# ORGANISATIONAL DIAGNOSTICS AND PLANNED ORGANISATIONAL CHANGE: A CASE ON PHARMACEUTICAL FIRM

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## ABSTRACT

*Introduction*

A case study has been conducted on a pharmaceutical firm based in Malaysia. The framework of this study was constructed based on the adapted version of Checkland's Soft System Methodology (SSM). The organisation that under-studied was being tested on its viability towards a planned change.

A set of diagnostics tools was applied to calibrate the organisation's operating system. In the inquiry stage for the real world, the six level organisational diagnostics, self-actuation diagnostic, organisation dissipativeness diagnostic and the actor system diagnostic (Yusof Omar, 2001) was used. The ISO 9001:2000 standard criteria are used for the system thinking inquiry.

Observation was conducted using the forms designed by Yusof Omar (2001) for the real world diagnosis. The diagnosis was conducted based on the concept of complexity whereby the firm was diagnosed at organisation, departmental and job level. In the data collection process, few sets of variables were rated based on the Likert scale ranging from 1 point to 5 points. The variables that fell on the scale of 1 to 3 points will become the critical success factors. The identified gap against a set of criteria will determine the amount of effort needed and the kind of interventions used to correct the situation to a desired level.

*Results of Data Analysis*

Results of the organisation-level analysis indicated that the firm's general environment is fairly good (a mean of 3.67 on a 5-point scale), however there is a growing concern of cost containment among the purchasers in the healthcare environment. The firm's industrial structure is rated only 3 points as a result of the competitive industry with significant threats from new entry or substitutes and rivalry among firms. Both the strategic orientation and self–actuation are rated low (3.17 and 3.0 on a 5-point scale) as there are areas of improvement in terms

of marketing capability, human resources and measurement systems, clarity of company culture, self-regulating and self-conscious. The mean obtained in the system dissipativeness diagnosis is 3.38 point, whereby areas need improvement including 'action towards deviation'.

Under the departmental-level diagnosis, the assessment of the group-level analysis appeared that there is a critical situation within the business unit of multi-source (BUM) as 3 variables score below 4 points i.e. 'goal clarity', 'group functioning' and 'group composition'. In addition, based on the 'actor system generic identity' diagnosis, BUM also scored the low points for all the variables (mean ranging from 2.75 to 3.5 on a 5-point scale).

The results of the 'actor system individual identity' assessment under the job-level analysis shown that 32.56% of the observation for 'self-referencing', 72.09% of observation for 'altruism' and 70.93% of observation for 'self-reflective evolution' are rated below 4 points (on a 5-point scale). In the assessment of 'personal characteristic', majority of the variables i.e. 'Experience' (55.8%), 'Abilities' (83.7%), 'Growth Needs' (58.1%), 'Education' (80.2%), 'Skills' (72.1%), 'Needs and Expectation' (95.4%) and 'Family Needs' (12.8%) score below 4 points (on a 5-point scale). From the 'individual effectiveness' assessment, all variables under assessment need correction or improvement because the means obtained are less than 4 points.

Results from the Internal Quality Assessment shown that only 35% of the variables rated good or excellent (a mean of 4 or 5 on a 5-point scale). Corrective measurements need to be done to move those scored 'poor', 'fair' and 'satisfactory' (15%, 25% and 25% respectively) to 'good' or 'excellent' score.

The above results indicated that many variables are deviated significantly from the population mean (score below 4 points) that has identified as critical success factors for the organisation to improve.

Each proposition was then tested. The Z test was used to analyze the data. As all the means are not contained in the region of rejection, therefore all the 5 propositions were rejected.

*Conclusions and Recommendations*

Analysis of the result concluded that the organisation under studied is not viable from the points of 'self-actuation' (P1 was rejected), 'actor system adaptation' (P2 was rejected) and 'dissipative structure' (P3 was rejected). Therefore, the organisation will not be able to survive under change. The study also found that the organisation is not functioning effectively as shown in the six level organisation diagnosis (P4 was rejected) as well as the quality measurement against the ISO 9001:2000 Standard (P5 was rejected).

To improve the weaknesses of the organisation, the Cumings Model is used as a framework for the intervention design. It is recommend that the strategic intervention should be the first priority in the change process. It is critical for the firm to focus on how to position strategically in the intense competitive environment through integrated strategic change.

Second, follow by technostructural intervention where it helps to improve strategic orientation as well as dissipativeness of the organisation. Third, the human process intervention is needed to resolve the interpersonal conflict and social dynamic problems. At the same time, the human resource management intervention can fit in to facilitate the performance appraisal and reward system.

Lastly, the self-design change strategy, organisation learning and knowledge management and culture change can be followed after the above interventions. A Gantt chart was designed to monitor the progress of the intervention program and to ensure the success of transforming the organisatioh.