

# Bureaucracy Transformation to Address Globalisation Challenges

**Hidayat**, Universitas Nurtanio Bandung, Jl. Pajajaran No. 219 Lanud Husein S. Bandung 40174, West Java, Indonesia, Email: [hidayat\\_dr@ymail.com](mailto:hidayat_dr@ymail.com) & [hidayat.dr@unnur.ac.id](mailto:hidayat.dr@unnur.ac.id)

Transformation is a pre-requisite for all layers of society to survive any global and internal challenges. Despite being the most critical, bureaucratic transformation should not be conducted only at the structural level as the transformation should apply holistically. It should start with the readjustment of a mindset that improves the clarity of organisational vision and mission, followed by the strengthening and renewal of organisational work. Bureaucratic transformation must simultaneously apply four steps: reframing, restructuring, revitalisation, and renewal, to cope with globalisation. In this era, investment and trade liberalisation positively trigger countries to produce the best goods and services to attract global markets. To have competitive products and gain market trust, enterprises need to meet the performance requirements in terms of time, cost, responsiveness, product line, and quality. Driving institutions to meet the requirements and increasing their competitive performances are the positive effect of investment liberalisation and free trade.

**Key words:** *Transformation, bureaucracy, globalisation.*

## Introduction

Currently, the main challenge of management in the private and public sectors is transformation. A book popular in Indonesia entitled 'Reinventing Government' by Osborne and Gaebler (1992) include 'How the entrepreneurial spirit is transforming the public sector' as the sub-title underlines the importance of 'entrepreneurial bureaucracy.' This sub-title can also translate into "How the entrepreneurial spirit transforms public sectors."

All layers of society are required to transform to survive the global and internal challenges. The fall of the Berlin Wall and Uni Soviet, for instance, shifted the paradigms of all aspects, including in politics and economy. Paradigm shifts are mainly driven by science and technology development, followed by the abandonment of long-held established paradigms.

Bureaucracy based on established thoughts (Weber, 1946) hold onto the following principles: (1) fixed and official jurisdictional areas, (2) office hierarchy and of levels of graded authority, (3) management of the modern office based upon written documents, (4) office management, especially distinctly specialised modern office management, usually presupposes thorough and expert training, (5) official activity demanding the full working capacity of the official, and (6) management following the stable, exhaustive, learnable general rules.

Some of Weber's ideal principles of bureaucracy have been shifted. The first principle, aimed at preventing overlapping between main tasks and function, cannot apply effectively in Indonesia. For instance, to realise systematic land registration preparation, the fee waiver program for society requires a joint decision letter from the Minister of Agrarian Affairs and Spatial Planning/National Land Agency, the Minister of Home Affairs, and the Minister of Village, Development of Disadvantaged Regions and Transmigration. The reason for such a policy is expectedly the need for inter-sectoral coordination to avoid sectoral conflicts that disturb the harmony.

The second principle pertained to the hierarchy of positions and levels of authority, are supported by an echelon based structural positions and career planning policy regulations: Government Regulation No. 14/1994; Government Regulation No. 15/1994; Government Regulation No. 16/1994, Government Regulation No. 100/2000; and Government Regulation No. 13/2002. This policy has become a target of many critics as it generates negative excess due to high economic costs. Moreover, the third principle's application is hindered by fraudulence, such as the issuance of fake certificates and diplomas. The fourth principle, the requirements to master the discipline and possess special skills to hold positions, is intervened by nepotism. The fifth principle has not been effectively applied as the higher the bureaucrat's position is, the more commonly he/she holds another political position, such as the chairman of a party. Lastly, the sixth principle has not been practised effectively as many general rules are violated.

This study discusses conceptually the ideal conduct of bureaucratic transformation (public sectors) that is peaceful and free from interventions. That peaceful transformation is well-known as reformation (reform: to rearrange, to fix, to change).

## **Literature Review**

Rantepadang (2013) states that bureaucracy is rooted in two words, namely bureau (table) and cracy (rules/authority). Ndraha (2003) suggests three definitions of bureaucracy. First, bureaucracy is defined as "Government by bureaus," a bureau governing by apparatus appointed by authorities, government, or superiors in a formal organisation, both public and private. Second, bureaucracy is defined as government behaviours that are rigid, slow, complicated, and other generally negative behaviours associated with institutions in power.

Third, bureaucracy is defined as an ideal form of organisation. Furthermore, Sedamayanti (2019) states that bureaucracy is a governing system run by civil servants according to laws and regulations. Hegel in Sulistio and Budi (2009) state that bureaucracy is an institution with an organic position that is socially neutral and functions to connect the country manifesting public affairs and civilians representing personal affairs in society. In a similar vein, Sulistio and Budi (2009) suggest that bureaucracy is the entire governmental apparatus, both civilian and military, tasked to support the government (to give public services) and entitled to receive a salary from the government.

Setiyono (2004) states that bureaucracy is the powerhouse of a country. It consists of individuals (officers) paid and assigned by the government to consult and implement its political policy. Santoso (1997) defines bureaucracy as the entire governmental organisation that conducts national tasks through various governmental organisational units under departmental and non-departmental organisations in different levels of governments, including province, regency, district, and village. In a similar vein, Pasong (2019) suggests that bureaucracy is a governmental institution that conducts governmental service at central and regional levels.

In daily life, bureaucracy is often defined as follows (Albrow in Zauhar, 1996):

- 1) Bureaucracy is a rational organisation that conducts its activity rationally. Rationality is the main reference of its action.
- 2) Bureaucracy is regulations followed by officers to provide public services. The regulations are made to ease the service provision.
- 3) Bureaucracy is a waste of time, energy, budget, and other resources conducted by an organisation. The aims of bureaucracy to provide efficient services tend to backfire, making the process inefficient and aggravating.
- 4) Bureaucracy, as public administration process, is the management and optimisation of public resources. The role of bureaucracy as an element of public administration that aims to provide effective, efficient, and rational services needs to be underlined.
- 5) Bureaucracy is an administrative process conducted by employees. This definition is quite similar to the previous point.
- 6) Bureaucracy is an organisation that has clear formal structures and regulations. Bureaucracy as a cooperative organisation means that it has a) a well-organized working system that regulates members' authorities, tasks, responsibilities that encourage effective cooperation; b) a task assignment system based on employees' field of expertise; c) a planned cooperation system assigning certain roles to all members.

- 7) Bureaucracy is an indication of modern society that desires to achieve law and order by creating a formal institution to manage misbehaviours.

Arifah (2020) states that modern governmental transformation incorporating information and communication technology into the bureaucratic system is not easy. Transformation in this concept requires the rearrangement of bureaucratic genes that are the powerhouse of an organisation. The rearrangement consists of four dimensions, known as 4R, namely, Reframing, Restructuring, Revitalisation, and Renewal (Gouillart and Kelly, 1995). These four dimensions of bureaucracy need to be rearranged simultaneously to address the globalisation challenges effectively. Lyman (2000) defines globalisation as the rapid growth of interdependency and connection in the world of trade and finance. Furthermore, Scholte (2005) suggests that some of the keywords referring to globalisation are: (i) Internationalisation, interpreted as an increase in international relations activities. However, each country retains its identity; it becomes increasingly dependent on one another. (ii) Liberalisation, defined as the decline of a country's borders. (iii) Universalisation, the spread of material and immaterial worldwide. (iv) Westernisation, a form of universalisation in which the spread of culture and ways of thinking are increasingly globalised. (v) Transplanetary and supraterrestrial relations, meaning that the global world has its ontology, not just a combination of various States.

## **Methodology**

This research employs document analysis, which according to Bowen (2009), is a systematic investigation to reveal the meaning of a document. This method investigates several aspects such as literal meaning, themes, and forms (Wood, Sebar, & Vecchio, 2020).

Iswahyudi et al. (2020) explain that documents containing manuscripts, writing, and figures have to be recorded without researcher intervention. In this research, the documents analysed were books, journals, online news, press releases, and experts' judgments. The document analysis procedures (Wood, Sebar, and Vecchio, 2020) are as follows: (1) collecting preliminary documents based on the objectives and relevance of the research; (2) open coding data with identity based on the discussed topics; (3) theoretical coding, categorising data based on themes and concepts; (4) building coherent narration connecting themes on data and literature.

## **Discussion**

### **Global Competitive Era**

Investment and trade liberalisation positively triggers nations to provide the best goods and services to attract the global market. This meritocratic era, where all economic stakeholders

can compete to give the best goods and services for the market, marks the end of the Cold War. Performance requirements pertained to time, cost, responsiveness, service, product line, and quality are required to enter the global competition (Gouillart & Kelly, 1995). The further explanation of those performance requirements are as follows:

1. Time is the main indicator of activities performances, both in the private and public sectors. Time is the highest stake to put on the delivery system of goods and services. Delays can mean losing opportunities, while earlier delivery can lead to receivers' unpreparedness to process the goods or services. Time decides if products are up-to-date or out-of-date. In a bureaucratic context, for instance, in terms of ID card issuance, time determines if judicial punishments should be imposed or not. If the ID card issuance takes more than six months, imposing judicial punishments on citizens not possessing ID cards is unfair as they are the victims of bureaucracy's slow works.
2. Cost is a vital element to determine an institutions' performance as the competitiveness of goods and services is closely related to cost efficiency. The presence of bureaucracy will be abandoned if it is costly. This high cost can encourage the growth of external bureau, illegal activities, and criminality.
3. Responsiveness determined an institution/body's adaptability towards the environmental changes that are volatile internally and externally. According to Nonaka and Takeuchi (1995), institutions/bodies have been "becoming increasingly numb and blind to changes taking place around them." This tendency makes institutions/bodies hold onto conventional norms and principles no longer relevant to the global competitive era when there is uncertainty as turbulent situations frequently occur. As norms and standards can change abruptly, institutions/bodies slow to respond to the changes can have low survival rates.
4. Service is related to various aspects such as procedure, time, quantity, quality, and accessibility. Bureaucracy is tightly tied to public service. Osborne and Gaebler (1992) even suggest that the institution should have the following slogan "customer-driven government: meeting needs of the customer, not the bureaucracy." This slogan is challenging to apply practically due to the bureaucrat's connection to "Sapta Prasetya KORPRI" that encourages the institution to be more rule-driven than society-driven.
5. The product line is clear in the business world. However, in public sectors, the line tends to be blurry and mixed. The clear categorisation of activities into the administrative process (such as permission) or trade is difficult. This situation can create openings for collusion and corruption that cannot be detected judicially. The issuance of building permits, land certification, modes of transport testing and retributions, market retributions, etc., tend to form loopholes creating opportunities for corruption and collusions.

6. Quality is the performance requirement that allows an institution to look different and competitive before the public as customers. Indonesian bureaucracy has not improved its performance quality as its work focuses more on authority than ability. The central and regional governments cannot enhance their bureaucratic performance as the operating core emphasises obedience to supervisors rather than creativity and initiatives.

The performance requirements, when applied, can develop the mindset of transformation in bureaucracy. This transformation will impact policy areas and require: (1) improvement of bureaucracy capacity; (2) rearrangement of office spaces; (3) the building of activity process system and technology; (4) determining efficient policy, such as whether to act as users or producers; (5) equalisation of facilities and infrastructure as the concrete forms of equality; (6) development of goods and services; and (7) production/program planning and management.

The encouragement to fulfill the six performance requirements to perform competitively is a positive effect of investment liberalisation and free trades. The failure to meet the requirements in this era can lead to a massive loss for institutions.

### **Conducting Transformation**

Transformation is an active methodology as it requires learning and changing our way of thinking and living. When people discuss juvenile delinquency and internal conflicts, a part of the transformation process has been conducted.

According to Gouillart and Kelly (1995), transformation, in any fields, including public and private bureaucracy, is "the orchestrated redesign of the genetic architecture of the corporation, achieved by working simultaneously--although at different speeds--along the four dimensions of Reframing, Restructuring, Revitalization, and Renewal." The four dimensions of transformation are explained as follows.

Reframing is a process to change the conception of 'what' and 'what could be done.' This process requires bureaucrats to think deeply and avoid simplification that can slow the bureaucratic activities. Many bureaucrats tend to simplify and see the problems only from the surfaces without considering the core or essential issues. This tendency might be encouraged by the working process oriented by budget instead of creativity and innovation. The apparatus tends to have difficulties in generating fresh ideas required to address future potential problems. Reframing opens the mindset of bureaucrats to develop ideas that become solutions for problems. New visions and working standards of bureaucrats can also change when reframing is conducted properly.

The reframing process is divided into (1) mobilisation, (2) vision creation, (3) and establishment of an operational system. Mobilisation means the collection of mental power required as inputs for the transformation process. This activity extends the motivation and commitment from the individual or divisional levels to the entire organisational level. Moreover, vision is created based on the preparation to build a better future. As this element serves as the mental framework that envisions the organisation's future, vision needs to be challenging, reflective, and significantly different from the current reality. It is a *raison d'être*, a noble objective, of an organisation. Lastly, the operational system is steps and targets determined by the boards after mobilisation and vision creation have been completed. This system encourages the new commitment of all organisation elements to unite, cooperate, and focus on the public/customer services.

Restructuring is the reinforcement process of the weakest organisational elements to meet the competitive performance standards. This process mainly pertains to companies' competitiveness, preparedness, and strength. The restructuring process also relates to speed and work culture that may lead to temporary layoffs that is an unpopular unavoidable company decision. This risk, however, can be mitigated by investment in revitalisation and renewal processes. However, many companies have been easily satisfied by fulfilling the restructuring process that serves as a temporary solution. The transformation of the company has not finished as restructuring rarely leads to long term transformation. In public sector bureaucracy, restructuring, downsizing, and reorganising have not significantly improved performance as the bureaucratic transformation is not well-planned.

In the restructuring, there are three processes to conduct: (1) economy model design, (2) physical infrastructure alignment, and (3) working process redesign. Economy model design is a systemic interpretation of values in an organisation (motivation, ideas, goals, interest) into 'money' to encourage a concrete commitment. For instance, an employee comes to offices not to fill the attendance list, but the attendance pertains to the fee/salary received. Activities in institutions/bodies should be similar in economic incentives. All restructuring activities need to lead to an income increase, although it may take another form, such as better public health.

Physical infrastructure alignment means placing all main facilities of organisations in strategic and vital positions to make the workflow effective. Companies need to ensure that each infrastructure function harmoniously and properly. The function line between staff needs to be clear to avoid overlaps and misunderstandings.

Working process redesign is the main goal of restructuring. Over attachment to established routines hinder organisations from working creatively despite the development of technology and science. The reluctance to change working methods slow the growth and adaption of companies to the changing era.

Revitalisation ignites and triggers growth by connecting the corporation body (organisation) with the environment. All individuals desire growth, but the aspects leading to growth tend to exist outside companies, making development more challenging and time-consuming to achieve than restructuring. Among the four Rs mentioned above, revitalisation is the factor that distinguishes transformation from a mere downsizing.

Revitalisation requires the realisation of three points: (1) market-based focus, (2) new entrepreneurial activities, (3) shift to information technology. Focusing on the market is the consequence of revitalisation, encouraging companies to grow. As the market in a bureaucratic context is the society, the focus of government bureaucratic activity should be geared toward increasing the society's purchasing power that eventually increases national tax revenue.

Finding new entrepreneurial activities is a form of organisational creativity triggered by the dissatisfaction of routines. This point is difficult to realise in public sectors as employees tend to work based on rigid regulation, not sparking creativity. However, the fulfillment of this point is imminent as consequences of deregulation and de-bureaucratisation begin to occur.

Revising the rules with the help of information technology means optimising the use of technology to improve competitiveness. Information technology can be used to redefine various rules in offices. Information technology serves as 'nerves' that connect and send information to various companies' elements; thus, it needs to be quick and flexible. Organisations holding onto conventional values rigidly, not keeping up with the update of information technology, will have difficulties adapting to the environmental changes effectively and be left behind.

Renewal pertains to the transformation of human resources' motivation to work in companies. This process includes human resource investments that can encourage employees to have new abilities and skillsets, allowing them to regenerate and achieve organically the newly formulated goals. In this process, the creation of new 'metabolism' and quick knowledge dissemination are encouraged to equip employees with the ability to adapt reflectively to environmental changes. Renewal is a difficult and intricate part of the transformation. Hence, despite its potential to significantly transform organisations, this process is the least conducted.

Companies and governmental bureaucracy are like living organisms requiring complete medication, not partial medication, when their whole bodies are ill. The four R model provides a unique and strong solution to convert the backup powers available in enterprises (including bureaucracy) into optimal performances.



Renewal requires three steps to conduct: (1) a merit-based reward system, (2) internal motivation of individuals, and (3) organisation development. A merit-based reward system emphasises salary/fee as one of the most effective motivating rewards. Employees working in a remote area, far from the main offices, will achieve more if the merit-based reward system is implemented. The higher the jobs' risks are, the more rewards should be provided to encourage people to take the unfamiliar challenging jobs.

An organisation transformation occurs more effectively when individuals are encouraged to do independent learning. The learning requires employees to think differently with the new knowledge and skills acquired. This process grows employees' self-actualisation. When employees have curiosity and willingness to self-learn, an organisational transformation will follow.

Lastly, organisation development is an inherent process in institutions/bodies, including business enterprises. All organisations aim to be sustainable, but each organisation's development rate differs, depending on its efforts to grow the members' sense of community. Organisation members and leaders need to reflect and retrospect the sense of community in the organisation as the renewal process is highly connected to this aspect.

## **Conclusion**

Bureaucratic transformation occurs beyond the structural level. It is a holistic process begun with the readjustment of the mindset that clarifies the organisational visions. The next step is restructuring the organisation to improve its motivation and energy. Armajani (1997) suggests that to make the system firms, bureaucracy needs to address five myths: (1) the liberal myth, stating that the more funding provided, the better the bureaucracy is. (2) the conservative myths, saying that the more limited the funding is, the more an organisation achieves, (3) the business myth, stating that governmental bureaucracy managed by business sectors is better, (4) the reward myth, saying that a decent salary/fee ensures the bureaucrat works properly and (5) the human quality myth, stating that the better human resources are, the better the bureaucracy is.

A system repair cannot be conducted partially. A budget increase needs to be followed by improving human resources; otherwise, the budget won't be optimal. Total changes and high survival rates demand total sacrifices as the best results always come with a price. This principle also applies to the transformation, for bureaucratic reformation aims to increase competitiveness. In Indonesian contexts, the transformation needs to be conducted gradually and carefully since the issues, such as economic and administrative problems, are complex and intertwined.



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