



Entrepreneurship N5

Topic: Organizing your Business

Lecturer: Mr. Popane

Learning Outcomes:

- ❖ **Explaining Concepts such as, job generalization, job specialization and delegation**
- ❖ **Describe the different organization structures**
- ❖ **Distinguish between the different forms of departmentation**
- ❖ **Relate functional departmentation to your business plan**
- ❖ **Design an organizational structure for a small business**
- ❖ **Explain power and authority by means of examples**
- ❖ **Name the different elements of the delegation process and apply them in a practical situation**
- ❖ **Name some of the behavior aspects of delegation.**

Module 4: Organizing your business

Introduction

The need for organization arises when the business starts to grow and the informal arrangements between the small business managers and workers are no longer practical. More work, people, sale, machines, etc. will require a manager to become more formal in terms of work arrangements. This includes the assignment of tasks to specific individuals. The process is called organizing the business.

Division of work into jobs

The starting point of organizing your business is to divide the work that must be done into different jobs. People will then be assigned to perform these jobs. Initially, this process is a very informal arrangement in smaller business.

Job generalization

Job generalization- implies that the worker is given a wide range and variety of tasks to perform. (wide range of tasks, e.g. small business manager, supervisor.)

Advantages

- ❖ Challenge for each worker
- ❖ No monotonous routine
- ❖ Replacement is possible

Disadvantage

- ❖ No expertise
- ❖ Lack of productivity
- ❖ Quality remains constant

Job Specialization

Job specialization -limits the number of different task a particular workers performs. (example : Specialized tasks e.g.. technicians and computer programmers.)

Advantage

- ❖ Development of expertise (increase of skills and experience)
- ❖ Increase productivity
- ❖ Improved quality(products or service get better)

Disadvantages

- ❖ Boredom & frustration
- ❖ Monotonous routine
- ❖ Difficult to replace (the employee is need for many tasks so he/she can't be replaced)

Organization Structure

The organization structure in business is formal arrangements of jobs. It indicates how different positions relate to one another and who is responsible for certain tasks. Organization structure helps by:

- ❖ Making sure all work is done and objectives are reached.
- ❖ To eliminate or minimize overlapping or duplication
- ❖ To match the skills and training of workers with the needs of business.

The Bureaucratic organizational structure

Bureaucracy means Rules and Regulations. In a Bureaucracy, rules, regulations, and techniques of control are defined precisely. Small business will have to deal with bureaucracy when dealing with the Government.

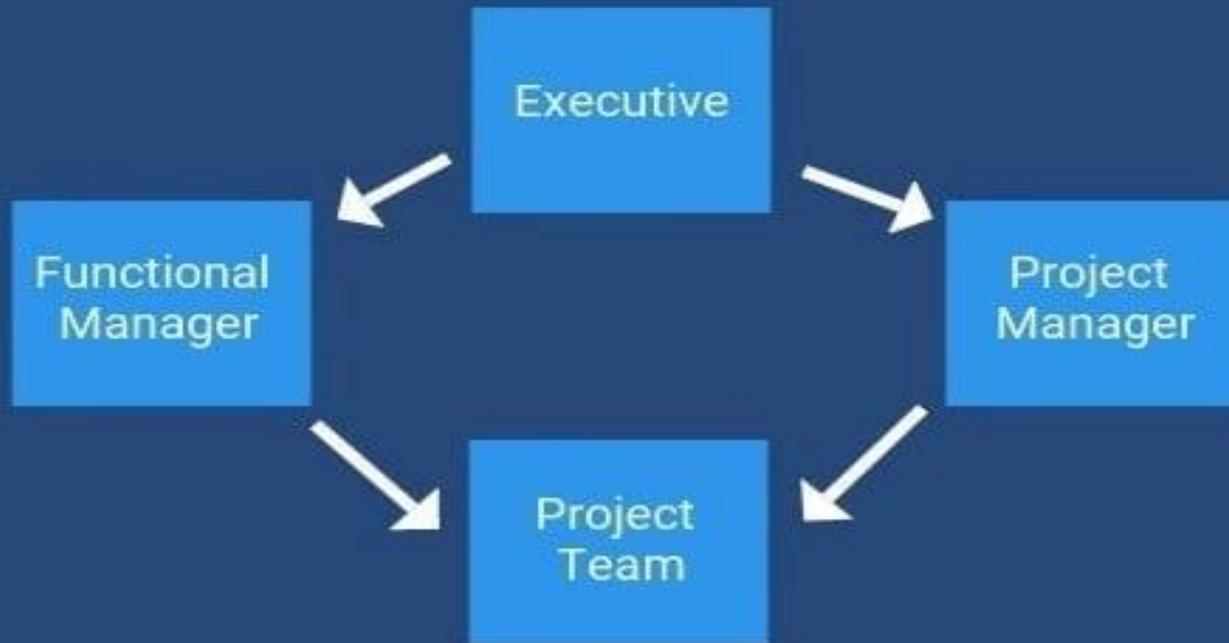
Matrix organizational structure

The matrix organizational structure is a mix of departmentation and the flat organizational structure. The different departments such as production and finance are still around.

- ❖ For example Employees who are accountants are put in the Finance departments
- ❖ Employees who are salespersons are put in the Market Department
- ❖ Employees who are computer experts are put in the IT department.

Matrix Organization structure

Matrix Organizational Structure



PROJECTMANAGER

Flat Organization

The flat organizational structure has few layers of management. The goal is to make all the workers and managers meet on a regularly basis. This structure is for highly qualified people. Example Scientist and engineers .

Departmentation

It is the units in the organization that can be managed. Example in Business you find a Finance Department, It Department, Sales/market Department etc.

Products (departmentation)

Is the different departments(section) of product or service (example in a Computer Business there is Section for Repairs of Computers, Section of Computer gadgets like printers, usb sticks, and there is Internet Installation section.

Customers

Customers departmentations

Is it is a sections for different customers in a business. (example in a clothing shop there is a sections for Men clothes, Female Clothes and children clothes.)

Process Departmentarions

Is the different sections of making products or performing services (Example making a Car process. There is going be a section where engines are build, a section where tyres are made and a section where the body of the car is made.)

Territory depart mentation

Is the sections of a business in different places (provinces, Towns, Cities and even Countries). Example (maluti Colleges there is one in Bethlehem, 5 in Qwaqwa and 1 in Harrismith)

Time Departmentation

Is the different section in the business regarding time, Example Nestle there employees that work during the day and that work during the night.

Delegation (giving people authority, power and responsibility)

Authority in a business

Authority within a business context is the right to make decision that guide the actions of others.

Authority is a right

This right is protected by the constitution (the law) in that the constitution recognizes your right to own and manage a business (employees' right to safe working condition.)

Possessing this right helps you to take actions

Archived through the actions of others

Authority provides the power to apply penalties or rewards so that the desired action is completed

These actions are what is needed to achieved your business objectives. However, this power is not unlimited; other people (workers) do have certain powers as well.

Power

Power is necessary to influence people to complete tasks



Position Power

- ▶ Legitimate (starting a business gives u power; the business is yours)
- ▶ Coercive (controlling employees through fear using threats and punishment)
- ▶ Reward (controlling using rewards example bonuses)

Personal Power

- ▶ experts (influence people through your knowledge, experience, expertise and skill)
- ▶ Charismatic (influence people through personal characteristic example being funny.)

Subordinate Power

- ❖ Collective (the power for employees to organize themselves in a group example a Union like SADTU.)
- ❖ Expert (skills n Knowledge)
- ❖ Financial Power (having money can influence people)

Delegation Process

Is where a manager gives one of his employee the authority ,responsibility and power to carry out a certain task.

- ❖ Assign task or duties (giving people the authority to perform a task)
- ❖ Granting (giving the employee Authority, Power, Control or Permission)
- ❖ Creating Obligation (giving the employee responsibility of completing a task, example a Boss giving the employee a job to do)

Conditions for effective delegation are:

1. Absoluteness of accountability
2. Unity of Command
3. Exception Principle

Suggestion for Effective delegation

1. Determine objectives
2. Grant sufficient authority
3. Selection delegates carefully
4. Establish necessary Controls
5. Be a Coach not a Player
6. Keep some important task for yourself.

Behavioral Aspect of delegation

- ▶ Preference for detail work
- ▶ Workaholics
- ▶ Fear of failure
- ▶ Distrust of others

The End

Stay home and keep Safe!!!!!!!

- ▶ Do activities 2 on page 73 and Activity 6 on page 71. I will go through it on Friday.

