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GAP ANALYSIS BETWEEN IRANIAN COMPANIES AND ENGLAND'S SUPERIOR COMPANIES BY EFQM

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ABSTRACT

The management of an organization without evaluating and measuring performance is like guiding a ship without navigation tool. The duty of controlling among five managerial duties of the managers more than anything else requires the existence of an evaluating and measuring performance system. Models of excellence with a holistic attitude and by creating a comprehensive system to evaluate the organization determines the level of organization and its processes in various dimensions and extracts the strength points, fields of improvement and appropriate corrective measures. The comprehensiveness of these methods, on the one hand, and its high flexibility, on the other hand, has led many organizations around the world to feel the need to apply them and they are persuaded to use them, and by adapting the model to their particular conditions, can make use of it desirably. However, the organization should be investigated comprehensively for using them and by doing modifications in the model and creating connection with the model of organization, should exploit necessary interest from that model. In this article, firstly, the theoretical topics of performance evaluation and organizational excellence are investigated, and then, with regard to the Excellence Model of European Foundation for Quality Management (EFQM), the gap between the Iranian companies and the superior companies in the West of England based on the statistics provided by BQF (British Quality Foundation) is analyzed.

Keywords: Performance Evaluation, EFQM Excellence Model, Gap Analysis

INTRODUCTION

The achievements of more than 50 years of development planning experience, current critical conditions of Iran, especially in terms of disturbing trend of workforce supply and demand, the worrying and descending trend of investment in the productive sectors of the economy along with a huge amount of available resources and facilities, but useless, all over the country and, finally, the process of globalization of the economy, each one in a way and with its particular logic shows this reality that the unique successful way for active and effective confrontation with the existing challenges of globalization is to organize the country's development plan based on the foundations and principles of productivity; a program in which, instead of adopting a continuous Currency and Rial injection approach, the emphasis is on the efficient use of resources, and with regard to this point, as well as the concerns of the industries and economic organizations of the country to join the global trade and designing questions such as: "Can our country's industrial organizations compete in this space? In which criteria are we weak? How should our organization be in order to be the winner in the competition? And what is the

difference between our organization and an excellent organization in the global scale?" are the reasons that have caused our country's economic institutions look for the patterns of successful organizations in the business affair; organizations that meet the basic needs of community in the best way and in this path are superior to other organizations and know how to act in a competitive space for growth, sustainability and superiority. The performance evaluation refers to a set of actions and information in order to increase the level of optimal use of facilities and resources to achieve the goals in an economic way along with efficiency and effectiveness. Performance evaluation in the customary organizational dimension is the effectiveness of activities. The meaning of effectiveness is the ratio of achieving the goals and programs with the feature of the efficiency of activities and operations. In general, the performance management system can be known as the process of assessment and measuring, and comparing the ratio and manner of achieving the desired status and, finally performance improvement. Performance evaluation can cause the awareness of progress ratio in the performance improvement of organization and, as a result, provides the necessary incentive and opportunity to promote the quality of the organization's performance. In recent years, the use of performance evaluation system has been expanded in organizations and the most important tool in this area has been financial measure, and traditional financial systems have faced with many problems. Paying attention only to the financial variables has been among the most important problems. Organizational researchers have presented appropriate models for evaluating the organization's performance to remove this problem; among these models, the Balanced Scorecard model and the Excellence Model of the organization can be mentioned. The Balanced Scorecard model is used more with regard to the emphasis on financial aspects in financial and profit-oriented organizations. As it was mentioned, performance evaluation, without identifying weak and strength points, and providing solutions to remove these weak points is not effective and efficient and it is a futile action.

Statement of the Problem

By the expansion and complexity of the organizational goals, processes, and structure in the competition scene, organizations that are responsive to the expectations and demands of customers and stakeholders can continue their survival. What is in front of the organizations as a big question is that "By what tool and how comprehensively, while investigating various cases, they can identify all strength points and improvable areas and prepare themselves for successful presence in the competition arena?" (Mirhosseini and Mohebhoori, 2012).

Any organization, regardless of the type of activity, size, structure, or the ratio of success in fulfilling its organizational goals, requires a model based on which assesses and measures its success ratio in achieving its business ideals and strategies. Organizational excellence models are the tools to help organizations measure the ratio of locating in the organizational excellence path and balanced growth. These models help organizations to identify differences by comparing the current situation and the desired situation, and then, based on these differences, and investigating the reasons of their occurrence, determine solutions for improving the current situation and implement them (Yousefian, 2008).

Organizational excellence models as strong tools have had considerable success in responding the requirements of organizations and to a great extent have been able to be applied in the organizational pathology and determining the direction of movement to access human resources excellence. By using these models, while the organization can evaluate its success ratio in



implementing improvement plans at various time intervals, it can compare its performance with other organizations, especially the best ones (Mojibi Mikaeili et al., 2012).

The Excellence Model is a managerial structure that by relying on basic principles and concepts, and paying attention to the main criteria of total quality management and self-assessment system, provides the causes for improvement and progress. Excellence model is a tool for measuring the ratio of systems deployment in an organization and self-assessment and guidance that identifies and determines the direction of managers' activity for performance improvement. Therefore, the key message of the excellence model relies on answering two questions that how this model is identified as a reasonable and appropriate managerial structure? And who can play a basic role in this chain of communication and interactions? The first model is the overall goals and in the next level, the general goals are analyzed and changed into quantitative and measurable degrees and scales (Yousefian, 2008).

The EFQM Organizational Excellence Model is a tool that can determine the strength points and improvable areas of an organization through self-assessment that is implemented periodically. Organizations by using this model and by evaluating their organizations, will achieve three main results, which are:

1. Identifying the strength points of the organization,
2. Identifying improvable areas for the excellence of organization, and
3. Identifying the projects and programs that implementing them will lead the organization towards excellence (Mirhosseini and Mohebhoori, 2012).

Quality management is based on providing better services to the users, exact evaluation, and continuous development, working relationships according to assurance and teamwork and providing qualified services. Among the characteristics of this level of management, focusing on perspective, continuous improvement, internal management and communication with users can be named. The quality movement wants to remind senior management in organizations that the working environment of organizations is the developer of delegating authority and engaging employees in the processes of organization (Mirhosseini and Mohebhoori, 2012).

Importance and Necessity of Subject

In the current era, with the occurrence of tremendous evolutions in the fields of industry, management and services, the evaluation system has become inevitable, in a way that the absence of a comprehensive continuous evaluation system in various dimensions (leadership, employees, resources, goals, strategy) is regarded as one of the signs of disease and weakness of the organization (Olia et al., 2004).

The lack of writing a comprehensive system and looking on a section for evaluation has imposed extra costs on the organizations annually. To survive in a space full of global competition, and in order that the organizations find out their weaknesses and accept realities and responsibilities, the first step is to reform the situation and to change the current undesirable trend. The excellence of organizations is no longer a minor and advertising affair, and it has been changed to a necessity for their survival. Therefore, if only a part of the goals of model is realized, it is regarded a big event in the organizations and companies of the country (Khalili, 2003).

Each organization needs to establish appropriate systems for monitoring and controlling its desired performance for awareness of the realization ratio of determined goals in the strategic plan, the desirability and quality of activities, and the results of its performance in the complex and dynamic environments. The absence of such a system means failure to communicate with



the internal and external environment of the organization, which will ultimately lead to the decline of open, dynamic, and active organizations, and eventually the society (Rafizadeh, 2009). On the other hand, continuous improvement of performance will not be possible without investigating and acquiring awareness of the ratio of progress and achieving the goals, and also without identifying challenges ahead of research institutes and acquiring feedback and identifying those cases that need serious improvement. Hence, the organizational performance evaluation, in addition to providing a comprehensive image of the performance of a collection, can provide a context to identify strengths and improvable areas and achieving continuous improvement of quality and organizational excellence (Movafagh, 2012).

Offering proper products and services is regarded as a part of the main goals of every organization. As a result, performance measurement can be an appropriate criterion for evaluating the success of organizations. The organization as a living creature needs care, attention and providing growth conditions. Therefore, important organizations should be observed and evaluated as a dynamic member of the related society in order that their weak and strength points are recognized and it should be tried in respect of offering the desired services (Movafagh, 2012).

Theoretical Foundations and Research History

Measurement and Its Nature

Measurement is a procedure used symbolically to illustrate the aspects of realities in the analytic world of the researcher (Cosenza, 2001). Measurement will cause curiosity, questioning and doubting the way activities are carried out; the point that ensures a complete understanding, strong focus, and accreditation of criteria. From the management point of view, measurement as one of the signs of scientific attitude and one of the most important management activities refers to the issue of making the relationships of variables and important criteria quantitative for analyzing, planning and controlling management activities and decisions. From another viewpoint, in order to control a variable or a dynamic event in a process, data should exist in it. This information occurs through measuring the variable (Hughes, 2004).

Performance Evaluation

Performance evaluation is the formal and systematic investigation of the work of each one of the departments of organization or the components of a system in how they perform their work according to the determined standards (Kaveh, 2006).

A Review on the Past Performance Evaluation (Performance Evaluation History)

The history of performance evaluation dates back to very far past, and actually from the same time that human being started group life and prescribed the phenomenon of work division in a very primitive form. But the use of evaluation systems in a formal way dates back to the nineteenth century. In this era, very primary tools were used to evaluate the quality of organization's output. But in the current era, performance evaluation has evolved much more compared to the past, and along with the development course of management thoughts in the form of management schools, its process, nature, and functions has been developed.

The change and development of evaluation indicators in the form of providing general and universal principles for the evaluation of organizations to total quality management also shows the development course of evaluation systems.

In the traditional viewpoint, performance criteria are based on industrial accounting techniques (financial techniques) that have many limitations, including:



1. The origin of most of the criteria is the industrial accounting information.
2. Industrial accounting data is more based on output data.
3. Performance is often studied and evaluated in discrete areas and separately.
4. Industrial accounting information is unable to depict the performance of process.
5. Industrial accounting information is unable to take into account the (domestic and foreign) customer's viewpoint.
6. Industrial accounting techniques are more compatible with the environment based on low levels technology with a high workforce (user-researcher technology).
7. Performance criteria based on financial results act very poorly to perform corrective measures at the queue level and are inefficient (Hughes, 2004).

Financial criteria have traditionally been the cornerstone of performance measurement system. In recent years, some changes have been made in a direction from financial criteria towards non-financial criteria. Changes in cost structures, production, and competitive environment have led to the changes in evaluation criteria. In a vast competitive world, companies compete for product quality, timely and reliable after-sales services, and customer satisfaction. None of these variables can be measured by traditional financial criteria, even with regard to the fact that these variables are among the main goals of the companies. By focusing on financial variables, there is a risk that the performance measurement system has mainly motivated the managers for costs reduction and profitability of short-term programs and causes them to ignore the critical factors that determine the success of long-term programs (Nazifi, 2002).

Among the considerable and important cases in evaluating the performance of organizations is that the evaluation system should be in proportionate with the organization's growth and development and be responsive to the diverse and numerous dimensions of the organization. The development of technology, the role of vital factors of success in performance, the structure of domestic and global competition, the qualitative advantage and the position of organization and the products and services provided by it to the customers are among the factors that should be considered in evaluating the performance of organizations (Nazifi, 2002).

The point that has been considered today in the performance management literature is that there is a very significant and important relationship between the evaluation of results (output of the organization) and the evaluation of process and data (input of the organization). Today's dominating thought intends that the correction of inputs and the organization's operations process will logically result in providing appropriate products and services, and the ultimate control of the organization's operations in the form of products, profit, sale and damages cannot indicate the organization's overall performance. The output generated by the performance activities of various units of the organization is in combining the resources, and the evaluation of the organization's output cannot help the executive corrective programs. Hence, new performance criteria are needed, because the managerial attitude has been changed from manager-oriented to customer-oriented state. Contrary to the traditional criteria, new criteria such as cost, quality and time can be applied based on the location, and decisions taken at the right time can lead to modifications and practical measure. The assessment through the process determines the organization's capacity and enables managers to define the competition parameters, supports and protects the strategic direction and facilitates achievement of the goals. Performance criteria should be consistent with the culture of organization (Hughes, 2004).



Thus, in a brief comparison, it can be said that in the traditional viewpoint performance evaluation has been a means of judging and reminding the performance, and its main purpose has been to control activities and to reduce deviations from the programs. While in the new viewpoint, the main and basic orientation of the evaluation system is towards growth and development. Moreover, in the modern viewpoint the content, elements and indicators of evaluation system, contrary to the traditional viewpoint, are not constant and permanent. Regarding the ground variables of organization like environment, technology, size, life cycle, goals and strategies of the organization in evaluating and compiling the indicators of variable, along with weighing, results in the formation of a dynamic evaluation system. Evaluation functions have undergone basic changes in the new viewpoint. The enhancement of competency along with feedback for consulting and as a tool for making the organizational strategies operational is among the functions of evaluation system in the new viewpoint. Accepting the environment and admitting the environmental impacts on the organization and accepting appropriate cooperation by the organization to establish effective interaction with the environment are other axes and subjects that the dynamic evaluation system has paid attention to it (Bayar, 2008).

Performance Evaluation in Iran

In our country, with regard to its Islamic culture, the evaluation system has a long history too, but proportionate with this history, it has not had acceptable development. For the first time in 1970 it was officially and nationally decided to evaluate public organizations in terms of management and the way of administrating the affairs. For this purpose, the Center for the Evaluation of Governmental Organizations was formed in the Prime Minister Office. The main goal of establishing this center has been mentioned as reforming the status of governmental organizations and basic change in their procedures, correcting management actions, accuracy in performing administrative tasks and speed in making decision. It is also mentioned in the relevant documents that the purpose of this evaluation is to specify the reasons for the failure or success of authorities in performing certain duties and tasks of management and by reflecting the existing deficiencies, make the managers think in respect of improving the situation (Nazifi, 2002).

In 1973, with the commencement of the Fifth Development Plan and in accordance with clause 8 of Article 5 of the Program and Budget Law section, the duty of evaluating the performance efficiency of the executive agencies was assigned to the Planning and Budget Organization. To this end, the Deputy of Public Organizations Evaluation was formed in this organization (Bayar, 2008).

Two years later, in 1975, in accordance with the amendment dated March 19, 1975 of the National Employment Law, and according to the Section 6 of Article 104, the duty of evaluating the performance efficiency of the executive agencies of the country in order to guide and direct them in establishing proper administrative procedures and management principles was assigned to the Office of Administrative Affairs and Recruitment. In this regard, an office was established in this organization entitled as the Office of Evaluation of Governmental Organizations. In 1980, the office was dissolved, and until 1997 the measures related to performance evaluation of the executive agencies were stopped. In 1997, simultaneous with creating evolution in the country's political status, the performance evaluation issue was again formed in the form of an office in the structure of the Office of Administrative Affairs and Recruitment of the Country, in order



that it provides the ground for the establishment of a performance evaluation system, and to prepare and adjust executive and general policies related to the evaluation of public organizations. After the merger of the two organizations of Planning and Budget Organization and the Office of Administrative Affairs and Recruitment of the Country in 2000, according to the formation and description of duties approved by the country's Management and Planning Organization, the duty of investigating, studying, designing and establishing the management performance evaluation system in the executive agencies of the country and preparing the necessary reports in this regard was assigned to the Performance Evaluation Office of the above organization. But records and investigations indicate that, unfortunately, after thirty years, a specific system for evaluating performance at the national level has not yet been designed and compiled.

Nowadays, the form of performance evaluation of organizations in our country is based on the evaluation of financial performance and the performance record of the managers of organizations is determined in accordance with the financial and Rial scores of the operations of organization. Meaning that in spite of the major weak points existing in this attitude, the performance of organizations and their financial performance are considered to be the same (Nazifi, 2002).

Models and Patterns of Performance Evaluation System

In the new models of performance evaluation, quantitative models such as productivity criterion with value added approach, efficiency criterion with effectiveness and efficiency approach and profitability criterion with performance audit approach, and qualitative models such as descriptive and value criterion with organizational commitment and organizational ethics approach and several other criteria have been applied.

There are at least seven scales for the performance evaluation of an organization that are not necessarily distinct from each other. These scales are: effectiveness, efficiency, profit and profitability, interest and productivity, quality of work life, creativity, innovation and quality.

In the following, the most important and common patterns and models for the implementation of performance evaluation process are mentioned.

Pattern of Analytic Hierarchy Process (AHP)

The basic principles of this pattern are: the principle of drawing the hierarchy tree, the principle of compiling and determining priorities, and the principle of logical reconciliation of judgments. Decision making based on AHP method has many advantages, including the unified understandable pattern, process repetition, consensus and integration of judgments, bargaining between the constituent factors of options, the desirability of options combination, the analytical and systematic approach, the lack of insistence on linear thinking, the hierarchy structure and measuring unobservable cases in the compilation and determining priorities.

The AHP method has been constructed by classifying the structural and duty hierarchy based on the paired comparisons of priorities that the decision maker carries out by drawing a decision hierarchy tree that shows compared factors and the evaluated competitor's options in the decision, and then paired comparisons are made. These comparisons specify the weight of each one of the factors in respect of competitor's options, and ultimately combine a mathematical algorithm as matrices obtained from paired comparisons with each other, that the optimal decision is obtained to assign coefficients in the best possible way. Of course, the rate of decision compatibility with the judgments at this stage is of particular importance and specifies the



compatibility of comparisons. One of the methods of comparing compatibility rate is the special vector method (Rahimi, 2006).

ISO Quality Management System

The ISO Quality Management System is not simply introduced as a system for comprehensive evaluation. This system addresses how the management of processes impacts on the quality and determines requirements for this issue that all of these requirements and needs have to be met appropriately to get its certification. Among these requirements that has been highly emphasized in ISO (version 2000) is the efficiency and effectiveness measurement of the processes. According to this standard, all processes existing in the organization should be systematically identified and their effectiveness and efficiency should be measured and, ultimately, the analysis of these indicators should result in processes improvement (Gholami and Nooralizadeh, 2002).

Performance Pyramid

One of the requirements of every performance evaluation system is the existence of a transparent relationship between performance indicators at various organization hierarchy levels, so that each one of the units tries to achieve equal goals. One of these models including how this relationship is created is the performance pyramid model. The goal of performance pyramid is the way of creating relationship between the organization's strategy and its operations. This performance evaluation system includes four levels of goals that indicate the effectiveness of organization and its internal efficiency. In fact, this framework reveals the difference between indicators that pay attention to the external groups of organization (such as customers' satisfaction, quality and timely delivery), and internal business indicators (such as productivity, time cycle, and wastes).

The most important strength point of the performance pyramid model is its attempt to integrate the organization's goals with operational performance indicators. But this approach does not provide any mechanism for identifying key performance indicators, and there is no concept of continuous improvement in this model either (Karimi, 2006).

Balanced Scorecard System (BSC)

One of the most famous and well-known models of the performance evaluation system is the "Balanced Scorecard" model, created by Kaplan and Norton in 1992, and then it has been expanded and improved. This model suggests that in order to evaluate the performance of every organization, a series of balanced indicators should be used, whereby the senior managers can have an overview of the four important organizational aspects. These various aspects make answering the following four basic questions possible.

1. How the shareholders are viewed? (Financial aspect)
2. In what areas should we act well? (Internal aspect of business)
3. How is the customers' look at us? (Customers' aspect)
4. How can we continue the improvement and the creation of value? (Aspect of learning and innovation)

The Balanced Scorecard includes financial indicators that show the results of past activities, and, in addition, by considering the non-financial indicators that serve as prerequisites and incentives of the future financial performance, completes them. Kaplan and Norton believe that, by obtaining information about these four aspects, the problem of data increase and accumulation is eliminated by limiting the indicators used. Managers will also have to focus only on a limited



number of vital and critical indicators. In addition, the use of several various aspects of performance prevents part optimization (Kaplan and Norton, 1992).

Business Process

The frameworks described so far are hierarchical. There are also other frameworks that encourage managers to pay more attention to horizontal flows of materials and information across the organization. For example, one can name the "Business Processes" proposed by Mr. Brown in 1996. This framework is very appropriate and practical because it has highlighted the difference between the indicators of input, process, output and results. Brown has used the example of "cooking the cake" to describe his model. In this example, the input indicators are: the ratio of flour, the quality of eggs, and so on, and process indicators also focus on cases such as oven temperature and cooking time period. The output indicators include items such as the quality of cake and results indicators include cases such as the satisfaction of the person who eats it. Based on this model, the inputs, process, outputs and results to determine the indicators and performance evaluation in an organization are:

- Inputs: Skilled and motivated employees, customers' requirements, raw materials, capital and so on.
- Processing system: Certificate of products, producing products, delivery of products and so on.
- Outputs: Products, services, financial results and so on.
- Results: Removing customers' requirements, attracting customers' satisfaction and so on.

Therefore, for performance evaluation of the organization, appropriate indicators with regard to the areas described above should be extracted. Finally, it should be said that although this model is conceptually acceptable, and it is undoubtedly a useful method of explaining the difference between input, process, output and results indicators, this model is located in a continuum end that has been drawn from the frameworks focusing on hierarchy to process frameworks; in other words, the hierarchy has been totally ignored in this model, and this point is the weak point of this model (Karimi, 2006).

Circular and Staple Framework

This model is one of the comprehensive and integrated frameworks for auditing and promoting performance evaluation systems. This approach consists of six interrelated steps. Like most other frameworks, the starting point of this model is also the definition of the organization's strategy and its success factors (step 1). In the next step, the organization's strategic requirements are corresponded with six competitive priorities that are quality, cost, flexibility, time, timely delivery, and future growth (step 2). Then, selecting the appropriate indicators begins by using a checklist including 105 indicators with complete definitions (step 3). Subsequently, the existing performance evaluation system is audited to identify current indicators used by the company (step 4). In the next step, the point that how the indicators are actually applied is dealt with, and each indicator is described with eight components that are: title, goal, pattern, equation, frequency, source of information, responsibility, and improvement (step 5). The final step addresses the periodic reviews of the organization's performance evaluation system as a feedback (step 6).

Contrary to many other frameworks, this model is beyond simple guidance and can be used by performance evaluation users in practice. The most important advantage of this model is that it can be applied both as a tool for designing a performance evaluation system and for promoting



the existing system. Also, in this model, a unique definition is presented of how performance indicators are perceived. But the main limitation of this model occurs in the second step that the evaluation network has consisted of only six competitive priorities. Because, as it has been shown in other models, performance indicators should consider other various categories (Karimi, 2006).

Stakeholder Analysis Method

Designing the performance evaluation system begins with the recognition of the goals and strategies of organization, and that is why the balanced scorecard model begins designing the performance evaluation system with the question that: "What are our shareholders' demands?" In fact, the Balanced Scorecard model implicitly assumes that it is only the shareholders who have an impact on the organization's goals and other stakeholders do not have a role in determining the goals. In other words, this model has ignored the impact of other stakeholders on the organization. Disregarding the differences impacting on various stakeholders in various environments is one of the main reasons for the failure of some large companies in using this model.

This model, presented by Dr Lee, classifies the stakeholders into two groups: key and non-key stakeholders. Key stakeholders have a direct control over the organization and their demands are manifested in the goals of organization (like shareholders), and non-key stakeholders use external mechanisms such as market and culture to maintain their own interests and are not effective in targeting (like customers).

The goals of organization represent the expectations and inclinations of key stakeholders and key stakeholders implement all power through the organization's governance structure for targeting, and non-key stakeholders are not that much powerful in targeting; instead, through external mechanisms they influence the organization's strategies and in this way specify how to achieve the goals with respect to the external environment. Therefore, the performance evaluation system starts from the strategies and acts as a bridge between the managers' behavior and the expectations of stakeholders (Tavalaie, 2007).

Management by Objectives System (MBO)

The philosophy of MBO and its emergence background is based on the fact that, in evaluating individuals, instead of evaluating their specific and behavioral characteristics, their performance is evaluated based on the amount of achieving the determined goals. In MBO, firstly, the macro goals of the organization are determined, and then, by discussing and negotiating with the managers of various levels and finally employees, these macro goals become the micro goals and finally spread to the same organization. Ultimately, people are also determined according to the ratio of realizing the determined micro goals and they are evaluated regardless of how they are realized. The features of MBO can be mentioned as follows:

- A) MBO is more a result-oriented management than a process-oriented management system.
- B) In the MBO the determination and distribution of goals (breaking down the goals) in the organization is performed based on face to face conversation and communications of various levels of the organization and it does not follow any particular format.
- C) The emphasis of MBO is on short-term goals and less emphasis is on long-term and strategic goals (Adeli, 2005).

Malcolm Baldrige Method



The Baldrige method is in fact a method that helps implementing the concepts of TQM in the organization. In this method, 7 criteria and the method of implementing TQM are presented. Any organization that acquires a high score in the audit of Baldrige institute wins Malcolm Baldrige Award. In fact, the evaluations performed in this method are designed to determine the ratio of implementing the Baldrige criteria that are the same as TQM concepts. These evaluations can be performed by the organizations themselves as self-evaluation. But the organization must be evaluated to receive the Audits Award affiliated to the Baldrige Institute.

The seven criteria of Baldrige are: leadership, business process management (process quality), quality results, information and analysis, strategic quality planning, human resource development, focusing on customer and customer satisfaction (Gholami and Nouralizadeh, 2002).

EFQM Organizational Excellence Model

Another well-known measurement framework that is widely used is the EFQM Organizational Excellence Model. The EFQM model is a non-prescriptive model that has consisted of nine criteria. The first five components of it are called "Enablers" and four components of it are called "Results" (Najmi and Zarei, 2002).

Definition of Organizational Excellence

Excellence model is a managerial structure that provides the causes of improvement and promotion by relying on basic principles and concepts and regarding the main criteria of Total Quality Management and the self-assessment system.

Excellence model is a guide for measuring the establishment ratio of systems in the organization and self-assessment, and it is a guidance that identifies and determines the path of managers' activity to improve performance. Therefore, the key message of the model of excellence relies on answering two questions about how this model is identified as a reasonable and appropriate managerial structure, and who can play a basic role in this chain of communication and interactions? The first level of this model is the general goals, and in the next level the general goals are analyzed into quantitative and measurable degrees and scales (Najmi, 2006).

Advantages of Organizational Excellence Model

1. This model has systematic and total organizational processes.
2. It has a rapid reaction to the change and evolution and the requirements of stakeholders.
3. It has special attention to the results obtained by the organization.
4. Evaluation is based on the realities.
5. It considers extensive participation of employees in performing the affairs.
6. The strength points of the improvable fields are identifiable in this model.
7. It provides the shared language of management and employees.
8. The exchange of experiences inside and outside the organization is performed by using the correct modeling tool.
9. The self-assessment method is used to make the organization excellent.
10. It is an incentive for individual and organizational learning.
11. It shows the real picture of the quality of organization activities.
12. It identifies the concentration areas of improvement activities.
13. It organizes the improvement plans in a single framework (Ghavidel, 2007).

History of Organizational Excellence Models



In 1950, the JUSE (Japanese Union of Scientists and Engineers) Institute invited Dr. Edward Deming to perform various lectures on the field of quality in Japan, and in 1951 to appreciate the services of Dr. Deming the institute established an award in the field of quality in his name. The model based on which the Deming Award was prepared and was performed in Japan since the 1950s is based mainly on the quality of products and methods of quality control. In other words, Deming's Award Model is based on the principle that for producing high quality products and services a comprehensive and total coordination at the organizational level is required. This model created a new attitude in the topic of quality, and this thought (total approach) led to the presence of "Total Quality Control" in the 1960s.

The total quality management is a method to manage and administrate the organization to determine the quality with the participation of all members of the organization that is obtained through attracting the satisfaction of customer and providing the interests of all stakeholders. Japan's success in applying scientific methods of business created a serious threat to American companies, so that in the 1980s, many of them were on the threshold of bankruptcy by leaving the market to the Japanese competitors, these threats resulted in the point that the Western companies revised their business methods and applied total quality management widely.

Canada's Quality and Excellence Award in 1983, and afterwards the National Quality Award of Malcolm Baldrige in the United States of America in 1987, were the first steps taken to give a total perspective to the models used for evaluation in industrial and non-industrial institutes, and these models actually covered all components of a business, taking into account the interests of all stakeholders.

Following the Malcolm Baldrige Model (MBNQA) in 1988, the EFQM's Organizational Excellence Model in response to the need to improve the competitiveness of European organizations have been agreed and signed at the European Commission by fourteen major European companies (Bush, Renault, Fiat, B.T, BOL, Electrolux, KLM, Nestlé, Olivetti, Phillips, Solzer, Volkswagen, Razalet and Siba) (Ghavidel, 2007).

The EFQM model was introduced in 1991 as a business excellence model in which a framework for organizational judgment and self-assessment, and ultimately receiving a European quality reward was presented; this measure came into practice in 1992. This model represents the sustainable advantages that an excellent organization must achieve. This model was quickly considered by European companies and it was specified that the organizations of public sector and small industries are also interested to use it (Najmi, 2006).

In 1995, the version related to public sector and in 1996 a model related to small organizations were developed. In 1999, the most important review of the EFQM model was performed. In 2001, the EFQM Excellence model version of Small and Medium-Sized Organizations and in 2003 a newer version of the EFQM model was presented, which had significant changes in the sub-criteria and guidance notes than the 1999 version.

The EFQM model in essence is very similar to the Malcolm Baldrige model and does not have a principal difference in the concepts and foundations with the Malcolm Baldrige model. Both of these models are located in the framework of total quality management and are tools for deploying the system within the organizations, as well as a tool to measure how successful an organization has been in deploying systems within a total quality management framework. The differences existing between the two models are mainly in terms of the number of criteria,



scoring and executive procedures, and the overall frameworks of both models are actually the same (Najmi, 2006).

General Comparison between EFQM and MBNQA and DP Models (Mohaghar et al., 2011)

Table 1: General Comparison between EFQM and DP and MBNQA Models

	Malcolm Baldrige Quality Award-United States of America (MBNQA)	European Quality Award (EFQM)	Deming Award (DP)
Goals	<ol style="list-style-type: none"> 1. In order to help for improving competencies and performance measures 2. In order to facilitate communication and sharing best measures at the American companies' level 3. In order to provide a tool for understanding and managing performance and, planning, training and evaluation 	<ol style="list-style-type: none"> 1. In order to stimulate and help European companies improve customers and employees' satisfaction, impacting on the society, results of their business 2. In order to support the efforts of managers for taking steps in the TQM route and achieving the global competition advantage. 	<ol style="list-style-type: none"> 1. In order to identify and evaluate quality control methods at the company level for Japanese companies
Quality Principles	<ol style="list-style-type: none"> 1. Companies should have goal and focus on customers. 2. Quality and performance are judged by customers. 3. Organizational and individual learning is needed. 4. Employees and partners are vital and essential for the company's success. 5. Success requires having a capacity for changeability and flexibility. 6. The leader of market requires foresight. 7. Creating a fundamental change requires innovation. 8. Management requires real analysis. 9. Public responsibility is very important. 10. Measuring performance should focus on results. 11. A systematic approach is needed. 	<ol style="list-style-type: none"> 1. Focus on customers 2. Partnership with customers 3. Partnership and development of Employees 4. Processes and realities 5. Innovations and continuous improvement 6. Leadership and consistency of goals 7. Public responsibility 8. Result-orientation 	<ol style="list-style-type: none"> 1. Creating an ideal and demonstrating commitment 2. Learning new philosophy 3. Perceiving inspection 4. Stopping decision-making solely based on cost 5. Continuous and persistent improvement 6. Training 7. Leadership 8. Overcoming the fear 9. Optimizing teams' efforts 10. Removing warnings 11. Removing numerical quotas, and management based on the goal 12. Eliminating the barriers of self-esteem and pride of employees 13. Encouraging learning and self-improvement 14. Executing (performing)
Criteria	<ol style="list-style-type: none"> 1. Leadership 2. Strategic planning 3. Focusing on customers 4. Measurement and analyzing and knowledge management 5. Focusing on the workforce 6. Process management 7. Results 	<ol style="list-style-type: none"> 1. Leadership 2. Strategy and policy 3. Employees' management 4. Partnerships and resources 5. Processes 6. Customers' results 7. Human resources' results 8. Society's results 9. Key performance results 	<ol style="list-style-type: none"> 1. Policies 2. Organization 3. Information 4. Standardization 5. Human resources 6. Quality assurance 7. Maintenance 8. Improvement 9. Effects 10. Future plans



1. Deming National Prize 1951
2. Malcolm Baldrige Award 1987
3. Australian Quality Award 1988
4. Japan Quality Award 1997
5. European Quality Award 1992
6. New Zealand National Quality Award 1993
7. National Tata (India) Award
8. Swiss Quality Award
9. Italian Quality Award
10. Dubai Quality Award
11. French Quality Award
12. Rajiv Gandhi National Quality Award
13. British Quality Award
14. National Productivity and Organizational Excellence Award of Iran (Amiri, 2004).

What is the EFQM?

The model of the National Productivity and Excellence of Organization Award was designed and introduced in early 1992 as a framework for evaluating the European Quality Award.

This model was used as a widespread organizational framework in Europe and became the foundation and basis for a collection of qualitative, local and national awards.

Despite the importance of quality awards from the viewpoint of some customers, the value of the real effects of the EFQM excellence model is in using it as a managerial system and an important factor in growing the self-evaluation of organizations.

The National Productivity and Excellence of Organization Award is a practical and applied guide to help organizations to be able to recognize where they have been located on the path of progress and excellence. It helps them identify gaps and consider solutions.

This model is applicable and applied in the organizations regardless of their size, structure, and various parts. It is, in fact, an organizational excellence model that by using appropriate tools will tell you at what point you are in the organizational excellence path. Then, it determines the distance between the existing status and the ideal, and ultimately creates the necessary sensitivity for providing appropriate solutions (Najmi, 2006).

Nine Criteria of Organizational Excellence Model

Organizations for self-evaluation and assessing themselves with other organizations require a special and appropriate tool and having a managerial structure, that the excellence models have this feature. In the following, we introduce the criteria of organizational excellence model. This model has nine criteria, five criteria of Enablers: Leadership, Policy and Strategy, Employees Management, Partnerships and Resources, and Processes, and four criteria of Results: Customers' Results, Employees' Results, Society Results, and Key Performance Results.

The enabler criteria cover what an organization is doing and are factors that enable the organization to achieve excellent results, and the criteria of results are the results that an organization obtains and indicate the achievements obtained by the proper implementation of enablers. In this model, the criteria all together have 1000 scores (500 scores for the enablers and 500 scores for the results) (Najmi, 2006).



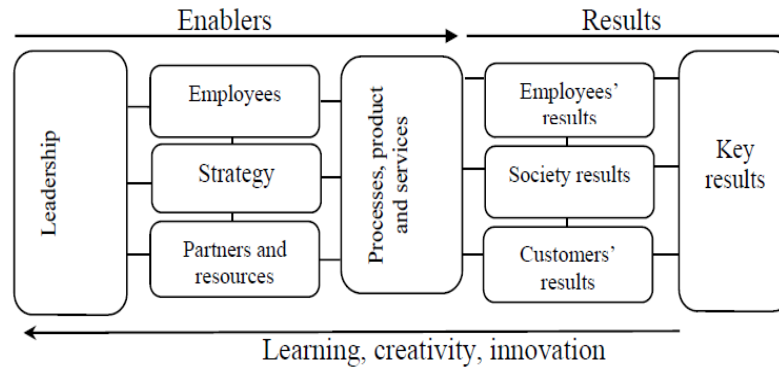


Figure 1: Nine Criteria of Organizational Excellence Model (Ahrens, 2014)

Criterion One: Leadership

Excellent leaders compile the ideal and mission of organization and facilitate achieving them. They create the desired values and systems for the organization's sustained success and implement them by their appropriate action and behavior.

Criterion Two: Policy and Strategy

Excellent organizations implement their mission and ideal through creating and compiling a strategy and focusing on the stakeholders' interests, and with regard to the market and a part in which they operate. Policies, plans, goals, and processes are compiled and implemented in order to realize strategies.

Criterion Three: Employees

Excellent organizations administer, develop, and take advantage of all potential ability of their employees at individual, team and organizational levels. They promote justice and equality, and share employees in the affairs and give them authority.

Criterion Four: Business Partners and Resources (Resources & Partnership)

Excellent organizations plan and manage their external business partnerships and cooperation, suppliers and internal resources in order to support the policy and strategy and to implement the processes of their plans effectively.

Criteria Five: Processes

Excellent organizations design, manage, and improve their processes in order to acquire full satisfaction and to create increasing value for the customers and other stakeholders.

Criteria Six: Customer Results

Excellent organizations comprehensively measure and achieve the important results related to their customers. Here it is specified that what results the organization obtains in communicating with its external customers.

Criteria Seven: Employees' Results

Excellent organizations comprehensively measure and achieve the important results related to their employees. Here it is specified that what results the organization obtains in relation to its human resources.

Criteria Eight: Society Results

Excellent organizations comprehensively measure and achieve important results related to the society.

Here it is specified that what results the organization obtains in relation to the local, national and international society.



Criterion Nine: Key Performance Results

Excellent organizations comprehensively measure and achieve the important results related to key elements of policy and strategy. Here it is specified that what results the organization obtains in relation to its planned performance (Amiran, 2003).

Investigating Nine Criteria of the EFQM Model in 34 Iranian Companies

According to the obtained statistics from the Researches and Management Training Institute, 34 Iranian companies have been studied in all of which the nine criteria of the EFQM Excellence Model have been investigated. In every company, for each of these criteria, scores have been obtained from investigations and researches, and they have estimated the total of these scores for each company, and have obtained their average for the total of 34 Iranian companies. The obtained results from these researches have been compared with the statistics provided by the British Quality Foundation (BQF), and the following results have been achieved, that each of the mentioned results in the following cases has been presented in a graph or table.

The following results show some of the obtained results from the Researches and Management Training Institute:

The average obtained scores in each criterion in 34 Iranian companies,

The range of obtained scores,

The total score distribution evaluated in 34 Iranian companies,

Distribution of the scores percent of enablers and results compared to external samples.

Average of Obtained Scores Percentage in Each of the 34 Iranian Companies

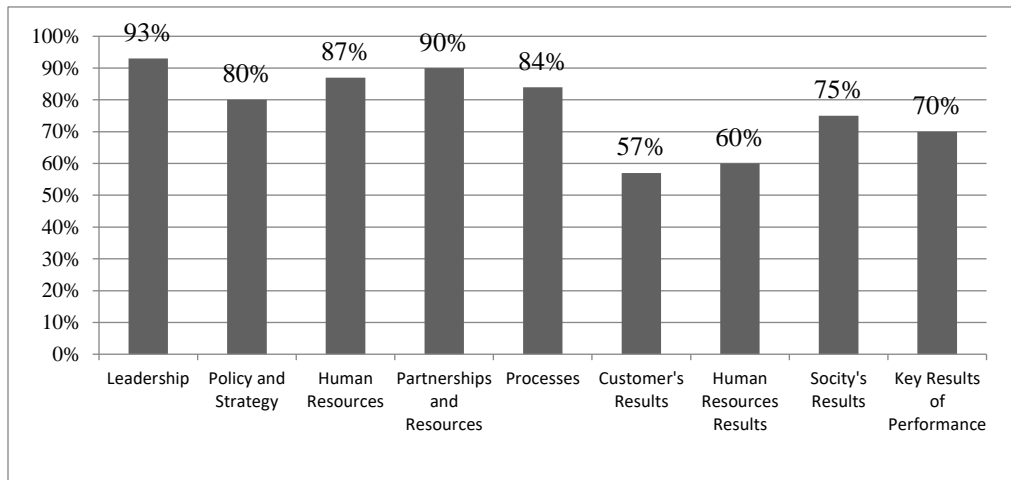


Figure 2: Average of Obtained Scores Percentage in Each of the 34 Iranian Companies

The nine criteria of the EFQM Excellence Model were independently investigated in each one of the Iranian companies through the questionnaire (tool) method and the total average for each criterion was obtained, that the above figure has depicted these results.

According to the statistics recorded in figure 3, the average scores obtained in the leadership criterion is the highest and the customer's results has allocated the lowest percent to itself (considering that in the EFQM excellence model, the customer's results have allocated the highest weight (20%) to themselves) and this statistics indicate the point that the criterion of customer's results need more attention and emphasis by the authorities.

The Range of Obtained Scores (From 1000)

Table 2: Range of Obtained Scores

	Range of Changes	
	Iranian Companies	BQF* Reports
Lowest	92	205
Highest	388	595

* Based on the Statistics Provided by the British Quality Foundation (BQF)

According to the statistics mentioned in table 2, the average of the lowest score in Iranian companies is much lower than that of British companies, and this is a large difference; also the highest average score in Iranian companies according to the excellence standard levels is to the extent of receiving the certificate, while the average of West England companies is at the extent of receiving crystalline statue.

The Distribution of Total Scores in 34 Iranian Companies

Table 3: Distribution of Total Scores in 34 Iranian Companies

Range of Scores	Number of Companies in This Range	Percent of Companies in This Range
From 0 to 100	1	3%
From 101 to 200	12	35%
From 201 to 300	14	41%
From 301 to 400	7	21%

The obtained results in table 3 show that about 62% of companies under study have acquired score higher than 200 and 38% of these companies have acquired scores lower than 200, and this statistics indicates the point that most Iranian companies have received the score at the extent of excellence certificate and, generally the number of companies in the range of higher than 300 is half of the number of companies in the category of excellence certificate.

The Percent Distribution of Enablers' Scores Compared with External Sample

Table 4: Percent Distribution of Enablers' Scores Compared with External Sample

Criterion (Enabler)	Range of Changes (%)	
	Iranian Companies	BQF Reports
Leadership	18 to 25	15 to 65
Policy and Strategy	10 to 45	18 to 68
Employees	4 to 8	5 to 61
Partnerships and Resources	10 to 48	16 to 72
Processes	7 to 44	17 to 67

According to the BQF report, English companies, in respect of enablers' criterion, have had the highest range of changes in terms of partnerships and resources, and this criterion has allocated the highest score to itself, and the lowest obtained scores in this statistics has been registered for the employees. The same statistics is also observed in Iranian companies, but with a significant difference!

The Distribution of Results Scores and Comparing with the External Sample

Table 5: The Distribution of Results Scores and Comparing with the External Sample

Criterion (Enabler)	Range of Changes (%)	
	Iranian Companies	BQF Reports



Customer's Results	0 to 30	7 to 57
Human Resources Results	2 to 52	5 to 55
Society Results	3 to 46	5 to 75
Key Performance Results	4 to 42	16 to 63

Considering that in the results section of the EFQM excellence model, the criterion of customer's results has allocated the highest weight in the model to itself, in table 5, despite the high importance of customers' results in the EFQM excellence model in the Iranian companies this criterion has allocated the lowest score to itself. Therefore, it is necessary to pay more attention to this criterion and the human resources' results have been located higher than other criteria. According to the BQF statistics, the criterion of society results has obtained the highest score, and human resources results have obtained the lowest score (statistics obtained from the Researches and Management Training Institute (www.imre.ir)).

DISCUSSION AND CONCLUSION

In this article, after defining measurement and its nature, it is tried to investigate the theoretical foundations of performance evaluation comprehensively. Afterwards by investigating the new models of performance evaluation and recognizing the efficiency and criteria of each one of the mentioned models, the concept of organizational excellence as one of the basic concepts in total quality management was discussed and the Excellence Model of European Foundation for Quality Management (EFQM) as one of the excellence models in the field of quality management was comprehensively investigated. Finally, the aim of investigating the Excellence model of EFQM was to analyze the gap between Iranian companies and the superior companies in the West of England based on this model. The investigation was conducted based on the average scores obtained in each criterion in 34 Iranian companies, the range of obtained scores, the distribution of total score in 34 evaluated Iranian companies, and the percentage distribution of the scores of enables and results compared with the external sample, and it was specified that what situation the criteria of the EFQM excellence model have in each of the above sections, which criteria have higher gap and need to be further investigated and which criteria have a lower gap and have relative improvement.

More understanding of the company's senior managers of the concepts of the EFQM model and its compatibility with the existing situation can help acquiring a better score for the criteria of this model in the company. Also, managers by regarding the superior European companies and paying attention to the infrastructure used in those companies, and then considering the improvement projects applied by those organizations, seek to improve the current situation and reduce their gap with the superior companies. And considering that the EFQM Excellence Model has taken into account the annual evaluation, in each year according to the evaluation, the strength points and improvable areas are specified, and these cases should give feedback to the strategic planning and operational plans of the organization, hence the improvement should be continuous and ongoing.

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