

# **THE EFFICIENCY IN MICROENTERPRISES VERSUS THE ORGANIZATION OF WORKING TIME**

**Katarzyna Piskrzyńska, PhD**

kpiskrzynska@ath.bielsko.pl

University of Bielsko-Biala, Poland

**Szymon Cieślak**

cieslar.szymon@interia.pl

University of Dąbrowa Górnicza, Poland

## **Abstract**

The article refers to managing micro-enterprises and organising time by them. It also touches the problem of efficiency, increasing and measuring it, especially when it comes to micro-enterprises. The article uses the authors' own research done in 30 micro-enterprises and they served to create recommendation aiming at improving time organisation and efficiency, as a result.

**Key words:** microenterprise, leadership, organisation.

## **Introduction**

Entrepreneurship starts, when an individual takes advantage of the resources accessible to him, in order to create new goods out of them. It's also the ability of taking some calculated risk and also seeing the chances and opportunities in the surrounding world. We notice entrepreneurship in various aspects of human life but mostly it refers to economic activity whose aim is to generate the potential profit – earning of the entrepreneur. It often happens, that entrepreneurship is confused with business activity. The latter, differs from entrepreneurship a lot, it is somehow the result and extension of it. Drucker defines business activity as activities connected with marketing and those which result in the development of an enterprise (Drucker 2005: 67-88). However, the enterprise is a unit which is to meet customers' needs and bring particular profit, by means of accessible resources (Czupiał 1998: 47-51).

This work is devoted to the smallest (considering the size) organizational form, i.e. micro-enterprise. Micro-enterprises are very numerous group which accounts for a big part of all enterprises, in October 2014 in REGON register, there were 3 926 441 which accounted for about 95% of all enterprises in Poland (BIP GUS 2015). The work focuses mainly on entrepreneurs' efficiency and using time organisation to improve this efficiency. The work used research done in 30 micro-enterprises from different sectors, active in Silesian region and also experience of one of the authors, referring to running a micro-enterprise.

In this article, we used popular, scientific works of such specialists in management as Drucker or Armstrong, but also less known publishers e.g. Mfiles.pl, which are free now and give an easy access to knowledge to potential receiver. Nevertheless, they are works reviewed by well reputable scholars which proves their high quality concerning the content.

## 1. Specification of micro-enterprises activity

According to Polish law, a micro-enterprise is a company which during at least one year out of last two financial years (Dz.U. 2004 No. 173 items 1807):

- employed fewer than 10 employees,
- whose net turnover didn't exceed 2 million euro,
- total assets, at the end of financial year, didn't exceed 2 million euro.

Considering enterprises in the classical management approach, we must define basic management functions. They are of course the same as in case of other companies (considering the size ), but they differ in details.

### *Planning*

Planning is the process, whose aim is to define the target which is to be achieved by an enterprise and the way in which it will be achieved (Chrostowski, Szczepankowski 2006: 169-193). In enterprises, the owners' main aim is a profit. It rarely happens that they make plans for several years ahead considering other aims. The research done in the area of Silesia show that 70% of surveyed micro-enterprises plan their activities for several weeks ahead. For sure, we can't call such planning a strategic one. Nevertheless it is justifiable. Nowadays the market dynamics make, especially small enterprises, match economic conditions continuously. Big enterprises are more resistant to changes and can afford long-time planning.

### *Organisation*

Organising has often little importance for micro-enterprises. Such companies employ not more than 9 employees and organising their work doesn't require as much time as in big enterprises. In case of self-employed people,

the function of an organisation is often taken over by outsourcing companies, for whom these people provide their services. Personal participation is limited to establishing cooperation. They are such people as: IT specialists, HR counsellors.

### ***Leadership***

Leadership in microenterprises also doesn't exist. In case of people who are self-employed or employ only one employee, the leadership is realised more on the basis of mutual trust and aiming for common target. It's difficult to talk about leadership in such small groups. Obviously, the tendency changes together with the number of employed people. Another obstacle for micro-enterprises is that the owner often participates in the team work fully; it results in creating some emotional relationship between the owner and the employees and an objective opinion of the staff is more difficult (Mikołajczyk, Zimniewicz 1998: 192-231).

### ***Controlling***

Controlling is an important function for a micro-enterprise. Micro-enterprises are often run on a small scale and not spotting all irregularities in the shortest possible time may lead to the bankruptcy of an enterprise. It's especially important to control all flows of money because their owners and self-employed people often use corporate money for private purposes. The biggest danger is connected with service enterprises, because they take advance payments for materials, necessary to do their work and spend it on things which aren't often connected with a given investment (Stoner et al. 2001: 537-559).

Contrary to what it seems, managing micro-enterprises is very complicated. The owner often has several functions which, in bigger enterprises, are often shared by several people. That's why the owners of micro-enterprises are often very well educated and improve their knowledge continuously, although many people from the outside regard it to be unnecessary. Self-employed people are often in even more difficult situation, because they are mostly made by their employers to set up their own business and provide their services within outsourcing rules. Obviously it is also connected with many new possibilities which these people often take advantage of.

## **2. The concept of efficiency**

Efficiency is a broadly understood concept. The effect itself can be analysed considering different aspects. The most obvious definition of effects is achieving results connected with a made effort and using resources which may take different form. The effect can be financial one, increasing sales

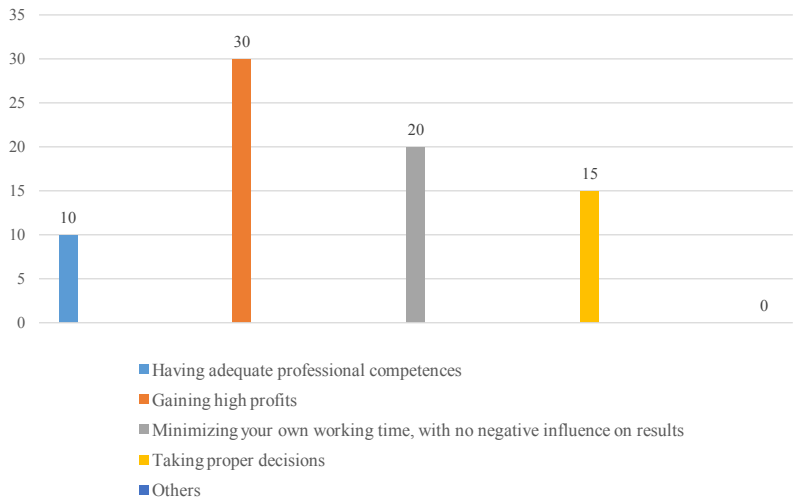
but also improving your own knowledge or creating new development possibilities. Effects may be also understood as a set of behaviours of people who intend to gain them (Armstrong 2000: 385-392). Now we can proceed directly to the definition of efficiency. Efficiency may be defined as a set made of behaviours, results and effects, which are directly connected with completing some work (Pocztowski 2013: 250-255).

All factors mentioned above, are indispensable to talk about efficiency, they are the ones which create results and effects. The way in which units do particular and various tasks, depends on the fact whether it is a process or if the person does it on his own and according to his individual plan. In case of a process it is easier because behaviours in each stage are fixed and a performer has to show appropriate attitude only. Nowadays in management, a big stress is put on the efficiency of processes in an enterprise, especially those connected with production, but not only. For companies which have ISO certificates of quality, all their activities mean nothing else than processes. In everyday life a process can be e.g. education and in management – recruitment or production procedures etc. The matters get much more complicated when there is no process for a given task and we have to rely on the competencies of a person who is to do them. The same task may be completed in many different ways, obviously some will be better than others and the decision will be on the part of performers. It creates the possibility of making mistakes when making a choice, due to which we won't gain any results and effects in consequence. Results, in the way we understand effectiveness are the final result of behaviours. However, gaining the result itself isn't always connected with the effect. A good example is higher education, whose result will be gaining the professional title of a master, but not necessarily the effect of improving student's knowledge will be achieved.

In order to refer theoretical analysis to the case of micro-enterprises, the surveyed micro-entrepreneurs answered two crucial questions: how do they understand their professional efficiency (Figure 1)? and how do they understand the efficiency of an enterprise (Figure 2)?

From the graph 1 above it appears that all respondents think that professional efficiency should be treated as gaining high profits. Unfortunately, only 15 of them identify it with taking proper decisions. However, with reference to micro-entrepreneurship, taking proper decisions is the main element of efficiency. In micro-enterprises, processes definitely happen more rarely. Tasks are usually done according to the knowledge and abilities of a performer. A good example are construction companies, which may build a house in several different ways. It's because they don't work out any process for this task and it is a proper decision which often results in effects.

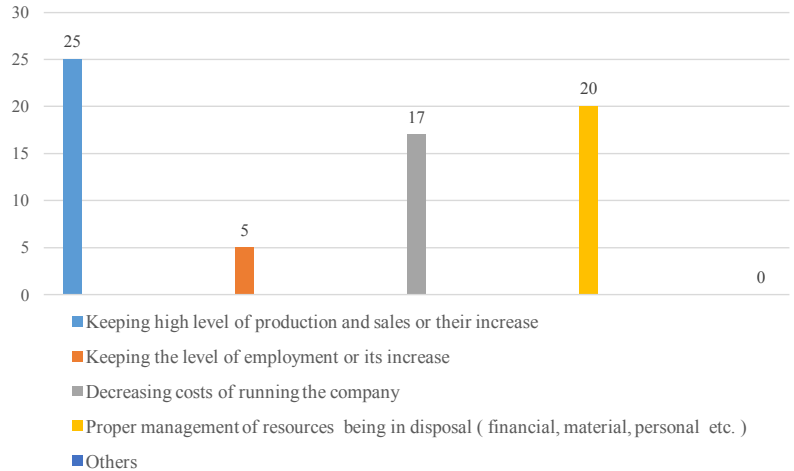
Figure 1. Professional efficiency



Respondents define efficiency of an enterprise as maintaining operational activities on appropriate level. Quite a large group of them thinks, that efficiency also means managing resources, being in disposal, properly This is a key task for every enterprise and any other can't be effective without it.

As we can see, efficiency can be understood in a different way. However, most micro-entrepreneurs perceive it in the same way. In this form of activity, the most important thing is to prefer your own efficiency to the efficiency of an enterprise.

Figure 2. Efficiency of an enterprise



### 3. Using organisation time to increase efficiency of micro-entrepreneurs

Efficiency, just like any other skill can be improved. In enterprises it can be done thanks to taking advantage of appropriate tools such as Kaizen or Kanban method or any other processes which systematize completing tasks. Improving efficiency looks a little bit different when we want to increase our own efficiency.

Microenterprises are mostly one-man companies and they can increase their efficiency only by increasing the owner's efficiency (as much as 18 of the surveyed companies don't employ any employees. These people can take advantage of several tools the main of which is organisation of time. It is the ability of using accessible time in appropriate way. It is often referred to as time management, too. However, the authors think that this term is misleading, because time is some restriction not a resource. It isn't the last one because we can't stop, withdraw, divide, multiply, store or accelerate it. It is always a constant value and due to this we can't manage it (Covey et al. 2007).

When it comes to management, there is no one precise definition of time organisation. However it is assumed that it is a set of methods and systems which will enable us to benefit from possessed resources in such a way as to achieve the best results in the shortest possible time (Kozioł 2010: 383-392). The methods of managing working time comprise (Kozioł 2010: 383-392):

- outsourcing;
- analysis of success factors;
- observation and measurement of time referring to completing tasks;
- statistical methods;
- planning and creating strategy.

There exist a lot of methods of time management. The choice of appropriate one is always to match the profile of enterprise activity, the market it operates on, the size and so on.

The basis of the organisation of time in micro-enterprises is planning. The aim of it is to predict and work out tasks, which are to lead to achieve an intended target, considering several possible options and available resources. The basic division of plans according to the period of making them includes (Szczepanowski, Chrostowski 2006: 188-191):

1. Operational planning – making plans within ongoing needs, which have to be coherent with tactical plans; they have the shortest range of time;
2. Tactical planning – it is the one for the period of about 1 year, depending on the size, range and kind of activity, comprising many different tasks completed during this period;

3. Strategic planning – these are plans for far future, based on enterprise mission and its main targets.

All surveyed entrepreneurs plan their activity. The most often period of planning comprises several weeks ahead, as many as 12 entrepreneurs answered in this way. It's worth noticing that 5 entrepreneurs plan for several months ahead, 4 of them regard the development of their enterprise as quick one and so does only one from among the enterprises which plan weekly. The rest regard it as slow or even the lack of development. So we may conclude that entrepreneurs planning for several months ahead gain very good results. Planning in surveyed microenterprises is typically operational. According to the authors it's not completely right. We can justify it by high economic dynamics.

Microenterprises constitute a very flexible group and can change the sector in which they operate, very quickly. Strategic planning often defeats the reality because general aims such as wealth or development may be realised in different ways and under different conditions.

Another important rule, the entrepreneurs have to remember about is the Pareto rule. According to it, 20% of work gives 80% of results. It can be also applied to time and effects, which results in thesis that 20% of time gives 80% of effects (Olesiuk 2007: 67-68). This assumption is very significant in the process of management, because entrepreneurs must remember to focus their attention on the activity which brings results. Sacrificing time on activities with apparent meaning, may result in disturbances in the company's activity and later also to its decline.

Focusing on the activities, especially those giving best effects, it is important to consider the priorities when completing particular tasks in an enterprise. The classical division was suggested by D.D Eisenhower, who created matrix in which he divided tasks into four groups (Niemczyk, Sapała 2013: 290-291):

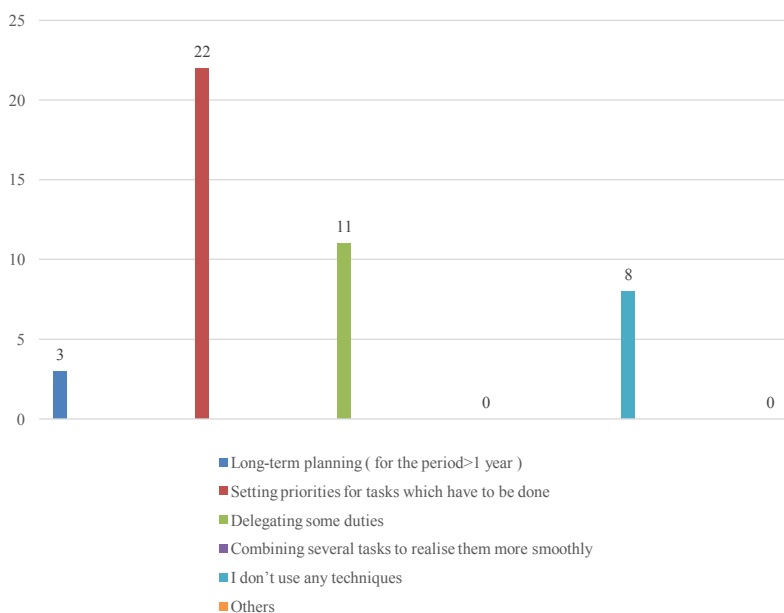
1. important and urgent tasks;
2. important and non-urgent tasks;
3. unimportant and urgent tasks;
3. unimportant and non-urgent tasks.

This division is to eliminate all tasks which are not important to achieve certain target and to level tasks which are important and urgent. This model emphasises tasks which are important but not urgent, because they are the ones which decide about success.

The majority of surveyed entrepreneurs think that organisation of time influences efficiency. On the other hand as many as 26 of them suffer from the lack of time, which could prove that they organise their time in the wrong way. Micro-entrepreneurs use mainly setting priorities they have to

complete, out of techniques devoted to organisation of time (22 answers). 11 people also answered that they use delegating tasks which they don't have to complete themselves, and 8 people don't use any techniques. This phenomena is alarming because not using any techniques referring to the organisation of time may lead to serious problems in running the business, especially in the times of high market dynamics and competition. As it has already been mentioned, micro-entrepreneurship is in large part the necessity of combining several tasks simultaneously. Such behaviour is especially recommended to people who face some excess of duties, but no respondent ticked this answer (Figure 3). Generally speaking we can state that techniques referring to the organisation of time are not fully known among surveyed group. Entrepreneurs were also asked what tools they use to organise time. The most popular are typical, personal diaries, this tool is used by almost 27 people. Modern application for smartphones and tablets are also quite popular.

Figure 3. Techniques of the organisation of time which are used



## Conclusions

Summing up the current analysis we can say, that micro-entrepreneurship is an activity requiring special commitment from the owners. From the survey it appears, that micro-entrepreneurs use certain techniques of the organisation of time but not completely effectively.

The fundamental mistake is too short-time planning. Enterprises in which tactical planning is used, develop more quickly than those which create operational plans. Thus it is recommended to plan for longer periods e.g. 1 year of activity. It's also worth remembering to create at least strategic targets which will result from various activities. Entrepreneurs must also leave some space in their plans for possible changes connected with the situation on the market. The techniques of time organisation have to be improved because although the entrepreneurs use them, they still suffer from the lack of time. Sharing duties due to their importance can be recommended (Covey et al. 2007: 42-45).

1. important and urgent – these are tasks which are important to achieve our targets and are also urgent to realise, e.g. realising short-term agreement;
2. important and not urgent – these are tasks which are to bring us closer to the assumed targets. Realising them is not urgent, but they should be realised without delay because they give us some mental comfort. It will be e.g. trainings, reading professional literature, vocational education, time devoted to employees;
3. unimportant and urgent – these are tasks which doesn't influence realising the target, but apparently they seem important. These can be some meetings or phone calls;
4. unimportant and not urgent – this is a group of tasks which take most of our time, they are so called time-consumers, e.g. television, surfing the net, etc.

In this method it is very important to define your targets and do things which directly bring us closer to realising them. They are included in the important and urgent and important and not urgent groups. We should avoid the others because they take our time and don't contribute to the process of realising targets. During such time organisation we should also support ourselves with classical techniques such as: combining duties, delegating tasks, setting priorities (Covey et al. 2007: 87-217).

Enterprises which want to use their time properly, should also benefit from outsourcing. It is assigning the performance of some corporate tasks to outside companies, it may refer to e.g. purchasing or services (Zimniewicz 2009: 24-32). It may be of key importance for micro-enterprises. Excluding activities supporting the business out of the enterprise e.g. marketing, deliveries, service connected with cleaning etc. It will allow the staff to concentrate on basic tasks together with those which have the biggest influence on the company efficiency. Moreover, the enterprises which benefit from outsourcing may reduce costs connected with employing and maintaining the staff (Zimniewicz 2009: 24-32).

In order to improve the organisation of time, the surveyed enterprises are also recommended to use the strategic balance scorecard. It comprises four perspectives (Skwarek, Ryszkas 2015: 24-26): customer's, of internal processes, financial and development one. For each perspective, one determines the aims which have to be achieved and activities which have to be undertaken. Agreeing on appropriate and cohesive measures for all four perspectives will allow one to assess completed tasks. This assessment will supply information if the time spent by company is used appropriately or not (Skwarek, Ryszkas 2015: 26-30; Koziol 2010: 395).

Nowadays, most entrepreneurs use traditional tools of time organisation. The XXI century will demand more and more computerisation of this area of activity, and also innovative approach; even today we can find very complicated applications which give us access to many functions used in time organisation and not only. The advantages of such tools are astonishing. Thanks to them we can have all our office in a mobile phone and virtual memory clouds give us access to documents or tools connected with this edition.

The topic of managing micro-enterprises is very broad and obviously it gives opportunity to lots of interesting surveys in this field. This work concentrated on time organisation of micro-entrepreneurs since it is the simplest way of improving the efficiency of their activities. Micro-entrepreneurship is going to be more and more desirable form of work because it gives its owners practically unlimited possibilities and big corporations willingly take advantage of outsourcing service offered by small enterprises in the field of personal consultancy, IT service or as trivial as cleaning service.

The article refers to managing micro-enterprises and organising time by them. It also touches the problem of efficiency, increasing and measuring it, especially when it comes to micro-enterprises. The article uses the authors' own research done in 30 micro-enterprises and they served to create recommendation aiming at improving time organisation and efficiency, as a result.

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