with the increase of complex of business, this form of organization lead to poor responsibility distribution, employees reluctant to communication, the need for regulations and also problematic decision makings.

3.1 Wildfire Entertainment

Wildfire is a mobile game development company that was established in 2006. As a start-up developer, this post-bureaucratic organization only employed 40 people, and all of these labours worked in the same place without any rules of job description, formal principle and other policies. Just as what mentioned in the Netflix, Wildfire also benefit a lot from this post-bureaucratic organizational structure. This informal and agile organization helps the company to sense the opportunity in the game app playing on smart phones. The whole team are committed and responsible for the product developing, which is also the core business of the company. The very simple flat structure also contributes to the problem solving and resolving speed through smooth communication process. Thus, Wildfire continuously launched creative products without delay, and also running the company at very low expense. However, with the development to various portable devices, there is a demand to launch different compatible game versions that allows users could smoothly play the game on switching devices. Besides, the quality of game image is also required to improve. Issues are emerging in a short term with the increasing complexity of the company (Galunic and Tierney, 2015).

3.2 Poor Responsibility Distribution

An increasing number of scholars suggest that the proliferation of post-bureaucracy will lead to ambiguous logic of organizational control (Clegg, Harris and Höpfl, 2011). Post-bureaucracy tends to distribute responsibility through shared value and individual's automation. However, with the development of scale and complexity of organization, there are more employees responsible for the homogenous job. The need for coordination, compromise and dedication of every member is also increased. Without clear formal principles inside Wildfire, many old employees choose to leave the chaos as some of them felt frustrated on the overlapping workload. Besides, this simple structure organization contains only two flat but hundreds of employees, they could not achieve a promotion (Galunic and Tierney, 2015).

3.3 Reluctant to Communication

Apart from job description, the increase in complexity also ruins the positivity of internal communication. In the contemporary organization, the communication process is not only achieved vertically, but also emphasizes the one between horizontal functional departments. Despite the transparency communication inside the company will increase the autonomous right of employees, yet, recent researches shows informal organization, especially in large ones, labours are tend to be reluctant to communicate. Thus, the uneven contribution to the organization finally weakens the enthusiasm of employees who are high engaged (Torsteinsen, 2012). The increasing scale of the organization also brings the employees with different background. This diversity inside the organization increase the communicate difficulties even between the employees who are responsible for homogenous job. Thus, it is a formal or a quasi-formal will be helpful to guarantee the communication and response .

3.4 The Need for Formalization

Wildfire is no longer a game developer, but a whole entity with several functions. The informal structure failed at dealing with large-scale tasks, the demand for production quality supervisor and the need for financial accountability (Torsteinsen, 2012). The informal organizational structure suggested by post-bureaucracy is hard to connect with formal structure. Especially when there are some urgent issues happens between these two structural fields, they will be ignored by all the individuals. This gap must be filled with formalized regulations (McEvily, Soda and Tortoriello, 2014). Therefore, the formalization will help the company to arrange tasks and avoid responsibility omission.

3.5 Problematic Decision Making

With regard to the decision making process, the post-bureaucratic organization also falls into ambivalent situation. Employees in Wildfire are required to work on more than one task so that they do not have time to response to decision making. Without job guidelines, everyone in the organization is supposed to react to problems every day. Investors and funders become puzzled about its long-term planning issues and other deficiency of accountability. On the one hand, the large organization faces with enormous information, and it is increasingly difficult to guarantee the availability for every individuals. Besides, decision making is also time and resource consuming (Walton, 2005). Consequently, the top-down ideas deliver and bottom-up feedback process is slowing down (Torsteinsen, 2012). On the other hand, functional organization increase the specialization of employees, thus, there is a need to increase the hierarchy to share the work-related decision making. Additionally, decisions in complex organization include both work-related and long-term strategic ones.

4. Conclusion

To sum up, the Netflix case shows post-bureaucracy will contribute to the long-term sustainability, lower operational cost and a higher performance outcomes. Post-bureaucracy seems offers organization a better ability for an organization to adapt to external changes. The decentralization and communication increase the efficiency and effectiveness of decision making. Nevertheless, Wildfire's situation illustrate that although the company benefited from post-bureaucratic organizational form in their early time, the chaos in Wildfire happens with the increase in company scales and complication shows the dysfunction issues of post-bureaucracy. Post-bureaucracy will bring poor responsibility distribution, reluctant to communication, lack of formalization and problematic decision making.

Contemporary companies are actually devoted in finding a proper degree of organization between the bureaucracy and post-bureaucracy. Since technology is regarded as a vital factor that influences the contemporary organizational restructure process, there is a degree for organizations to decide how to combine the technology with organization coherently in an open-endless organizational structure. It turns out that most contemporary organization choose a trade-off between control and free, centralization and decentralization, self-discipline and restricted regulations. The efficient organizations usually have similar degree of bureaucracy, while inefficient organizations are act in its own way (Clegg, Harris and Höpfl , 2011).

Weber's bureaucracy as an ideal provides a paradigm in his era, for organizations to form the structure that operate efficiently as it chases the optimize production with least sources waste (Johnson,Wood, Brewster & Brookes, 2009). In spite of the critiques on its idealistic assumptions, some scholars still believe that any size of organizations are using bureaucratic, with different extents. Like what Hall (1963: 37) said in his research: "bureaucracy in general may be viewed as a matter of degree, rather than of kind". As bureaucracy and post-bureaucracy theory are ideal forms, either polarizing choices will lead to paradoxes (Koivumäki and Pyöriä, 2012). For the future research, it is reasonable to combine the theory with practices and investigate the modest theory like bureaucracy-lite or neo-bureaucracy.

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