



AgEcon SEARCH
RESEARCH IN AGRICULTURAL & APPLIED ECONOMICS

The World's Largest Open Access Agricultural & Applied Economics Digital Library

This document is discoverable and free to researchers across the globe due to the work of AgEcon Search.

Help ensure our sustainability.

Give to AgEcon Search

AgEcon Search

<http://ageconsearch.umn.edu>

aesearch@umn.edu

*Papers downloaded from **AgEcon Search** may be used for non-commercial purposes and personal study only. No other use, including posting to another Internet site, is permitted without permission from the copyright owner (not AgEcon Search), or as allowed under the provisions of Fair Use, U.S. Copyright Act, Title 17 U.S.C.*

281.8
Ag835

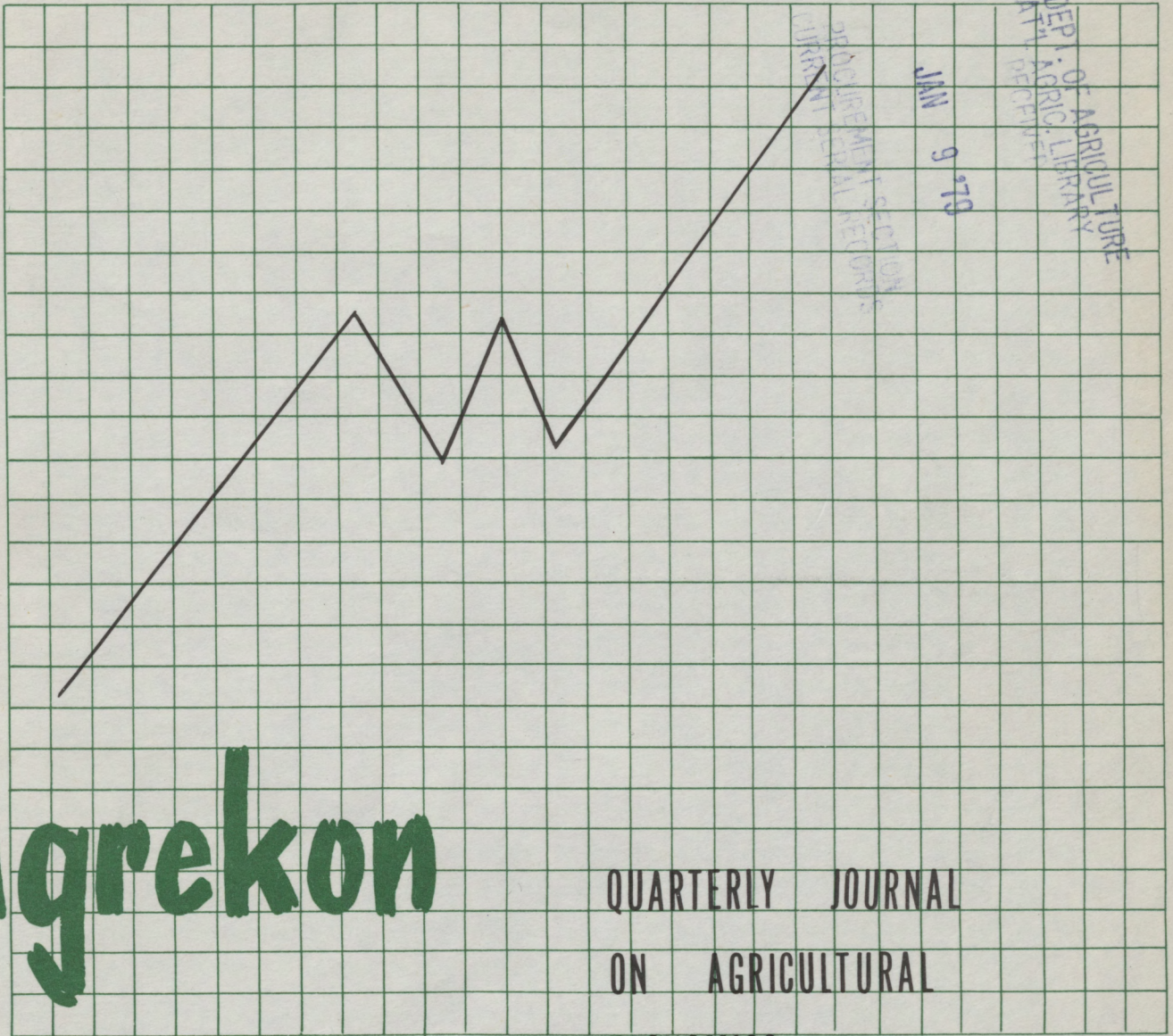
DC BRANCH

1478500



Vol. 17 No. 2
April 1978

Price 40c



U.S. DEPT. OF AGRICULTURE
NATL. AGRIC. LIBRARY
DEPT. OF AGRICULTURE

JAN 9 '78

Agrekon

QUARTERLY JOURNAL
ON AGRICULTURAL
ECONOMICS

Issued by the Department of Agricultural Economics and Marketing, Pretoria

214

ORGANISATION AND DELEGATION: MANAGING THE ENTREPRENEUR'S TIME.

by

S.D. PARSONS

Consultant, Irene

Organisation is defined variously by different authors. The Oxford and Random House dictionaries respectively define organisations as, "giving orderly structure" and "to form into a whole consisting of interdependent or co-ordinated parts especially for harmonious or united action".

Management authors tend to define the function more precisely for management purposes and to specify the role of people. Thus Litterer¹ says that the purpose of organisation is to co-ordinate the behaviour of people to attain objectives. Reddin² defines organisation as all the factors which influence the behaviour (of people) within a social system that are common to unrelated positions. Reddin thus emphasises the co-ordination of semi-dependent positions as in a team striving for a common objective. Kazmier's³ is the one that will be adopted for the purpose of this paper viz, determining the activities to be performed, grouping these activities and assigning managerial authority and responsibility. The common theme in all the managerial definitions of organisation is that it is a co-ordinating function which concerns the efforts and managerial behaviour of people striving for a common overall objective within a business. It is interesting to note that this is a term not commonly encountered in the discipline of agricultural economics and farm management. This is not altogether surprising if one recognises that our discipline is one which developed largely in North America and Western Europe in the early part of this century when the farming business centered around relatively small family-owned enterprises employing little outside labour and no outside managerial expertise. In Southern Africa by contrast, with larger physical farming units employing relatively large numbers of unskilled non-family labourers managerial inputs are provided by the entrepreneurial family. Inevitably this leads to the need for some form of organisation as the business grows in size and complexity, if for no other reason than that valuable managerial time can not be solely devoted to a supervisory role. Some superiors misunderstand their job and believe that, in

essence, it is to make sure subordinates do what they are supposed to do. This view if taken to its logical conclusion, means that all levels of management exist merely to ensure that the workers at the very lowest level work.⁴ Clearly this is an incorrect appraisal of the function of management. The state of the art in the minds of most farm advisors and managers in Africa today probably is that organisation concerns the delegation of some relatively menial task to a semi-skilled employee. However, this is an oversimplified view of what is potentially a great, but much neglected managerial tool. For example, it is seldom recognised that the lack of organisational theory and infrastructure very commonly leads to poor output performance and family disunity where farms are jointly managed by father and sons, two or more brothers and other similar family situations so common on farms in this part of the world.

Typical of an extreme case of such situations is one I encountered recently where four members of the same family were jointly engaged in the management of a multi-enterprise farming business. A complete lack of functional or enterprise responsibility on the part of any member of the managerial team resulted in (a) family disunity, (b) a level of performance on each enterprise which was well below average and (c) a business which ended in financial disaster. I do not believe that it would be overstating the case to say that the prime cause of failure was lack of organisation and consequently too many "managers" and too little management.

However the symptoms of disorganisation need not necessarily be reflected only by a state of near anarchy. On one large estate employing several very competent managers it was discovered that the high rate of management turnover and manager dissatisfaction was caused by one senior employee who constantly usurped the authority and responsibilities of newer arrivals. Not unnaturally it took some time to convince the managing director that the span of management and power hunger enjoyed by his right hand man was in fact

counter-productive, and a clear symptom of disorganisation.

More generally in Southern Africa one encounters the overworked single proprietor, who through refusal to accept that his employees are capable or willing to accept any degree of authority, is managerially overburdened and can barely keep pace with the daily operational activities of his business to the total neglect of tactical and strategic level decision-making. A very common variation of this case is that of the father who will not concede the sons have grown up sufficiently to accept managerial responsibility and consequently supervises duties assigned to them as he does with all other labourers. I actually once encountered a university trained man aged forty who had never been permitted by his father to sign a company cheque.

The common theme that runs through all these cases is a lack of recognition of the need to assign managerial authority and responsibility on a planned basis. To a very large extent I believe that the farm management profession has been remiss in its duty and negligent in its responsibility to the farming community. It is not as though a well-defined theory and practice of organisation does not exist. In fact organisation is considered to be one of the cornerstones upon which industrial management theory is built. Rather it was the complete acceptance of family farm management theory based on production economic theory by our academics as the *sine qua non* of what was considered to be a complete discipline that has led to the total neglect of the human aspect in farm management theory in Southern Africa.⁵

THE NATURE OF ORGANISATION

The concept of organisation is an old one (e.g. Exodus XVIII) and the need for it has developed in parallel with the division of labour, increased technology and complexity of business enterprises. A multiplicity of approaches in studying organisation is therefore to be expected. Though we are specifically concerned here with the application of organisation to the farm business it is as well to recognise some of the more important approaches to organisation.

The classical school maintains that organisation is a set of planned activities and interrelationships logically drawn up to achieve objectives. That people should automatically be interested in organisational ends and if they do not behave properly it is because they are improperly trained, or do not have the proper values or standards. As a result the formal organisation must provide the means of reporting performance-control devices to take care of normal human lapses.

The behavioural school on the other hand assumes that people are behaving in a way intended to satisfy certain fundamental needs. People's actions are purposeful and rational provided we understand the system of rationality in which they occur.⁶

However, business organisation is not simply made up of a set of formal authority relationships as the formal organisational chart might suggest. On the one hand the formal position that a person holds directly influences his status as an individual, and the role he strives to fulfil in the organisation. In addition, the existence of an informal pattern of relationships and "political" power is recognised by an increasing number of organisational students. Kazmier⁷ feels that this informal organisation should be understood by a manager if the forces and efforts of these groups are to be directed towards company goals instead of away from them.

With his rather revolutionary concept of managerial effectiveness and definition of effectiveness areas for each managerial position in the organisation, Reddin⁸ has provided a practical means of supplanting the somewhat sterile concept of organisational charts, and at the same time largely overcome the problem of informal organisational influence. Thus, as Reddin states, all managerial positions are best defined in terms of the outputs expected from them. Effectiveness areas are the general output requirements of the manager's position and each is associated with effectiveness standards which are specific output requirements. With each effectiveness standard the manager develops a specific measurable objective. Following this line of reasoning to its logical conclusion, a plan for achieving the objective is designed and implemented by the manager so that the managerial functions of organisation, planning and control become fully integrated. Additionally the self-motivational benefits of target setting and subsequent achievement are obvious.

Table 1 shows a list of the possible effectiveness areas that might be determined for four different positions in a large farming business. Clearly the determination of such effectiveness areas replaces the old concept of rambling job description; separates distinctly different areas of responsibility and authority, yet results in a cohesive team approach requiring team discussion which leads to clear measurable objectives and planning on a co-ordinated basis.

If we accept the concept outlined above as an ideal for which to strive it must be clear to anyone familiar with the organisational structure on South African farms that the scope for improvement is unlimited. Clearly also the advantages that one would anticipate would include:

- (a) Less friction within the managerial hierarchy;
- (b) Managerial decentralisation, thus averting the vulnerability of a business dependent upon the managerial inputs of a single individual; and particularly
- (c) the spreading of the managerial load, with an anticipation of more managerial time for strategic and tactical level decision-making and planning with consequent higher productivity.

TABLE 1 - Effectiveness areas for different farming positions

General manager	Accountant/ (Recording service)	Crop manager	Tractor driver
Enterprise mix	Management information	Hectares	Hectares ploughed
Cash-flow	Statutory information	Crop yield	Ploughing quality
Finance availability	Forecasting	Crop quality	Tractor down-time
Manager availability	Control	Machinery availability	
Profit levels		Labour productivity	
Growth policy		Crop gross margin	

THE PROCESS OF ORGANISING

It would be naive to believe that the simple expedient of assigning specific areas of authority to individuals would result in organisation. Organisation as a function must be fully integrated with the other prime managerial functions of planning, motivation and control, and as such its own implementation requires planning. It has been my experience that a period of some years is required before an effective degree of organisation can be considered to have been adopted by a farming business, and further that the organisational process and structure is dynamic, changing continuously.

As a guide to the planning of an organisational structure the following points should be borne in mind:

1. Effectiveness areas⁹

- (a) The effectiveness areas should account for 100 per cent of the business output.
- (b) A superior's effectiveness areas are not the sum of the subordinate's effectiveness areas. If two people are doing the same thing one of them is not needed.

2. Grouping activities¹⁰

- (a) Determine the ideal organisational structure for the business, ignoring existing personnel. That is, the limitations of the employees in the business should not be allowed to deter the manager from drawing up the ideal structure. It merely means that in the past management has not recruited for this specific purpose, or has been unaware of the need to train existing staff for the work required of them.
- (b) Traditionally the grouping of activities has been on the basis of number (usually at non-decision making levels), function, territory and enterprise.
- (c) Fit existing personnel to the jobs available and determine the recruiting and/or training programme required to bring the organisation up to strength.
- (d) The delegation of authority flows downward through the managerial hierarchy, while the acceptance of responsibility flows upward. Ultimately top management bears full responsibility for every aspect of the business, whether authority for its conduct was delegated or not.

This guideline is rudimentary in the extreme and is intended not as a working aide memoire but

as an indication of some of the more cardinal points to consider in relatively unsophisticated organisations.

THE PRACTICE OF ORGANISATION AND DELEGATION IN SOUTHERN AFRICA

The state of organisational theory and practice on farms in Southern Africa is at such an appallingly low level that for all practical purposes it may be considered to be non-existent. Organisation in its defined sense refers to the planned assignment of managerial authority regardless of the sex, colour or creed of the manager. From the foregoing discussion it should be apparent that we are not, as is so commonly believed, simply talking about delegating to Black workers; which concept would be very much in line with popular articles which appear in the farming press from time to time.

Though the word delegation makes a nice catch phrase I personally consider it to be meaningless unless seen in the wider context of well planned organisation.

Certainly it is realistic to consider that at least two degrees of load spreading do exist, and that both can ease managerial problems and lead to increased productivity. The first is the assignment of certain duties on a routine basis to individuals while the second at a much more sophisticated and extremely rare level is the assignment of managerial responsibilities. The former is a common occurrence at the so-called farm manager level in this country and is, I believe, occurring with increasing frequency at the Black worker level, but in my experience it entails extremely little actual managerial responsibility. This class of load spreading certainly assists at the operational level of the business, but is of little value at the tactical and strategic levels. It should in fact be seen for what it is; viz an increase in level of technical skills more readily associated with training than with organisation. For example a man may be trained as a machine operator, or in other daily skills, thus relieving management of a tedious task. But until such time as he actually has the authority to make decisions about, or to plan the use of, his machine I would not consider this to be true delegation.

Apart from lack of guidance from the farm management profession, the relatively slow acceptance of organisation and delegation at farm level in South Africa can unquestionably also be ascribed to the low educational and literacy status of farm "managers" and labour. The whole process

has no doubt also been aggravated by legislation which restricts movement of Black labour and restricts the class of work they can do.

Finally the single biggest limitation to organisation is the attitude of the owner-manager. This is not a problem unique to Southern Africa, nor even to farms, but one which stems from a lack of managerial skills. One is more likely to encounter sound organisation in a business which has adopted the entire range of management tools available, from well-planned objectives to control, than in a business which moves from crisis to crisis. It is in the well-managed business that the manager has sufficient confidence in his staff to know that each action is planned, and that control procedures will sound an early warning of deviations from expectations.

REFERENCES

1. LITTERER, JOSEPH A. (1965). The analysis of organisations. John Wiley and Sons, Inc., New York.
2. REDDIN, W.J. (1971). Effective management by objectives. McGraw-Hill Book Company, Johannesburg.
3. KAZMIER, LEONARD J. (1969). Principles of management. McGraw-Hill Book Company, Johannesburg.
4. REDDIN, W.J. (1971), *op. cit.*
5. PARSONS S.D. (1972). Farm management - The dynamic approach. Vol. 11, No. 1, Agrekon.
6. LITTERER, J.A. (1965), *op. cit.*
7. KAZMIER, L.J. (1969), *op. cit.*
8. REDDIN, W.J. (1971), *op. cit.*
9. See REDDIN (1971), *op. cit.* for full details.
10. See KAZMIER (1969), *op. cit.* for full details.