

*Certified Human  
Resource Manager  
(CHRM)*



# *Organization Design & Diversity*



# Content

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# Organization design

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Organization design is the process of aligning an organization's:

- structure,
- processes,
- and systems

with its mission, strategy, and goals.

It involves creating a structural framework that enables the organization to achieve its objectives effectively and efficiently.

# Organization design

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Zappos, a leading online shoe and clothing retailer, underwent a radical organizational design in 2015, implementing a **self-governing, holacratic structure**.

The company moved away from a traditional hierarchical structure and instead **adopted a flat, decentralized** approach where teams have autonomy over their own operations.



# Organization design

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Netflix, a streaming media company, has a ***flat, decentralized*** structure with a focus on empowered teams.

This allows the company to be nimble and responsive to changes in the market, which is key to its success in the rapidly evolving entertainment industry.

The Netflix logo is displayed in a bold, red, sans-serif font. The letters are thick and closely spaced, with a slight shadow effect behind them, giving it a three-dimensional appearance. The word "NETFLIX" is centered horizontally in the right half of the slide.

# Organization design

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In 2019, The Boston Consulting Group, a leading management consulting firm, announced that it was shifting to a **more flat and decentralized structure**, with more decision-making power given to its employees.

This allowed the company to be more agile and responsive to clients' needs and to also help retain top talent.

These examples demonstrate that organizations can benefit from a variety of different designs, depending on the company's industry, culture, and goals.

# Purpose of Organization Design

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Management of Human Resources

Strategy implementation

Right Organizational design is enabler of  
Organization strategy

Wrong Organizational design can be a disabler of  
strategy

# Pillars of Organization Design



Diversity of skills



Interdependency



Unity of purpose

# Organization Design Principles

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**Alignment**

**Industry Fit**

**Flexibility**

**Chain of  
command /Line  
of sight**

**Specialization**

**Relationships  
and Integration  
of activities**

**Authority**

**Empowerment**

**Communication**

**Span of control**

# Organization Design Principles

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**Alignment:** Ensuring that the organizational structure supports the overall strategy and goals of the organization. For example, a company that is focused on innovation and agility might have a flat, decentralized structure that allows for rapid decision-making and experimentation.

**Fit:** Tailoring the design of the organization to the unique needs of the company and its industry. For example, a manufacturing company might have a highly specialized and hierarchical structure, while a technology company might have a more flat and decentralized structure.

# Organization Design Principles

**Flexibility:** Building in the ability to adapt and respond to changes in the external environment. For example, a company that operates in a rapidly changing industry might have a more decentralized structure that allows for quick decision-making and experimentation.

**Employee empowerment:** Giving employees the autonomy and resources they need to succeed in their roles. For example, a company might implement self-managing teams or cross-functional teams that allow employees to take ownership of their work.

# Organization Design Principles

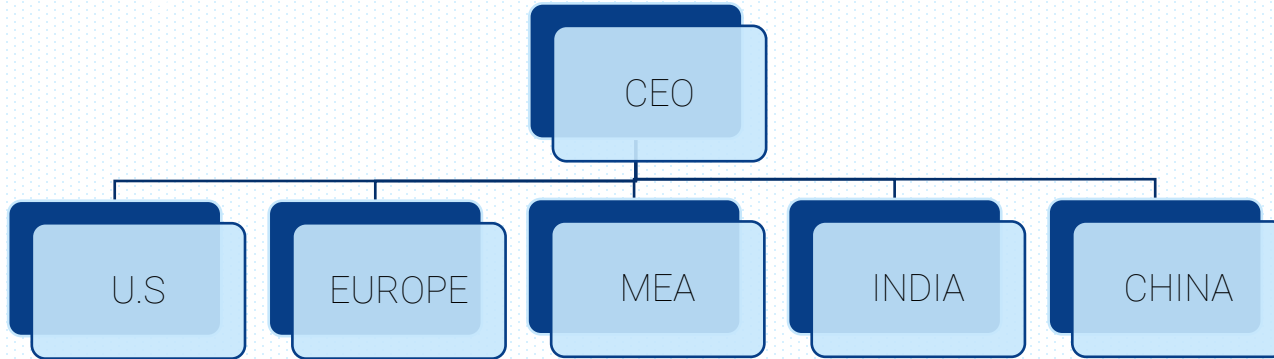
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**Clarity of roles and responsibilities:** Ensuring that employees understand their roles and how they contribute to the overall success of the organization. For example, a company might implement a clear and concise organizational chart that outlines the roles and responsibilities of each team and individual.

**Communication and coordination:** Creating channels for effective communication and collaboration across teams and departments. For example, a company might implement a project management system or regular team meetings to ensure that all employees are informed and can work together effectively.

# Span of control

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# Organization Design Principles

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**Scalability:** Ensuring that the organization design can support the growth and evolution of the company over time. For example, a company might implement a modular structure that can be easily adapted as the company expands into new markets or products.

*These examples demonstrate how these principles can be applied to different organization designs, in different industry and different stage of the company. It's important to note that there is no "one size fits all" solution when it comes to organization design and it's a continuous process that should be reviewed and adapted to the changing internal and external environment of the company.*

# Types of Organization Structure

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Hierarchical  
Structure

Functional  
Structure

Divisional  
Structure

Flat  
Structure

Networked  
Structure

Matrix  
Structure

Hybrid  
Structure

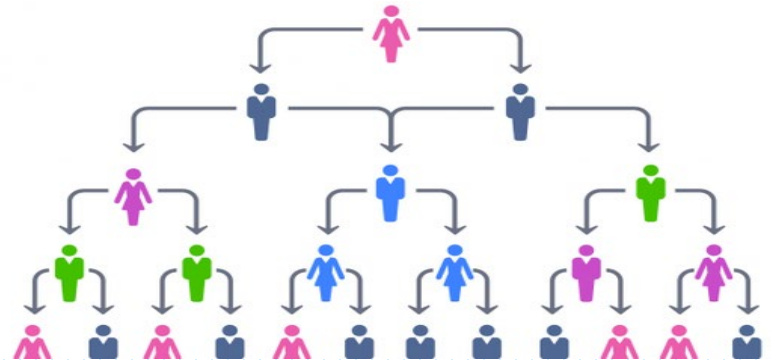
# Hierarchical structure

Better control

Alignment is easy

Chain of command is clear

Accountability is clear



# Specialization

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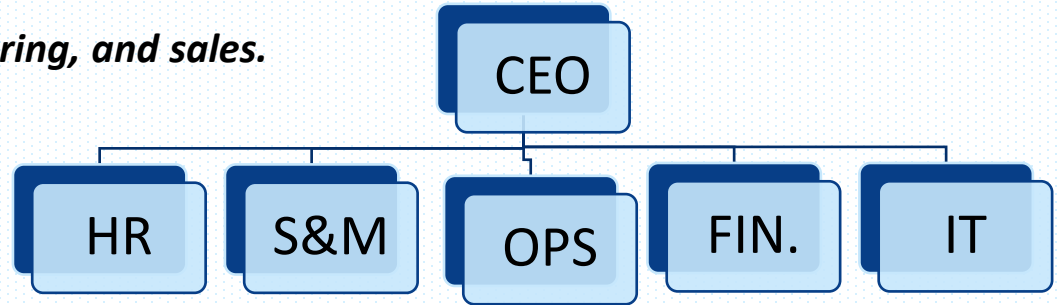
## Division of labor

- Adam Smith 1776
- Reduction in setup time
- Reduction in changeover time
- Encourages invention

# Functional Structure

This is the most common type of organizational structure, where the organization is divided into ***different departments*** based on specific functions, such as finance, marketing, and operations.

Each department is led by a functional manager and is responsible for a specific area of the business. For example, a manufacturing company might have a functional structure with departments for ***production, engineering, and sales***.

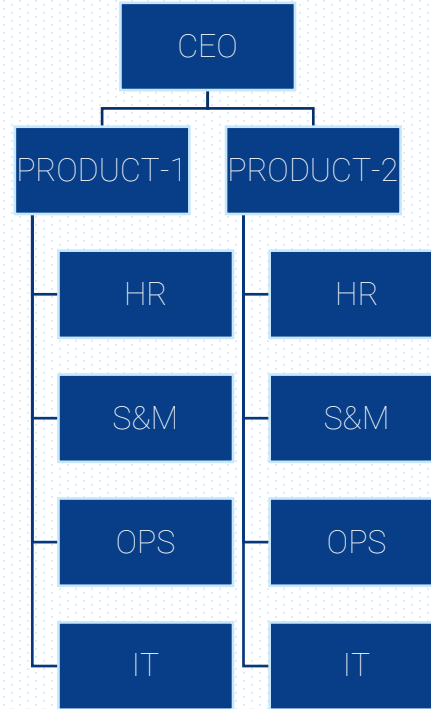


# Divisional Structure

This type of organizational structure is used for companies that operate in multiple ***different markets or product lines.***

The organization is divided into different divisions, each of which operates independently and is responsible for its own profitability.

For example, a large retail company might have divisions for clothing, electronics, and home goods.



# Flat Structure

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This type of organizational structure has a minimal hierarchy, with few or no levels of management.

It is characterized by a ***flat hierarchy, high autonomy, and a focus on teamwork.***

This structure is often used in ***small companies or startups and allows for quick decision-making and a high level of employee empowerment.***

# Networked Structure

A networked structure is an emerging type of organizational structure where the firm is connected to a ***network of other organizations, such as suppliers, customers, and partners.***

The firm's activities are coordinated through the network, and its boundaries are more permeable than in traditional structures.

This type of structure is often used in companies that rely heavily on partnerships and collaborations to achieve their goals.

For example, a company that specializes in the development of a specific technology, relies on a network of partners to provide complementary capabilities, such as manufacturing or distribution.

# Matrix Structure

This type of organizational structure combines elements of both ***functional and divisional structures***.

In a matrix structure, employees ***report to both a functional manager and a project manager***.

This structure is used in companies that need to be ***flexible and responsive*** to changes in the market, and where projects are a significant part of the operations.

For example, a consulting firm that works on multiple projects at the same time, with each project team having members from different departments.

# Matrix Structure

Tough to Manage

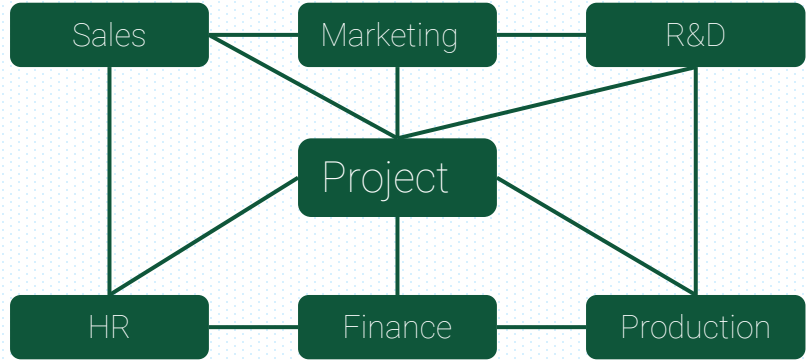
Alignment is tough

Requires collaboration

Democratic

Transparent

Innovation



# Models of Organization Design

## Mechanistic

- ✓ Rigid structures
- ✓ Formal communication channels
- ✓ Central authority
- ✓ Hierarchy

## Organic

- ✓ Collaboration
- ✓ Informal communication
- ✓ Decentralized
- ✓ Flat structure

# Organogram



## Diversity & Inclusion-An article I

SAN JOSE, Calif. (AP)—Google has had more trouble diversifying its workforce than its computer scientists have had writing programs that respond to search requests in the blink of an eye or designing cars that can navigate traffic without a human behind the wheel.

That seemed to be the conclusion when the Silicon Valley giant this week issued a gender and ethnic breakdown of its workforce that showed that of its 26,600 U.S. employees, 61 percent are white, 30 percent Asian, 3 percent Hispanic and 2 percent black. Thirty percent of its employees are women.

“Google is miles from where we want to be,” said Laszlo Bock, head of personnel at Google.

## The remedy

**In 2015**, Google committed \$150 million to both internal and external diversity initiatives. Internally, for example, Google not only offered unconscious bias training to employees but added a bias-busting course.

### **Google initiatives persevere to:**

1. Expand the ways the next Googlers are sourced and hired.
2. Ensure that Google is a fair and inclusive place to work—for everyone.
3. Bring computer science education to more students, makers, and future Googlers.
4. Ensure that all communities can access and benefit from the web.



**Accenture** (a global management consulting, technology services, and outsourcing company and a recognized world leader in diversity)

At Accenture, embracing inclusion and diversity in the widest possible sense—beyond gender, ethnicity or religion—is part of a powerful recipe for success and central to being a high-performance business.



**Novartis Pharmaceuticals** (which offers two definitions) We define diversity broadly to include the similarities and differences we possess based upon characteristics we were born with, experiences we have had and choices we have made. In short, everyone is part of our definition.

## Diversity vs Inclusion

**Diversity asks,** “Who do we bring into our organization?”

Inclusion asks, “How do we make them feel welcome when they get here?”

“Diversity provides the potential for greater innovation and creativity.

Inclusion is what enables organizations to realize the business benefits of this potential.”

Inclusion is thus also how you get people to want to join your organization (and recruitment and retention are two other strategic values of diversity). Or, put another way, diversity is the byproduct of effective inclusion.

## Diversity Without Inclusion

The subtle (if unintended) message to recruits is “you are welcome despite of who you are, not because of who you are.”

This affects workers’ behavior along four dimensions:

- **Appearance.** Adjusting their attire, grooming, and mannerisms to “blend in.”
- **Affiliation.** Avoiding behaviours associated with their “identity group” (culture, ethnic minority, sexual orientation, etc.).
- **Advocacy.** Avoiding engaging in advocacy on behalf of their identity group.
- **Association.** Avoiding associating with members of their identity group.

## Reasons Why Diversity is Important

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|---|--|
| <ol style="list-style-type: none"> <li>1. Creating equal opportunities for everyone is simply the right thing to do.</li> <li>2. Diversity is good for business and yields "a diversity dividend" of quantifiable improvements in market share, a competitive edge in accessing new markets, and a stronger bottom line.</li> </ol> | <ol style="list-style-type: none"> <li>1. Robust workplace diversity in an organization has a positive impact on the economies and societies in which the business operates.</li> <li>2. Diversity creates opportunities for everyone to learn from others and grow.</li> <li>3. Diverse views make for better business decisions and drive a high performance culture.</li> </ol> |
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## The benefits of diversity



## The cost & risks of diversity

1. Teams that are fragmented, nonproductive, and unable to arrive at decisions in a timely manner.
2. Increased costs for training.
3. Increased costs and time frames for recruitment efforts.
4. Increased management time.
5. Difficulties in communication.
6. Diffuse or blurred branding, image, and marketing efforts.
7. The impact of the “stereotype threat.”
8. Global integration and local differentiation.

## Four layers of diversity

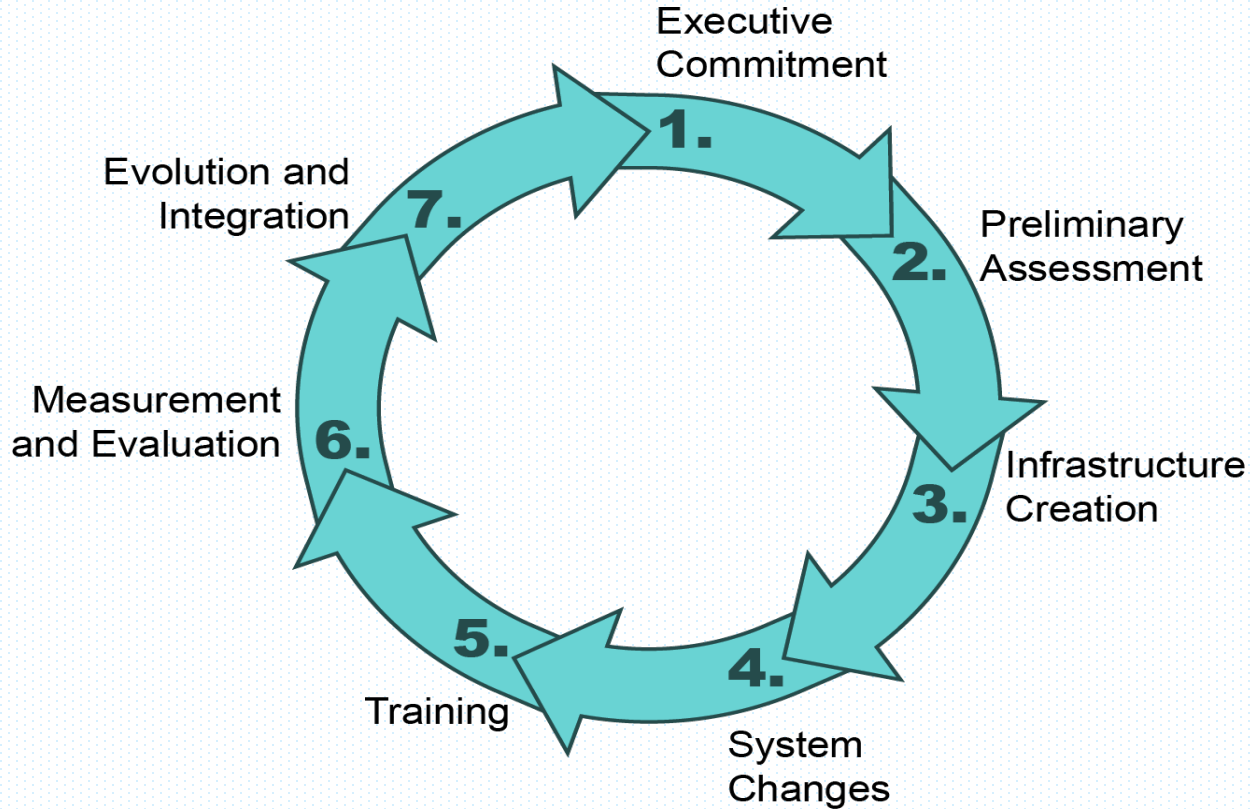
**Personality.** At the center are matters unique to each individual—style and characteristics, preferences, perceptions, behavioral predispositions, cognitive and learning styles—all of which are influenced by, and in turn influence, the successive outer layers

**Internal dimensions.** These are aspects of self, often assigned at birth, over which we have little control. They include gender, sexual orientation, physical abilities, ethnicity, race, and age.

**External dimensions.** These are the results of life experiences and choices. geographic location, income, personal habits, recreational habits, religion, education, work experiences, appearance, marital status, and parental status

**Organizational dimensions.** These are similarities and differences based on an individual's position in the organization. They include functional level or classification; content or field of work; division, department, unit, or group; seniority; work location; union affiliation; and management status.

# DI Strategic Process



## Notes On D&I


## An Example

The multicultural perspective has resulted in double-digit sales growth percentages in their emerging markets in Asia, Africa, and the Middle East.

In 1940, an American beverage corporation implemented what would now be considered a diversity initiative to compete against the market leader because they recognized the market leader was ignoring the African-American market. The organization hired a dozen African-Americans to create what they termed a “negro markets” department. By the late 1940s, the organization had both an African-American sales force and print advertising campaigns targeting an exclusively African-American audience.