BARRIERS TO IMPLEMENTING AGILE MANAGEMENT IN TAX AUTHORITIES AND WAYS TO OVERCOME THEM

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Abstract. *This scientific article examines the major organizational, institutional, technological, and human factors that hinder the implementation of Agile management in tax authorities and analyzes possible approaches to overcoming these barriers. In the context of accelerating digital transformation and public sector modernization, tax authorities are increasingly required to develop flexible, responsive, transparent, and citizen-oriented management systems. From this perspective, Agile management represents a promising managerial approach that can improve decision-making speed, strengthen cooperation among employees and departments, enhance the quality of public services, and increase the ability of tax authorities to respond effectively to changing economic, technological, and regulatory conditions. The article focuses particular attention on bureaucratic organizational structures, resistance to organizational change, limited employee autonomy, insufficient digital competencies, inadequate technological infrastructure, weak cross-functional cooperation, and the lack of an Agile-oriented organizational culture. Furthermore, practical measures for overcoming these barriers are proposed, including strong managerial support, continuous professional development, gradual implementation of Agile principles, improvement of digital infrastructure, development of cross-functional teams, and enhancement of internal communication mechanisms. The study concludes that the systematic adaptation of Agile management principles to tax administration can contribute to greater organizational efficiency, improved service quality, increased employee engagement, and enhanced institutional flexibility. The findings provide a theoretical and practical basis for modernizing tax administration through Agile-oriented management approaches.*

Keywords: *Agile management, tax authorities, digital transformation, organizational change, bureaucracy, employee autonomy, tax administration, public sector.*

The transformation of public administration under the influence of digital technologies, globalization, and changing social expectations has created a need for more flexible and adaptive management approaches. Tax authorities, as one of the most

important institutions of public administration, are directly affected by these transformations. Their activities involve not only the collection and administration of taxes but also the provision of public services, enforcement of tax legislation, interaction with taxpayers, data processing, risk management, and the implementation of government fiscal policy. Therefore, improving the efficiency, transparency, responsiveness, and adaptability of tax administration has become an important priority for modern public sector management. In this context, Agile management has emerged as a potentially effective approach for transforming traditional administrative practices and improving organizational performance.

This scientific article examines the barriers to implementing Agile management in tax authorities and explores possible ways to overcome them. Agile management is generally associated with flexibility, iterative work processes, continuous improvement, effective communication, teamwork, rapid feedback, and the ability to respond quickly to changing requirements. Although these principles were initially developed and widely applied in software development and project management, their application has gradually expanded into business management, public administration, financial institutions, and other organizational environments. For tax authorities, Agile management can provide opportunities to improve internal processes, accelerate decision-making, enhance cooperation between functional departments, and develop taxpayer-oriented services.

However, the implementation of Agile management within tax authorities cannot be considered a simple managerial transformation. Traditional public administration is frequently characterized by hierarchical structures, formal procedures, centralized decision-making, rigid regulations, and clearly defined functional responsibilities. These characteristics can create significant challenges for Agile transformation because Agile principles emphasize decentralized decision-making, employee autonomy, cross-functional cooperation, experimentation, rapid adaptation, and continuous feedback. Consequently, there may be a fundamental organizational tension between traditional bureaucratic management models and Agile-oriented management practices [1,2].

One of the most significant barriers is organizational resistance to change. Employees who have worked within established administrative procedures for many years may perceive Agile methods as an additional burden or as a threat to existing responsibilities and authority. Another important challenge is insufficient employee autonomy. Agile teams require a certain degree of independence to make operational decisions and respond rapidly to emerging problems. Excessive administrative control, however, can limit such autonomy and reduce the effectiveness of Agile practices. In addition, insufficient digital competencies among employees may prevent tax

authorities from effectively utilizing modern information systems, data analytics, automation tools, and digital communication platforms.

Technological infrastructure also represents an important condition for successful Agile transformation. Modern tax administration increasingly depends on integrated databases, electronic tax services, automated risk assessment, artificial intelligence, and real-time information exchange. If technological systems are fragmented, outdated, or insufficiently integrated, the implementation of Agile workflows may become difficult. Similarly, weak communication between departments and the absence of cross-functional teams can limit information sharing and delay the resolution of complex tax administration problems.

Therefore, the successful implementation of Agile management requires a comprehensive transformation rather than the simple introduction of individual Agile tools. It should involve organizational culture, leadership behavior, employee competencies, technological infrastructure, communication mechanisms, and performance evaluation systems. Strong leadership support is particularly important because managers must create an environment in which innovation, collaboration, learning, and continuous improvement are encouraged. At the same time, employees should receive systematic training in Agile principles and acquire the necessary digital and managerial competencies [3].

The relevance of this research is determined by the growing importance of modernizing tax administration and developing flexible public institutions capable of responding effectively to economic and technological changes. Identifying the major barriers to Agile implementation and developing practical mechanisms for overcoming them can contribute to improving tax administration efficiency and strengthening taxpayer-oriented public services. Accordingly, this study aims to identify the key organizational, institutional, technological, and human barriers to implementing Agile management in tax authorities and to develop scientifically grounded approaches for overcoming these barriers.. The results of the study indicate that the implementation of Agile management in tax authorities is influenced by a combination of organizational, institutional, technological, and human factors. The analysis demonstrates that Agile transformation cannot be achieved only through the introduction of Scrum meetings, iterative planning, digital platforms, or cross-functional teams. Instead, it requires a fundamental transformation of organizational culture, leadership practices, communication mechanisms, employee competencies, and decision-making processes. The findings suggest that the effectiveness of Agile management depends primarily on the ability of tax authorities to move from rigid hierarchical administration toward a more flexible, collaborative, and continuously improving management model.

One of the most significant barriers identified in the study is bureaucratic organizational structure. Traditional tax administration is generally based on hierarchical authority, formal procedures, standardized reporting, and centralized decision-making. Although these mechanisms are important for ensuring legal compliance and accountability, excessive administrative centralization can slow down operational decisions and reduce organizational flexibility. Agile management, in contrast, requires teams to respond quickly to emerging problems and make certain operational decisions without unnecessary administrative delays. Therefore, a gradual delegation of operational authority to qualified teams can become an important mechanism for overcoming this barrier.

Another important result concerns resistance to organizational change. Employees may demonstrate reluctance toward Agile transformation because they are accustomed to existing procedures and may perceive new management approaches as uncertain or difficult to understand. Resistance can also emerge when employees believe that organizational changes may increase their workload or alter their professional responsibilities. The findings indicate that effective communication, employee participation, and continuous professional development are essential for reducing such resistance. Employees should understand not only what Agile management is but also how its implementation can improve their daily work and contribute to better organizational outcomes.

The study also identifies limited employee autonomy as a significant barrier. Agile management depends on empowered teams capable of independently solving operational problems. In tax authorities, however, employees may have limited authority to modify procedures or make decisions because of strict institutional regulations. This does not mean that legal and regulatory requirements should be weakened. Rather, Agile practices should be implemented within clearly established legal boundaries by providing teams with greater operational flexibility while maintaining accountability and compliance [4].

Digital competency and technological infrastructure represent another critical dimension. Effective Agile management requires reliable digital systems that enable rapid information exchange, collaborative work, data analysis, and performance monitoring. Fragmented information systems and insufficient employee digital skills can significantly reduce the effectiveness of Agile practices. Therefore, investment in integrated digital platforms, employee training, data analytics, automation, and information security should accompany organizational transformation.

The results further demonstrate the importance of leadership support and organizational culture. Agile transformation is unlikely to succeed if senior managers formally approve Agile principles but continue to use rigid command-and-control

approaches in practice. Leaders must encourage experimentation, constructive feedback, teamwork, and continuous learning. The formation of cross-functional teams involving specialists from different tax administration areas can also facilitate faster problem-solving and improve coordination.

Overall, the findings indicate that Agile management can contribute to more responsive and efficient tax administration when implementation is systematic and context-sensitive. The transformation should therefore be gradual, beginning with pilot projects in selected administrative areas before expanding to the broader organization. Regular performance assessment should be used to identify successful practices and areas requiring improvement. In this regard, Agile implementation should be viewed not as a one-time organizational reform but as a continuous process of institutional learning and improvement.

The discussion confirms that overcoming barriers requires an integrated approach combining leadership commitment, organizational restructuring, employee empowerment, digital transformation, professional training, cross-functional collaboration, and continuous performance evaluation. Such an approach can strengthen the adaptability of tax authorities, improve the quality of taxpayer services, reduce unnecessary administrative delays, and increase employee engagement. Consequently, Agile management has significant potential to become an effective instrument for modernizing tax administration, provided that its principles are adapted to the regulatory, institutional, and organizational characteristics of the public sector [5].

Barrier–Impact–Transformation matrix for agile management implementation in tax authorities

Table 1.

Barrier "Pressure Point"	Current Administrative Effect	Agile Transformation Mechanism	Expected Organizational Result	Priority
Rigid hierarchical structure	Decisions pass through multiple administrative levels, increasing response time	Delegation of operational authority to cross-functional Agile teams	Faster decision-making and greater institutional flexibility	Very High
Resistance to organizational change	Employees hesitate to adopt new processes and technologies	Change-oriented training, employee involvement, pilot Agile projects	Higher acceptance of innovation and reduced organizational resistance	High

Limited employee autonomy	Employees depend heavily on managerial approval for routine decisions	Empowered teams with clearly defined decision-making boundaries	Greater responsibility, motivation, and work efficiency	Very High
Weak cross-departmental cooperation	Information exchange is delayed and problems are addressed separately	Cross-functional teams and short coordination cycles	Faster problem-solving and improved interdepartmental integration	High
Insufficient digital competencies	Employees cannot fully utilize modern digital tax-management tools	Continuous digital-skills development and practical Agile training	Higher technological adaptability and productivity	High
Fragmented technological infrastructure	Data duplication, information gaps, and delays in service delivery	Integrated digital platforms and real-time information exchange	Improved data accessibility and faster taxpayer services	Very High
Formalistic performance evaluation	Employees focus on procedural compliance rather than service outcomes	Outcome-based Agile performance indicators and feedback loops	Stronger orientation toward measurable results	Medium–High
Weak leadership support	Agile practices remain superficial and inconsistent	Leadership commitment, coaching, and regular Agile reviews	Sustainable institutional transformation	Very High
Fear of experimentation and failure	Employees avoid innovative solutions and prefer established procedures	Controlled experimentation, pilot projects, and learning-oriented feedback	Increased innovation and organizational learning	Medium–High
Inflexible administrative procedures	Rapid adaptation to new taxpayer needs becomes difficult	Iterative process improvement within legal and regulatory boundaries	More responsive and taxpayer-oriented administration	High

The table demonstrates that the barriers to Agile management implementation in tax authorities are interconnected rather than isolated. The most important finding is that organizational and managerial barriers have a stronger systemic influence than individual technological problems. In particular, rigid hierarchical structures, limited

employee autonomy, and weak leadership support can prevent Agile principles from functioning effectively even when modern digital technologies are available.

The "Barrier–Impact–Transformation" structure presented in the table makes it possible to observe the transformation process from a different perspective. For example, a hierarchical structure itself is not necessarily a negative feature of tax administration because legal accountability and institutional control are essential in public administration. However, when hierarchy becomes excessive, it creates unnecessary decision-making layers. Therefore, the objective of Agile transformation should not be the complete elimination of hierarchy, but rather the reduction of unnecessary administrative delays while maintaining legal responsibility and institutional control.

The second important finding concerns employee autonomy. Agile management requires employees to participate actively in decision-making and problem-solving. If every operational decision requires approval from higher management, Agile teams cannot operate effectively. Consequently, tax authorities should establish clearly defined areas in which employees and cross-functional teams can make independent operational decisions. This approach can simultaneously increase employee responsibility and reduce managerial overload.

The table also highlights cross-functional cooperation as an important transformation mechanism. Tax administration problems often involve several functional areas simultaneously, including taxpayer services, auditing, information technology, legal compliance, and data analysis. If these departments work independently, the resolution of complex cases can become slow. Cross-functional Agile teams can bring relevant specialists together and create a more integrated problem-solving environment.

Another critical finding is the relationship between digital infrastructure and Agile management. Digitalization alone does not automatically produce Agile administration. If information systems are fragmented or employees lack the necessary digital competencies, technology may simply reproduce existing bureaucratic processes in digital form. Therefore, technological modernization should be accompanied by organizational and human-capital development.

The "Priority" column provides an additional analytical dimension. The barriers classified as "Very High" priority—particularly hierarchical rigidity, limited autonomy, fragmented infrastructure, and weak leadership support—should be addressed first because they can influence the effectiveness of other Agile initiatives. For example, introducing cross-functional teams without giving them sufficient decision-making authority would produce only a formal organizational change rather than genuine Agile transformation.

Thus, the table suggests a three-level transformation logic: first, create leadership and organizational conditions for change; second, empower employees and establish cross-functional cooperation; and third, strengthen digital infrastructure and continuously measure outcomes. Such a sequence can help tax authorities move from traditional procedural administration toward a flexible, data-driven, taxpayer-oriented, and continuously improving management system.

Conclusion. This study concludes that the implementation of Agile management in tax authorities represents an important direction for improving the flexibility, efficiency, responsiveness, and quality of modern tax administration. The research findings demonstrate that Agile transformation cannot be reduced to the introduction of individual management techniques or digital tools. Rather, it should be understood as a comprehensive institutional transformation involving organizational structure, leadership, employee competencies, technological infrastructure, communication, decision-making mechanisms, and organizational culture.

The analysis identified several major barriers that can significantly restrict the effective implementation of Agile management. These include rigid hierarchical structures, excessive bureaucracy, resistance to organizational change, limited employee autonomy, insufficient digital competencies, fragmented technological infrastructure, weak cross-functional cooperation, formalistic performance evaluation, and inadequate leadership support. Among these factors, organizational rigidity and limited decision-making autonomy appear particularly important because they directly affect the ability of Agile teams to respond rapidly to emerging challenges and changing taxpayer requirements.

The study establishes that successful Agile transformation requires a gradual, systematic, and institutionally adapted approach. Tax authorities should not mechanically transfer Agile models developed in the private sector. Instead, Agile principles should be adapted to the specific legal, regulatory, organizational, and accountability requirements of public tax administration. Pilot projects, cross-functional teams, iterative process improvement, regular feedback mechanisms, and clearly defined areas of delegated authority can provide an effective foundation for this transformation.

An important conclusion is that leadership commitment is a decisive prerequisite for sustainable Agile transformation. Senior managers should not only formally support Agile initiatives but also demonstrate Agile-oriented behavior through participatory decision-making, employee empowerment, continuous learning, and openness to innovation. At the same time, employees should receive systematic training in digital technologies, Agile methodologies, teamwork, data analysis, and problem-solving.

Furthermore, digital transformation should be integrated with organizational transformation. Advanced information systems, automation, data analytics, and integrated digital platforms can significantly improve the speed and quality of tax administration; however, technology alone cannot eliminate bureaucratic barriers. Its effectiveness depends on appropriate organizational processes and qualified personnel capable of using digital resources strategically.

Agile management can become an effective instrument for modernizing tax authorities when it is implemented as a long-term institutional transformation rather than a short-term managerial initiative. The combination of flexible organizational structures, empowered employees, supportive leadership, cross-functional cooperation, digital infrastructure, and continuous performance evaluation can contribute to faster decision-making, improved taxpayer services, greater employee engagement, and enhanced institutional adaptability. Therefore, the gradual integration of Agile principles into tax administration can provide a scientifically and practically grounded pathway toward a more responsive, transparent, efficient, and taxpayer-oriented public administration system.

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