AN ANALYSIS OF ORGANIZATION STRUCTURES FOR SOUTHERN WOOD DEPARTMENTS

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Abstract.—Reorganizing personnel for performance is a continuous process for managers. As the environment of an organization changes, the organization must also change to be successful, and reorganizing is fundamental to implementing change. The problem is to select the organization structure to achieve the desired change. This paper explores how organization theory may help management understand the change process by predicting the influence organization structure can have on performance.

This paper describes the area and function organization structures used in southern industrial wood departments and examines the influence structure can have on department operations. Organization structure refers to the pattern of relationships selected by key executives to achieve department goals and objectives and includes positions and position holders in a hierarchy of authority as well as rules and formal procedures to guide performance (Scott 1981).

THE DEPARTMENT

The wood department is closely related and accountable to the company's primary processing mills in the procurement region. The department may further be related to region, division, and corporate organizations in the company. The primary functions of the department are procurement of wood raw materials and management of land controlled by the company. Upper-level management and staff are generally assigned to a central office and lower-ranking, field personnel are assigned to areas, which are geographic divisions of the procurement region (Eckstein 1983).

Personnel

The head of the department and the supervisors of land management and wood procurement are key positions in southern wood departments. The head of the department is responsible for maintaining an optimum flow of wood raw materials from the procurement region, coordinates department activities with other units in the company, and has responsibility for public relations. The supervisors of land management and wood procurement answer directly to the head of the department and coordinate the flow of raw materials from open market purchases and company-controlled land. Figure 1 shows the organization of upper-level management of two wood departments. In both departments, the head of the department has a span of management of seven, including the supervisors of land management and wood procurement. The number and diversity of positions answering to the head of the department indicate the complexity of modern wood departments and the emerging role of general manager for the head of the department.

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Field personnel perform functions required to implement department strategy and may specialize in either land management or wood procurement or perform both functions in an area of the procurement region. The spatial aspect of assigning field personnel makes close daily supervision difficult and expensive and provides a relatively high degree of autonomy for most field positions. The amount of responsibility assigned to field positions varies considerably and depends on factors such as experience and ability of the person, size of area assignment, degree of specialization, and department policy. The nature of the field position in relation to organization structure is examined below.

**Organization Structure**

The method of organizing field personnel produces the organization structures considered in this paper. In the function organization, field personnel specialize in land management or wood procurement and answer directly to function supervisors in the central office (Figure 2). In area organizations, field personnel report to area managers and either specialize in land management or wood procurement, or perform both functions (Figure 3). The nature of the field position in the two structures is influenced by specialization and area of assignment. Specialization restricts personnel to performing one function in an area and tends to narrow responsibilities of the position, while increasing area size increases responsibilities. The broader field positions therefore are in area organizations where field personnel do not specialize and have relatively large area assignments. While field positions vary considerably in the two structures, a basic difference is that field personnel in function organizations report directly to function supervisors in the central office, and area field personnel report to area managers, who answer to function supervisors and coordinate wood procurement, land management, and other department functions in their area. The area manager is a middle-level management position that is instrumental in implementing strategy and coordinating resources in area organizations. Function organizations do not have a position outside the central office comparable to the area manager.

Comparing the two structures, the function organization does not have the area manager level of management, but has a greater degree of specialization by personnel and direct communications between supervisors and field personnel, and tends toward centralized decision making. Function organizations have the potential advantage of reducing management overhead and increasing efficiency of personnel through specialization. Where field personnel require special equipment and training, physical attributes, and current information of timber markets or land management practices, the potential reduction in cost from specialization can be a significant factor. While the area organization has an additional level of management, the cost of overhead should be compared to the benefits area managers can have on department operations. The ability to decentralize can shift responsibilities to lower levels in the organization and reduce pressure of daily decision making on upper-level management. Broader field positions gain experience in procurement and land management and provide flexibility to shift personnel between functions as required. The advantages of area organizations appear to be from decentralization and flexibility not apparent in function organizations. The influence of the two structures on communications, planning, and personnel management are considered below.
FIGURE 2

CHART SHOWING FUNCTIONAL BASIS OF ORGANIZATION IN A WOOD DEPARTMENT

Manager

Land Management

Wood Procurement

Staff

MILL

Residue

Timber

Land

OUTSIDE

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FIGURE 3

CHART SHOWING FUNCTIONAL BASIS ORGANIZATION AT MILL-LEVEL AND AREA-BASIS AT OUTSIDE LEVEL

Manager

Land Management

Wood Procurement

Staff

Residue

Timber

Land

Area 1

Area 2

Area 3

MILL

OUTSIDE
COMMUNICATIONS

Effective communications can be related to levels of management in an organization and relationship between sender and receiver. The direct lines of authority between supervisors and field personnel favor communications in function organizations. As a rule, each level a message must pass through in an organization increases the risk of error and distortion of the the message. When directives from supervisors to field personnel pass through area managers, communications are subject to error. Error may also occur when communications go through several levels of management in the central office, even when messages are confined to function lines of authority. The close relationships which can develop among personnel specializing in procurement or land management in function organizations can facilitate communications. Specialists often have common objectives and problems, develop a familiar language, and through close contact, develop a better understanding with each other than with others in the organization. While function organizations tend to promote communications along function lines of authority, the same characteristics from structure may interfere with communications between land management and wood procurement or across lines of authority. Difficulty with communications across function lines can inhibit coordination of resources and achievement of department objectives (Strauss and Sayles 1980).

With proper management, both organization structures can have effective and accurate communications. As wood departments increase in size and add levels of management, simple communication networks of the past may not work, and managers should follow up directives with written messages and encourage feedback between sender and receiver to promote accurate communications. In function organizations, efforts to promote communications across function lines of authority may be necessary to coordinate department functions. In area organizations, communications may be especially difficult for area managers who report to more than one supervisor. In these organizations, a proper mix of oral and written messages and emphasis on feedback between all levels of the organization are essential for effective communications.

PLANNING

Effective planning is essential to coordinating the department's resources and achieving goals and objectives. In the function organization, the emphasis on planning and coordinating resources is between the manager and function supervisors. Once goals and objectives are established, supervisors implement plans and assign tasks to field personnel, who have little discretionary authority over planning their daily activities. Knowledge of local factors influencing the flow of raw materials from the procurement area, such as supply and demand for timber, transportation costs, availability of labor, and weather, are important data to be considered in planning. These and other factors require almost constant monitoring by function supervisors to implement the plan. In the area organization, the key person in implementing plans is the area manager, who has authority to coordinate resources and allocate work loads to field personnel.
Assigning coordinating and implementing responsibilities to the area manager can reduce the daily decision-making tasks of function supervisors and provide time for strategic planning. Also, coordination of department resources can be enhanced when area managers have sufficient knowledge of factors affecting the flow of raw materials and land management activities in their areas and work closely with function supervisors in formulating plans and setting goals and objectives.

Wood department managers may want to examine the proportion of time spent on planning by key executives. In function organizations, supervisors may find it more difficult to find time for planning and require assistants because of pressure from daily decision-making duties, which are handled by area managers in area organizations. Therefore, a careful examination of the constraints imposed by organization structure on key executives may be appropriate for departments where planning is considered important to performance.

PERSONNEL MANAGEMENT

The methods of organizing field personnel by area or function offer contrasting opportunities for employment in industrial forestry. Field personnel assigned to areas are generalists in the sense that they perform tasks associated with both land management and timber procurement, and recruitment and selection of personnel for these positions should be directed toward people who respond to and can perform a variety of tasks effectively. Field personnel assigned to a function are specialists and should respond to developing functional expertise in either land management or timber procurement. Consideration of the nature of the position and selection of personnel with appropriate attributes can help match employee to position, and matching employee to position can increase productivity.

Programs to help employees understand the complex operations of wood departments can improve department performance. For new field personnel, an orientation period in the central office can provide an overall view of the department's goals and objectives, specific insight into functional responsibilities, and rationale for department policy. In the area organization, where area managers and field personnel have broad functional responsibilities, clearly stated policy, including goals, objectives, and priorities for the department and the employees, sessions on time management, and management development seminars can be effective programs. In function organizations, where repetition of task can reduce employee effectiveness, job enrichment, job enlargement, and transfer to other areas may be used to reduce boredom.

A major deterrent to management development in the function organization is the absence of any general management position below top-level management. With career paths confined to functional areas, replacement of top-level managers from within the department may be a problem. Where promotion from within is considered important, an active policy of transfer between areas and functions may be appropriate. Such programs can be expensive in terms of relocation costs and a reduction in gains from specialization of labor.
CONCLUSIONS

This paper describes two structures commonly used to organize personnel in southern industrial wood departments and attempts to examine the influence structure can have on department operations, such as communications, planning, and personnel management. The function organization has the advantage of direct communications between function specialists, the potential of reduced overhead by eliminating area managers, and efficiency from specialization of personnel. The disadvantages of organizing by function appear to be the costs of management development, difficulty with communications across functional lines of authority and coordination of department resources, and limited time for planning by key executives, which can increase levels of management in the central office. Function organizations tend to be more centralized than area organizations. The advantages of area organizations are management development for field personnel and area managers, communications across function lines of authority, coordination of resources, and more time for planning by upper-level management. Disadvantages of area organizations include less specialization, an additional level of management, and interference with communications along functional lines of authority.

The organization problem for managers is to select the structure which facilitates department performance, accommodates the personnel, and achieves the company objectives. In the absence of compelling circumstances, the manager's preference may be the factor determining the organization structure. Certainly, a manager will be more comfortable with a structure which facilitates a preferred style of leadership and management philosophy. Situation is important to the selection process, and questions such as: Is the department expanding, contracting or stable; Are personnel experienced or inexperienced; are functions changing or constant; and Is the corporate environment stable are questions to be answered. These factors and others determine situation and should be considered in the selection process. Neither structure appears to have a clear advantage over the other in all situations. As described in the paper, both structures have advantages and disadvantages, and strengths and weaknesses which influence department performance. Therefore, the successful strategy should recognize the manager's preference, select the best structure for the situation, and include procedures to minimize the inherent weakness in the selected organization structure.

LITERATURE CITED