Mehr Iran Bank’s Performance Evaluation Using EFQM Excellence Model: 
A Case Study of Alborz Province Branches

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ABSTRACT

The role of assessment systems in organizational excellence today is well-known in the business 
world. Performance assessment in organizations to identify strengths and weaknesses to make 
optimal use of resources has special significance. The changing needs of customers and stakeholders, 
competition, constant changes in laws and regulations, and reliance on traditional methods will not 
result in enhanced performance within global hypercompetition. Therefore, it has become necessary 
to employ models which possess the ability to evaluate organizations’ present situation for strategic 
planning. In this regard, the EFQM Model is known as one of the most comprehensive performance 
evaluation tools. This study uses a descriptive-analytical survey method to evaluate Mehr Iran Bank’s 
performance based on the EFQM Model. Research instruments in this survey include a personal details 
questionnaire and a special questionnaire. The SPSS software and the Kolmogrov-Smirnov test have 
been used to analyze data and check the normality of the variables, respectively.

KEYWORDS
EFQM, Performance Evaluation, Quality Management, Strategic Planning

1. INTRODUCTION

Iran’s economic institutions face numerous challenges in the contemporary globalization process. 
Continued presence in global markets, and even remaining in internal markets, means contending with 
strong competitors. Due to the expansion and complexity of the goals, processes, and organizational 
structures of such competitors, organizations which are truly responsive to the needs and expectations 
of customers and stakeholders retain profitability and wealth creation that are key indicators of 
organizational excellence. By applying models of organizational and business excellence to evaluate 
long-term stability, organizations can gauge the success rate of their programs at different times and 
compare their performance with the best of other organizations.

Organizations require effective evaluation systems to determine the level of compliance and 
quality of their activities, especially in complex and dynamic environments. The lack of evaluation 
and control systems means a lack of communication with the internal and external environment of 
the organization. Many definitions have been proposed for the term “performance assessment”. In 
order to ensure a common understanding and interpretation of a phenomenon, a clear definition

DOI: 10.4018/IJPMAT.2016010102

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for that phenomenon is necessary, and performance evaluation is no exception. Given the relative similarity, assessment is first defined in terms of employees, then in terms of the use of resources and, ultimately, in terms of organization.

In any organization, there are a series of factors and activities which in relation to each other and to the environment determine its ultimate performance. These activities should constantly be assessed to increase awareness about them. Of course, this is due to the fact that in today’s competitive world, the only requirement for survival and participation in various activities is performance with high levels of efficiency and effectiveness. Naturally, this is achieved with planning, monitoring, controlling, and continuously evaluating business activities. There are a minimum of seven measures for evaluation of organizational performance: effectiveness, efficiency, profitability, productivity, worklife quality, creativity and innovation, and quality.

2. THEORETICAL BACKGROUND

There are a number of common models for performance evaluation such as the Analytical Hierarchy Process (AHP), Quality Management System (ISO), Total Quality Management (TQM), and the EFQM Excellence Model which is considered the most comprehensive model of performance evaluation. The EFQM was developed by the European Foundation for Quality Management in 1991 as an initial framework for the evaluation and improvement of organizational performance and consists of nine criteria: five enablers (leadership, policy and strategy, people, partnerships and resources, and processes), and four results (customer, people, society, and key performance). Enablers show what the organization is doing and are the factors which allow the organization to achieve excellent results. Results criteria are those results that an organization acquires, and indicate the achievements from appropriate implementation of enabler hypotheses to be considered based on the EFQM which include the following:

The main hypothesis:

Based on the Excellence Model, the performance of Gharzolhasaneh Mehr Iran Bank of Alborz Province is excellent.

The sub-hypotheses:

1. The performance of Gharzolhasaneh Mehr Iran Bank branches of Alborz Province in terms of enablers is excellent.
2. Performance of Gharzolhasaneh Mehr Iran Bank branches of Alborz Province in terms of results is excellent.

3. RESEARCH METHODOLOGY

The research method applied in this study is a descriptive-analytical survey method conducted in 2014. The research population was the employees of Mehr Iran Bank. A sample size of 25 was obtained using the Cochran formula.

3.1. Research Instruments

The research instruments in this survey include a personal details questionnaire and a special questionnaire. The personal details questionnaire was developed based on objectives and examining recent related literature which included five questions regarding personal details about employees. The special questionnaire contained 50 items including the nine key components of leadership (questions 1-5), policy and strategy (questions 6-9), human resources (questions 10-14), partnerships and
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