

## Design an Organizational Diagnostic Model Supporting Business Process Reengineering of Vietnamese Companies

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**Abstract:** This study focuses on designing an organizational diagnostic model to significantly support business process reengineering at Vietnamese companies. Based on referring quality management systems implemented successfully over the world, especially, the framework of Baldrige Performance Excellence in Malcolm Baldrige National Quality Award; European Foundation for Quality Management and Australian Business Excellence Framework, an organizational diagnostic model including ten systems is designed: (1) Leadership; (2) Supporting system of goal achievement in strategic planning; (3) System of responding benefits or value of customer expectation; (4) Improving system of business process capability; (5) Information system, assisting decision making; (6) Variation controlling system in the manufacturing process of main products; (7) System of human resources development; (8) Supporting system for organizational learning and continuous improvement; (9) System of building company image in community; and (10) System of meeting requirements of the main stakeholders. Then, the designed systems in the organizational diagnostic model are adjusted to suit the business environment in Vietnam through focus-group discussing in the seminar with 20 experts who are managers of Vietnamese companies. Overall, this study provides an appropriate organizational diagnostic model in the context of Vietnam which helps Vietnamese companies have a critical picture for self-diagnosing, self-evaluating of their business performance to identify business process reengineering efficiently.

**Keywords:** Business process reengineering; Business performance; Organizational diagnostic model; Quality management systems; Vietnamese companies

### Introduction:

Vietnam's economy has gone through more than twenty years of innovation process when entering into global markets. Changing for surviving and thriving is an inevitable step for operating a business. Currently, Vietnamese companies are undergoing changes to adapt business environment, though, they are struggling to seek out an appropriate business process reengineering roadmap for seizing the opportunities and challenges of the business environment. In order to develop business process reengineering, searching a relevant organizational diagnostic model to gather an essential information and evaluate prevail organizational business performance is required.

Up to date, in literature review, there are various approaches of organizational diagnosis at different countries in over the world. However, those diagnostic approaches have not best fit with the context of Vietnamese companies. Therefore, designing a new organizational diagnostic model in the context of Vietnam for Vietnamese companies is necessary, which this study tackles.

### Literature review:

Organizational diagnosis is a very important issue in the field of Organizational Development and Change [5]. There are various diagnostic organizational models dealing with both theory and practice. Each organizational diagnostic approach has advantages and disadvantages as shown in Table 1.

**Table 1:** Advantages and Disadvantages of organizational diagnostic approach

Approach /Focus	Advantage	Disadvantage
<b>Leavitt's organizational diagnostic model</b> [7] -The organization as the object of change, which brings the structural and the human component of the organization into balance. - 4 key elements in Leavitt's model: structure; people; task; technology.	-Simple. -Easy to understand. -Change management, production improvement, and decision-making.	-Exclude the impact of the environment. -No input and output variables.
<b>The Six Box Model</b> [10] -Six significant organizational components are included into the diagnostic model: purpose; structure; relations; leadership; auxiliary mechanisms; and rewards. -Balance the importance of formal and informal organizational elements. -Briefly perform simple diagnosis.	-Easy to understand and explain. -Identify priority elements to be addressed.	-Simple, dependent relationships between the elements have not clearly defined. -Do not mention the impact of environmental factors.
<b>Model 7S</b> [9] -The necessity of treating an organization as a complex system comprised of hard, or formal, and of soft, or informal, elements. -The following aspects in	-Explain why innovation is always a complex set of processes. -There are connections	-Too simple. -Undefined input and output variables.

the diagnosis while organizational change takes place: strategy; structure; systems; staff; style; shared values; skills.	among 7 elements.	
<b>Burke– Litwin diagnostic model</b> [3] -Balance the hard and the soft organizational elements, and include organizational differentiation on three levels: organizational, group and individual. -Need to assess organizational effectiveness. -Consider changes affected by which certain factors.	-Indicate the cause-effect relationship between internal and external factors of the organization. -Distinguish transformation and transaction.	-Complex, so difficult to practically use this model for managing the organizational change. -There are many variations.
<b>Nadler &amp; Tushman – diagnostic model</b> [8] -Require systemic perspective, general analysis.	-Highlight both the asymmetric and the appropriate points. -Consider the impact of the external environment.	-In long-term, organizational fitness can prevent the organizational change. -Take more time and cost to apply the complex model.
<b>Janićijević’s diagnostic model</b> [5] -Four basic components – two static and dynamic, and two formal and informal components. -Business processes are included in an organizational model. -Components in model emerge from the mission, vision, goals and corporate strategy.	-The balance between the requirements of the environment and company resources.	- Identifying and classifying of business processes should be carried out by expert groups: CEOs, Heads of departments or consultants...
<b>Quality management system</b> [ 1; 2; 4; 6] - Overall evaluation of all activities of the organization. - The main criteria: leadership, policy, strategy, people, partnership and resource, process, results of customers, results of human, results of society, and efficiency.	-Having clear evaluation criteria; apply easily.	-Complex - Many criteria

Based on the above analysis of the advantages and disadvantages and the dimensions of each organizational diagnostic approach, common components incoherently illustrated in diagnostic models: business process; mission, strategy, organizational structure, systems, organizational culture, people, capability, task; technology... However, the approaching that bases on the quality management system has prominent features in evaluating the overall organizational business performance, having high generality at the

organizational level and facilitating the development of the organizational diagnostic model.

Currently, upon quality management systems implemented successfully over the world, there are some famous frameworks including different principles, such as the Framework of Baldrige Performance Excellence in Malcolm Baldrige National Quality Award; European Foundation for Quality Management and Australian Business Excellence Framework [1; 2; 4; 6].

Therefore, it is necessary to design a new organizational diagnostic model with systematic view of organizational business performance; which can help Vietnamese companies identify business process reengineering efficiently.

#### Methods:

This study is conducted by (1) reviewing the literature of Organizational diagnosis, Business process reengineering, and Organizational Change Management and (2) focus-group discussing in the seminar with experts in this field.

#### Results and Discussion:

By literature review, the organizational diagnostic approach upon quality management systems implemented successfully over the world, especially, the Framework of Baldrige Performance Excellence in Malcolm Baldrige National Quality Award; European Foundation for Quality Management and Australian Business Excellence Framework [1; 2; 4; 6] are referred to design a new organizational diagnostic model including ten systems. The principles and the dimensions corresponding to each system are modified and classified on the basis of their value of content. Then, the designed systems in the organizational diagnostic model are adjusted to suit the business environment in Vietnam through focus-group discussing in the seminar with 20 experts who are managers of Vietnamese companies. Finally, the designed organizational diagnostic model including 10 principles (systems) is as shown in Figure 1. Each principle focuses on evaluating every important aspect of the business, specifically as follows: (S1) Visionary leadership system; (S2) Supporting system of goal achievement in strategic planning; (S3) Customer Driven Excellence system (S3a:system of responding benefits or value of customer expectation; S3b: customer relationship); (S4) Improving system of business process capability; (S5) Information system, assisting decision making; (S6) Variation controlling system in the manufacturing process of main products; (S7) System of human resources development; (S8) Supporting system for organizational learning and continuous improvement; (S9) System of building the company image in community; and (S10) System of meeting requirements of the main stakeholders.

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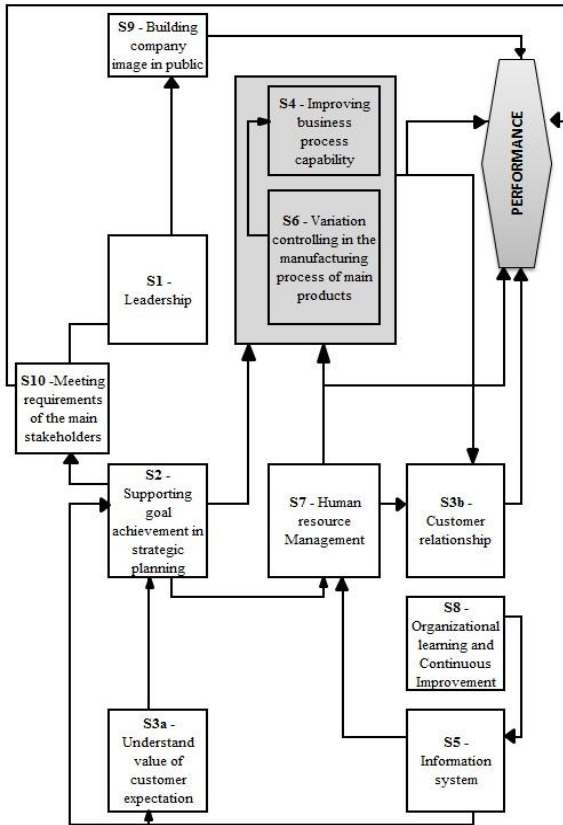


Figure 1: Designed organizational diagnostic model

The ten systems in the designed organizational diagnostic model in Figure 1 have interconnections which are explained as follows.

**Table 2:** Analysing interconnections among systems in the designed organizational diagnostic model.

Link	Description
1↔2	-Mission, Vision, and Core Values of System-1 are the main factors when developing strategies in System-2. This link identifies important areas for the company. -Specific action plans in the System-2 help leaders (System-1) focus on action and the specific measurement. -Predicting results, comparing data, and defining target in the System-2 help leaders (System-1) have action-oriented programs.
1↔10	-Strategic objectives and the time frame (System-10) are input to create an environment supporting the strategic goal achievement of the System-1. -Senior leaders who actively participate in leading and orienting directions (System-1) focus on important subjects have been identified in System-10.
1↔9	-Mission, Vision, and Core Values of System-1 are the input of the System-9 in order to identify areas needed to be emphasized on community support in System-9. -Adhering ethical standards with the community in consistent with the value of visionary leadership system enhances mutual trust in the working environment (System-1).
2↔10	-The short-term and long-term time frame (System-2) is used to assess whether the strategic objectives have a balance between the challenges and opportunities in short-term and long-term or not (System-10). -The balance index or other methods are used to measure the efficiency of investing in key targeted

	groups (System-10) helps regulate the action plan in the System-2.
2↔3	-Changing in products/services in System2 can affect the targeted customer groups and the market identified in the System-3. -Knowledge of the targeted markets and customer groups (System-3) is used to design strategies of market position (System-2). Needs and expectations of customers leading to their buying decisions (System-3) are used for the analysis in System-2.
2↔5	-A key element of the action plan is measurement to track progress towards goals. The action plan (System-2) is used to select the criteria of evaluating the daily activities and firm's business performance (System-5). -Data collection and analysis methods in the System-5 support the strategic planning (System-2). The data analysis results in the System-5 are used to adjust the action plan (System-2).
2↔4&6	The action plan can directly change according to the manufacturing business process. Changing and adjusting processes (System-4 & 6) support the strategic goal achievements (System-2).
2↔7	-The short-term and long-term workforce planning in the System-2 is developed into specific action plans which effect on designing and redesigning system of human resources development (System-7). The action plan is used to set working objectives and to recognize staff's contributions in achieving the established action plan. -Human resource planning is input to recruit new employees for achieving the whole business strategies.
3b↔4&6	-The preferred characteristics of the products or services are designed upon customer needs (System-3) is used to determine the requirements for controlling variation in the manufacturing process of main products and improving process capability (System-4 & System-6). -The results of variation controlling and capability improvement (System-4 & System-6) are present in the specific products/services which are measured by customer satisfaction.
3a↔5	Data collection and analysis methods in the System-5 help to collect the necessary data about customers which is described in the System-3. The results of data analysis (System-5) help to adjust the data collection plan about customers (System-3). The collected data (System-3) is a basis for improving the data collection and analysis methods designed in the System-5.
5↔7	-The benefit of knowledge sharing across systems is to capture and disseminate knowledge which the system itself is not sufficient to ensure the sharing of knowledge in the whole enterprise. The knowledge sharing environment is affected by designing of management systems consolidating performance. An information system in the company is a basis for strengthening this environment. -The organizational knowledge area requires the sharing of information and knowledge. If the working environment is not suitable, it is difficult to make the sharing happened. The working environment in the System-7 has a major impact on sharing of information and knowledge.
5↔8	-The quality of data and information, such as precise, reliable, updated... is the vital input of the data collection process to monitor and analyse activities, firm's business performance, and progress of implementing the strategic objectives.

In comparison with prior approach, the above designed organizational diagnostic model addresses most important aspects of organizational business performance (Table 3). Overall, the core values and concepts of the above designed organizational diagnostic model for firm's business performance excellence are business principles to efficiently enhance their competitiveness.

**Table 3:** Organizational diagnostic model comparison

Reference	[7]	[10]	[9]	[3]	[8]	[5]	[1;2;4;6]	*
Approach	Leavitt	Weisbord	Waterman et al.	Burke& Litwin	Nadler & Tushman	Janićijević	Quality systems	This study
Dimension								
Environment				X	X	X		X
Purpose, mission		X	X	X		X	X	X
Strategy			X	X	X	X	X	X
Structure	X	X	X	X	X	X		X
Technology	X						X	X
Systems		X	X	X	X	X	X	X
Tasks	X			X	X			X
Motivation				X				X
Culture (values)			X	X		X		X
Atmosphere				X			X	X
Leadership style		X	X	X		X	X	X
People: capabilities, needs	X		X	X	X	X	X	X
Human relations		X			X	X	X	X
Physical conditions							X	X
Performance				X	X	X	X	X
Business processes						X		X

### Conclusion:

Overall, this study provides a new organizational diagnostic model including ten systems: (1) Leadership; (2) Supporting system of goal achievement in strategic planning; (3) System of responding benefits or value of customer expectation; (4) Improving system of business process capability; (5) Information system, assisting decision making; (6) Variation controlling system in the manufacturing process of main products; (7) System of human resources development; (8) Supporting system for organizational learning and continuous improvement; (9) System of building company image in community; and (10) System of meeting requirements of the main stakeholders.

Regardless of whether an organization is working toward any interested in improving business performance, the designed model can help Vietnamese companies have a critical picture for self-diagnosing, self-evaluating of their business performance. From which, Vietnamese companies can understand and critically review their current business practices and processes, analyse their practices, compare them to world-class practices, and identify significant changes for achieving business process reengineering efficiency in their overall

business performance. Besides, this model is also the basis for Vietnamese companies to promote an awareness of performance excellence by designing organizational improvement and transformation for achieving increasingly vital quality, productivity in a competitive edge.

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