

# **Organizational Diagnosis in a Brazilian Food Industry - Londrina / PR. / Brazil**

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## **ABSTRACT**

*The study made an organizational diagnosis in a Brazilian industry in the food segment. The research was submitted to the company's management taking into account the organization's assessment from six perspectives: structure, marketing, production, people, finances and society. Despite the analysis, using the Average Ranking method, reaching a general neutral index ( $n = 3.0$ ), the study warns that a company must urgently consider the areas of production, marketing and people; considering that several items in the areas were identified as defined points.*

**Keywords:** *Organizational Diagnosis. Industry. Family business. Management.*

## **INTRODUCTION**

A well-structured analysis, consistent and detailed analysis in all sectors of the company, makes business diagnosis an important managerial tool to understand the organization as a whole and identify: strong points, weak points, threats and opportunities. Detect which sectors are most productive and which need improvement provides managers with the possibility to plan activities in a more realistic way; provided, of course, the diagnosis is based on objective and impartial data and information.

When an organizational diagnosis is managed correctly, its reflexes are perceived at all structural levels, organizational and administrative of the company; creating opportunities to product development, services and people. Therefore, it will be necessary to use a methodology that takes into account the optimization and enhancement of the organization, in particular, and taking into account the specificities of family businesses in the case of diagnoses in this type of organization.

The organizational diagnostic model proposed in the present study and adapted by the authors, has the

intention of: complement the gaps left by previous models, analyzing the organization's management to then implement strategic planning more effective.

## **THEORETICAL REFERENCE**

The organizational diagnosis can be understood as a process of temporal and spatial verification that analyzes a given process or company as a whole. In this process it is possible to verify deviations in performance, internal and external conditions and diagnostic symptoms of inadequate procedures. (NEWMAN & WARREN, 1980).

The diagnosis corresponds to the first phase of the strategic planning process and seeks to answer the basic question: What is the real situation of the company in terms of its internal and external aspects?

Some fundamental premises that must be taken into account in the diagnosis: analyze the environment and its relevant variables, in which it is inserted in the organization; whether this environment provides opportunities that need to be enjoyed and threats that need to be avoided; knowledge of the internal strengths and weaknesses, to face the situation of the external environment; this process of analyzing internal variables (strengths and weaknesses) and external variables (opportunities and threats) must be integrated, continuous, evolutionary, systemic and evaluated. (OLIVEIRA, 2009).

As a diagnostic process develops, skills and competences develop that lead to a form of reflection about the object of study, and the process ends up becoming an intuitive part, through which the nature of the character of organizational life is judged. (MORGAN, 2009).

## **MATERIALS AND METHODS**

As for the approach, the research was characterized as qualitative and as for the objectives, exploratory and descriptive. As for the data collection procedures, the research was characterized as bibliographic and case study.

The study was limited to analyzing a small family-owned food industry headquartered in the city of Londrina, State of Paraná, Brazil; that produces salt, spices and barbecue sauces.

The field research was carried out through the organizational diagnostic model proposed by Silva (2010), through a detailed and global analysis of the organization. The model was adapted by the authors on a Likert scale, totaling 600 questions submitted to the company's management. As for data analysis, the Average Ranking (AR) method was used.

Figure 1: Organizational Diagnostic Model proposed by Silva (2010).



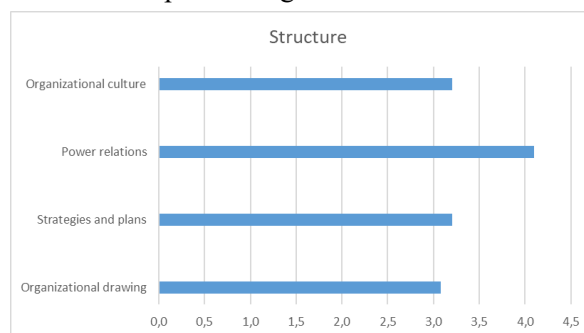
Source: Silva (2010).

## DISCUSSION

Next we will present the results achieved in the first major axis of the model called “structure”. The Likert scale presents items in the form of statements about a category of analysis on which respondents are asked to state their position. As for the analysis of the responses to the questionnaires, the Average Ranking (AR) method was used, which measured the degree of agreement of the respondents.

The results with an average < 3 mean an evaluation below the reasonable in the researched item (weak point). Results with an average = 3 mean a reasonable assessment with potential for improvement (neutral point). From another perspective, the referred index with an average = 3 (depending on the case) in a short period of time may become a weak point. Therefore, the index with a mean = 3 should be considered as a warning sign. Results with an average 3 mean a good and above average assessment (strong point). To obtain the values, the weighted average  $WA = \text{sum}(\text{frequencies of responses} \times \text{marked scales})$  was initially considered, and then the Average Ranking, expressed by  $AR = WA / \Sigma \text{frequencies of the responses}$ , was calculated.

Graphic 1: Big block structure.



Source: Elaborated by the authors.

As can be seen in Graphic 1, the researched company has the “organizational culture” as its strong point (n = 3.2). The organizational culture brings together beliefs, ethical and moral values, habits, behavior and everything that involves internal and external policies of the company. An organizational culture refers to the way in which employees see the company itself and how they should act within it. The above-average index (n = 3.2) demonstrates that the organizational culture in the researched company can

motivate employees and help them to grow together with the organization. However, it is important for the company to align values, visions and ideas for all employees; so, the direct involvement of all with the objectives of the organization. In this sense, it is necessary to develop manuals containing the standards and regulations, values and code of ethics in detail; as well as creating communication channels so that all levels have access to the board.

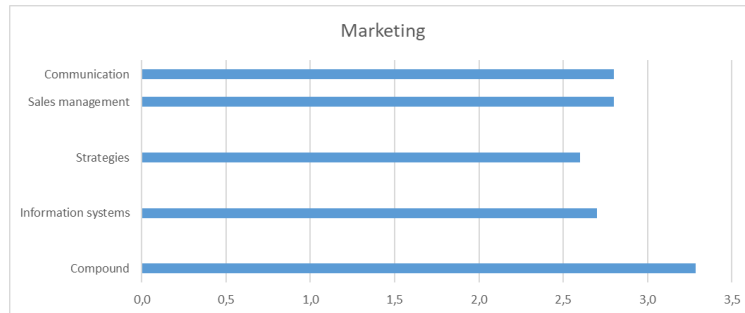
The researched company also has the item “strategies and plans” ( $n = 3.2$ ) as its strong point. Planning is one of the main functions of the administrative process and its function is to indicate the direction to be consolidated by the company. (OLIVEIRA, 2009). Planning is the conscious determination of courses of action and encompasses decisions based on objectives, facts and an estimate of what would happen in each available alternative. (LACOMBE, 2009). The present study demonstrates that the researched company established a direction to be followed in order to achieve its goals. Therefore, the probability of success in making decisions may be greater, providing the company with greater competitiveness. Planning consists of making early decisions about what to do, before the action is taken; that is, to simulate the desired future and to establish in advance the necessary courses of action and the appropriate means to achieve the objectives. (CHIAVENATO, 2003).

The company's strong point is the item “organizational design” ( $n = 3.1$ ). The organizational design addresses the configuration of the company's organizational structure and the processes used to make it work and achieve results. The organizational design involves the definition of the basic structure of the company and how the administrative referrals will be divided and assigned between departments, divisions, units, teams and positions. Through the research it can be considered that the referred company will be able, through the organizational design, to define how the organization will work and how its resources will be distributed and applied. If the researched company chooses to improve aspects related to organizational design, it will be bringing together and making compatible the four characteristics that involve this process: differentiation, formalization, centralization and integration.

The researched company has as a strong point the item “power relations” ( $n = 4.1$ ). Organizations are characterized by situations of uncertainty; therefore, the analysis of the decision-making process shows the different manifestations of power and politics and their analogies with the culture of organizations; in this way, the analysis reveals who decides, what the process is, who loses and who wins. (BERTERO, 1989).

Despite the good performance in the “structure” block, it is necessary for the company to: update the organization charts and make them accessible and visible to everyone; improve lateral communication and integration between departments; formalize the mission, vision and values; try to correct immediately the deviations between what was planned and what was accomplished; detail the rules and regulations in printed form in manuals that are available to everyone; formalize the professional code of ethics.

Graphic 2: Big block Marketing.



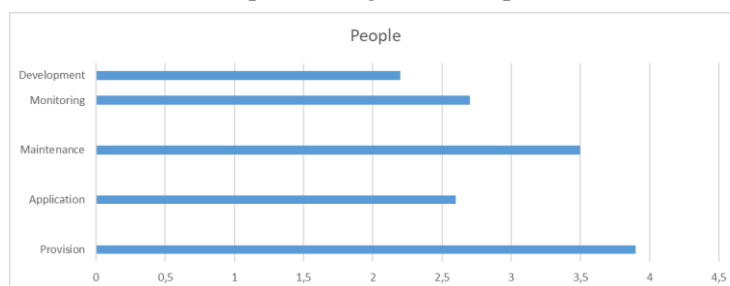
Source: Elaborated by the authors.

As can be seen in Graph 2, the researched company has as its strong point “the marketing mix” (n = 3.3). Despite this important aspect where the four major areas (price, point, product and promotion) seek to meet the needs of consumers; we highlight as weaknesses in the company: the “Market Information System” (n = 2.7); “Strategies and Positioning of the Company” (n = 2.6); "Sales Management" (n = 2.8); and “Marketing Communication” (n = 2.8).

In a highly competitive environment, companies need to deepen their analysis and marketing strategies and not only persist in the basics of what they are made of (price, point, product and promotion). Companies that are satisfied with a basic marketing approach create a certain illusion and are doomed to stagnation and extinction. When properly applied, marketing enables: competition understanding; greater and better capture, relationship and customer loyalty; strategy planning; monitoring and strengthening the brand; better understanding of consumer behavior and desires; raise trends and etc.

In view of the several specific negative points pointed out in the research, the company needs to: analyze the possibility of implementing a CRM (Customer Relationship Management); conduct market research regularly; use a competitor monitoring information system; regularly research customer satisfaction; review the participation of the marketing manager in the strategic management process; implement a sales planning flowchart; analyze sales targets weekly; define criteria for selecting suppliers; analyze the possibility of the sales manager constantly accompanying salespeople; use a professional third-party company to launch advertising campaigns.

Graphic 3: Big block People.



Source: Elaborated by the authors.

The “people” block concerns the conduct that the company adopts towards internal and external employees, promoting a mix between society and how it is impacted by the organization.

As can be seen in Graph 3, the company's strengths are “provision” (n = 3.9) and “maintenance” (n = 3.5). While the provision refers to the recruitment and selection of employees; maintenance is linked to retention and motivation.

Recruit, select and retain good professionals is an apparently simple task for most managers; however, making these processes operational requires basic care that avoids mistaken hiring, troubled dismissals and the loss of good professionals.

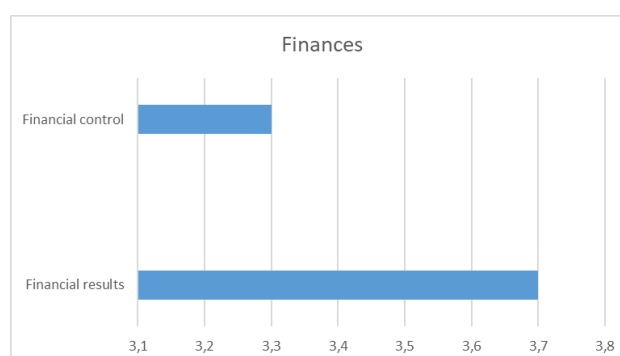
Although the provision and maintenance are aspects very well managed by the company; we highlight as weaknesses in the research: “development” (n = 2.2), “monitoring” (n = 2.7) and “application” (n = 2.6).

The retention of good professionals also goes through the “development” process that aims to implement organizational policies focused on human talents, through practices that enhance skills and competences. However, “developing” employees is not enough; it is necessary to “monitor” even to be able to know if development policies are actually having a practical effect. Monitoring is to control, guide, observe and maintain people's behavior within certain limits of variation, organization or established limits.

The process of “applying”, means integrating people in order to assess their performance and thus, put in positions more effectively that achieve the best possible result. This process includes organizational design, job design, job description and analysis, people orientation and performance evaluation. (CHIAVENATO, 2011).

In view of the specific negative points pointed out in the research, the company is necessary: analyze the possibility of partnerships with universities and support agencies; provide procedure manuals; work for the socialization of employees; elaborate job modeling; analyze the possibility of centralizing the performance evaluation in the Human Resources Sector; analyze the possibility of implementing the 360° technique; analyze the possibility of the team evaluating its managers; analyze the possibility of implementing life insurance and health insurance for employees; offer development opportunities to employees; analyze the possibility of developing a career plan; develop a compensation plan considering the achievement of goals; constitute a Internal Accident Prevention Committee (CIPA); develop a program of suggestions with employees, as well as recognition for employees who provide contributions to the company; develop a standardized method for conflict management; analyze the possibility of setting a percentage for investment in training; analyze the possibility of acquiring specific software for HR; establish individual performance indicators.

Graphic 4: Big block Finances.



Source: Elaborated by the authors.

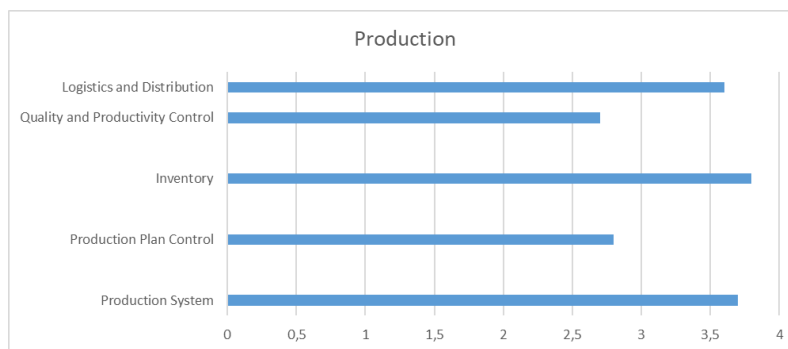
The “finance” block was the second best evaluated, behind only the “structure” block.

As can be seen in Graph 4, the researched company has both “financial results” (n = 3.7) and “financial control (n = 3.3)” as its strong point.

While the "financial results" are linked to the profit or loss existing among the non-operating activities of the organization; “financial control”, in turn, refers to the set of actions used to verify that what was established in the planning is being carried out and what are the necessary measures to correct possible flaws and errors. The company revealed responsibility and zeal for the financial area; a situation that needs to be continued and that must be increasingly improved.

In view of the specific negative points out in the research, it is necessary that the company: analyze the possibility of outsourcing accounting; implement an adequate financial plan and aligned with the other areas of the company; implement financial and economic indicators.

Graphic 5: Big block Production.



Source: Elaborated by the authors.

The survival and development of an industry's production sector depends on strategic and operational decisions. In this process, some questions are fundamental: What to produce? How to produce? When to produce? What resources to use to produce?

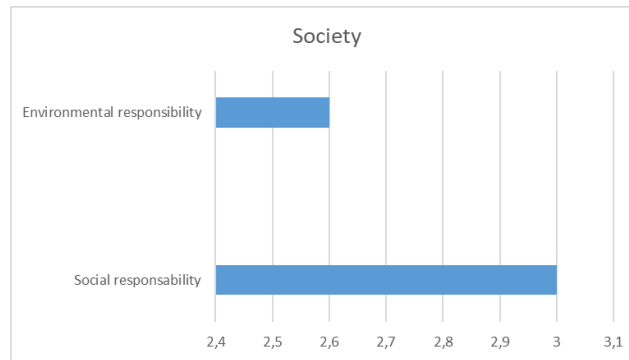
More than simply producing, the central function of the production sector must be to add value to the final product. Therefore, it is essential to identify bottlenecks, analyze processes, formulate and implement improvements.

As can be seen in Graph 5, the researched company has as strengths the items “inventory” (n = 3.8), “production system” (n = 3.7) and “logistics and distribution” (3.6). As a weak point of the items "production planning and control" (n = 2.8) and "quality and productivity control" (n = 2.7).

In view of the several specific points pointed out in the research, the company is necessary: analyze the possibility of automating processes; analyze the possibility of increasing the installation, if necessary; analysis of the possibility of creating the res R&D (Research and Development) area; analyze the implementation of CAD (Computer Aided Design), CIM (Computer Integrated Manufacturing) and CAM (Computer Aided Manufacturing); use a master production plan; deploy a PCP; formalize a maintenance structure and routine; analyze the role played by the employee responsible for quality control; analyze the alignment of quality control with the other sectors of the company; analyze the possibility of certification; review the process flowchart; review forms and communication systems; implement performance

indicators for decision-making.

Graphic 6: Big block Society.



Source: Elaborated by the authors.

Social responsibility refers to the company's commitment to issues that involve attitude, internal behavior and actions that promote or the well-being of its internal and external public. Environmental responsibility, in turn, is linked to actions that respect the environment and as policies that they obtain as one of the main sustainability objectives.

As can be seen in Graph 6 called “society”, the company has “social responsibility” as its neutral point (n = 3.0) and “environmental responsibility” as its weak point (n = 2.6).

In view of the several specific negative points pointed out in the research, it is necessary for the company to: analyze the possibility of preparing institutional material that exposes the organization's ethical, social and environmental commitments; analyze the possibility of making physical exercise practices available to employees in the work environment; appoint a person responsible for environmental policies; elaborate mapping of environmental preservation analysis and waste monitoring program; prioritize the hiring of environmentally responsible suppliers.

Painting 01: Classification of the sub-blocks in decreasing order.

Classification of the sub-blocks in decreasing order	RM = MP / Σ	Result	Result
Power relations (Structure)	n=4,1	> 3	strong point
Provision (People)	n=3,9	> 3	strong point
Inventory(Production)	n=3,9	>3	strong point
Financial results (Finances)	n=3,7	> 3	strong point
Production System (Production)	n=3,7	> 3	strong point
Logistics and Distribution(Production)	n=3,6	> 3	strong point
Maintenance (People)	n=3,5	> 3	strong point
Compound (Marketing)	n=3,3	> 3	strong point
Financial control (Finances)	n=3,3	> 3	strong point
Strategies and plans (Structure)	n=3,2	> 3	strong point
Organizational culture (Structure)	n=3,2	> 3	strong point
Organizational drawingm (Structure)	n=3,1	> 3	strong point
Social responsibility (Society)	n=3	= 3	alert
Production Plan Control(Production)	n=2,8	< 3	weak point
Sales management (Marketing)	n=2,8	< 3	weak point
Communication (Marketing)	n=2,8	< 3	weak point
Logistics and Distribution(Production)	n=2,7	< 3	weak point
Information systems (Marketing)	n=2,7	< 3	weak point
Monitoring (People)	n=2,7	< 3	weak point
Strategies (Marketing)	n=2,6	< 3	weak point
Environmental responsibility (Society)	n=2,6	< 3	weak point
Application (People)	n=2,6	< 3	weak point
Development (People)	n=2,2	< 3	weak point



Source: Elaborated by the authors.

What draws the most attention in table 01 (general classification of sub-blocks), as it is an industry, is that within the 05 (five) items analyzed in the production area, 02 (two) were considered weak points. Therefore, the distortions pointed out in production need to be analyzed urgently by the company, especially those related to planning and quality control.

Another aspect that draws attention in the general framework is in relation to the marketing area. Of the 05 (five) items analyzed, 04 (four) were considered weak points (sales management; communication; information systems; strategies). If producing with quality is fundamental, guaranteeing “who to sell to” becomes essential.

In the same way, the “people” block. Of the 05 (five) items analyzed, 03 (three) were considered as a weak point (monitoring, application and development); having development as the worst item evaluated in the study. It is important to note that it is only possible to produce with quality, maintain an economic and financial health in the company, ensure the sale of the product and meet the expectations of customers, through trained and motivated employees; otherwise all the efforts of the managers will be in vain.

## **FINAL CONSIDERATIONS**

According to the analyzes carried out in the researched company and taking into account the index of all blocks and sub-blocks for the effective diagnosis, a general neutral index is reached ( $n = 3.0$ ).

Therefore, the present study reveals itself as an alert point for the organization, mainly in the areas of production, marketing and people; emphasis on the production area because it is an industry.

It is concluded, therefore, that the objective of the study was achieved. However, it is considered as a limitation of the research the absence of analyzes in the scope of knowledge management and family succession; which are extremely important aspects so that in fact the diagnosis can cover the organization in its entirety.

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