

# Organizational Effectiveness Based on EFQM Criteria in Hamedan Municipality

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## ABSTRACT

In this research, the level of organizational effectiveness based on EFQM model is studied. Using the indicators of the model, five hypotheses were considered and questionnaire as an approach in the model, was used to gather information. After that the questionnaires were completed using opinions of 196 officers in Hamedan municipality and the gathered data, was analyzed using descriptive and analytic statistical tests in SPSS software. The result of these tests confirmed all hypotheses that represents effectiveness of organization in EFQM indicators.

**KEYWORDS:** Effectiveness, Organizational Effectiveness, Organizational Excellence, EFQM Model, Hamedan Municipality.

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## 1. INTRODUCTION

Models of business excellence or superiority are an answer to the question of what is the top organization, which goals and concepts it follows, what are the criteria that govern its behavior? Today, most countries in the world, relying on these models have created national and regional awards that is a stimulus for organizations and businesses in the excellence, growth and wealth creation. Deming Prize in Japan, the Baldrige Award in the United States of America and the European Quality Award by the European Foundation for Quality Management established and is known as EFQM model, can be considered examples of successful awards. Traditional measures are mostly retrospective and don't have good ability to provide a favorable business prospects; due to the many benefits that the Excellence Model of EFQM has try to test the feasibility of its implementation in municipalities and institutions (which have non-public nature) can properly formulate, implement, evaluate and correct their strategies. One of the main reasons for this choice is that municipal have to provide different services, according to Article 55 of the Act, municipalities are obliged to provide comprehensive services in the fields of development, health, municipal services to their customers. What appears is that municipalities have to fishing precious opportunities from sea of threats by careful planning, and it will not be possible without a strategic plan that carefully and wisely is operated like Distance Medley Race. Recognizing this critical issue underlying this research may be appropriate to draw the attention of municipalities towards the implementation of the main objectives of EFQM, because we can claim that any institution can be so involved in all aspects of everyday life of citizens and have no fundamental impact.

So any positive or negative changes in the services of the institution, has profound and significant effect on citizens' life. Manage and evaluate the performance of organizations is one of the strongest tools that can help organizations obtain the needed information about organization state. Different patterns is designed to evaluate the performance, that managers with respect to the purpose of the assessment and the type of organization (the municipalities and dependent regions) use particular method or model or by combination of several models, designs their own required model. However, the main performance evaluation model mission is to determine the efficiency and effectiveness of the evaluated organization. But in addition it should have the ability to determine strengths and weaknesses and offer strategies to address potential weaknesses. Therefore, knowing different models of performance evaluation and diagnosis of using them correctly, is very important problem. Evaluate the performance is one of the core management tools for achieving the goals, strategies and plans of the organizers. In public organizations, such as municipalities, design and establishment of performance evaluation could lead to the correct guidance of the municipal executive in the way of achieving the goals, tasks, strategies and programs for development and improvement of municipal services according to desired quality, cost and time. Since the municipality as a public institution, is responsible for management of the city, the need to assess and manage its performance is quite evident [1]. The study is designed based on an open system idea. Municipality as a human organization, has open system that in addition to interacting with the internal environment has interact with internal environment and different internal and external factors that affect its performance, so based on open system theory this research tries to identify the internal and external factors affecting municipal performance, identify factors that affect the performance of the municipalities, a suitable model for evaluating the performance of Hamedan municipalities based on the EFQM model. Considering the expressed issues in this research, we want to evaluate one of the public NGO institutions, Hamedan Municipality, by EFQM assessment indicators and observe that, the municipality to what extent has been able to improve the indices and evaluate the existence of organizational effectiveness with the EFQM criteria in Hamadan municipality, we can say: the aim of this work is to identify existing strengths and weaknesses and propose practical solutions to enhance organizational effectiveness in Hamedan Municipality. We will continue to literature and

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concepts. Analyzing research data is given below. Data analysis includes a review of reliability and test hypotheses. Hypothesis testing can help to realize strengths and weaknesses of organizations which a part of article is dedicated to it. At the end, future works and conclusion have been written.

## 2. MATERIALS AND METHODS

### 2.1 Literature review

Among the discussed models, EFQM model is common and more popular in the world and has been a model for many other countries in the design of these awards. Meanwhile, many European countries have adopted this model, and organizations in the social and economic conditions in these countries, with take advantage of these models have been successful, also it cause the attractiveness of this model to emulate be more by Iranian companies and organizations [2]. On the other hand traditional criteria, are mainly retrospective and don't have good ability to provide a favorable organizational outlook. Use of science and modern techniques is one of tools and the axioms of each country development. This issue is also true inside the country and use of these science becomes more prevalent day by day. EFQM model is also not exception from this category and using it also is frontispiece activities of many organizations and institutions, but what is seen is lack of interest in this important issue in the public and private services (such as municipalities). According to many benefits of EFQM Excellence model, we try to test the feasibility of its implementation in municipalities. So these institutions (which have generally non-governmental nature) can properly develop, implement, evaluate, and correct their strategies. Since look at the self-assessment is strategic and forward-looking; the methodology of the Business Excellence Model is used as well as the supplement; therefore the model is split into two parts "empowerment" and "results" and rating system is considered in it and to determine the size and components of the model, special attention is given to the requirements and needs of the city and municipalities. What appears is that municipalities have to fishing opportunities from sea of threats by careful planning and this will not be possible without a strategic plan that is operationalized like a Distance Medley Race. Recognizing this critical issue underlying this research may be appropriate to draw the attention of municipalities towards the implementation of the main objectives of EFQM, because we can claim that any institution can be so involved in all aspects of everyday life of citizens and have no fundamental impact. So any positive or negative changes in the services of the institution, has profound and significant effect on citizens' life.

Evaluate the performance of organizations and the impact of its results in how efficient management is crucial to improve performance, and municipalities are not exception. Especially because citizens are most important recipients and contacts of this key public institution, use of appropriate performance appraisal system can enhance citizen satisfaction from municipalities and ultimately play an important role in enhance their quality of life. Studies show that most developed countries municipalities use one of a performance assessment models to measure the performance of their municipalities [3]. Studies show that the method of self-assessment is a tool for communication throughout the organization and deployment of strategies at all levels of the organization, such as municipalities. Because philosophy of organizations are productivity and profitability, this leads to the satisfaction of the citizens and stakeholders of that organization. Therefore, in the model of excellence of learning and growth, internal processes, customer and financial terms have been used. Since existential philosophy of municipalities is maintaining integrity and enhancing the efficiency of the urban system, therefore concepts should be applied in this model that achieved this matter and measure it [4].

### 2.2 Conceptual framework

#### 2.2.1 The concept of effectiveness

The concept of efficiency is within the meaning of the performance, of course, efficiency should be defined necessarily in terms of the effectiveness of specific programs which are under evaluation. In fact, the effectiveness of the action undertaken to evaluate the effectiveness of the goals is predetermined; but it seems that to define effective concept we should go a step further, this means that the effectiveness will be achieved when first, needs to be diagnosed clearly, second, a good program design to meet the needs, third, the designed program runs properly and then an appropriate assessment of the process and ultimately achieve specified objectives. In management literature, effectiveness have defined doing the right things and efficiency is doing things right. In other words, the efficiency has quantitative aspects and effectiveness has qualitative aspects [5].

#### 2.2.2 Organizational Effectiveness

The effectiveness measures achieve the organization objectives. In other words, makes the effects of the service / product on society quantitative and determines that provided service / product to what extent is accommodate with standards and goals of the organization. Effectiveness is a qualitative concept and shows customer satisfaction of service / product. The effectiveness of the organization include degree or extent to which organization achieve its desired goals [6]. In general, in an organization, calculate the effectiveness of the indicators and methods is not easy and there are different methods for evaluating and measuring the performance of the organization performance. Competence development, will improve effectiveness of work time and increase the effectiveness of working time, will enhance other measures of organizational effectiveness [7]. Truly, inner satisfaction, happiness and promoting is productive for staff and is highly efficient in the organization and effectiveness of organization and lead to highest productivity. Organizational effectiveness plays an important role in organizational development. An organization is effective which is able to manage ambiguity, flexibility, customer-orientation, production, value-orientation and structured learning and know the main area of employment and empowerment of staff.

### 2.2.3 Performance evaluation models

All models of performance evaluation can be divided into three sections [7]:

1. Models based on time and cost: this model emphasizes the evaluation of the financial sphere and production processes based on the control of spent time and money.
2. Organizational excellence and self-assessment models: These models focus on the assessment and management process based on the results and quality of the process so that are a kind of self-assessment that the EFQM Excellence Model is one of these excellence models.
3. Integrated or Balancing Models: These models focus on all aspects of evaluation in the fields of management, production process and operations, finance and human resources on the implementation and promotion strategy.
4. EFQM model

European Foundation for Quality Management is a non-profit organization which was established in 1988 by 14 European companies and support of the Europe Union and now more than 800 European companies are members of the organization. The mission of this organization is to create a leading force in order to excellent performance and its prospect is shining European organizations in the world [8]. European Foundation for Quality Management has a critical role to encourage and help European companies for the development of quality management in Europe. European companies have adopted that Total Quality Management is a way to manage the activities in order to achieve efficiency, effectiveness and competitive advantage that guarantee long-term success. EFQM Excellence Model, is introduced as the primary framework for the assessment and improvement of organizations. This model shows the stable advantages that an organization needs to achieve. Designing of this model seriously began in 1989 and the EFQM Excellence Model was introduced in 1991. It was quickly is concerned by European companies and it was determined that public sector organizations and small industries also are interested in using it. In the 1995 edition of the public sector and in 1996, the model for small organizations was developed. Although this model has always been concerned by European Foundation for Quality, but the most important review that led to changes in the model occurred in 1999. And most important changes included more attention and approaches that could follow the consequences of customers and also pay more attention to the partnership debate and knowledge management. In 2001, small and medium-sized model companies had more coordination with EFQM Excellence Model and was introduced as EFQM Excellence Model to edit small and medium-sized organizations. In 2003, a new edition of the EFQM model is presented that in comparison to the 1999 edition has been much change in sub-criteria and guide tips ("Official website of EFQM").

EFQM model which characterizes many approaches to achieving sustainable excellence in all aspects of performance and based on the assumption that superior results with respect to performance, customers, employees and the community, through the realization of leadership, policy and strategy, people, partnerships and resources and processes are available. EFQM Excellence Model is a non-prescriptive model that its structure is based on eight factor criteria and have been created from 9 criteria and 32 sub-criteria. This model is such a model that criteria and sub-criteria influence and are related to each other and in fact form a system. These criteria are the core and heart of the model and the evaluation of an organization. EFQM model criteria are divided into two categories: enablers and results [9].

## 3. RESULTS

The questionnaires are designed as standard in accordance with research and population studies has been drawn using the literature and interviews of the organization and its strategic plan. Then, according to the strategic plan of studied society for each of the research hypothesis ten questions have been developed. To assess the validity of the questionnaires content validity was used. Content validity ensures that the existing scale, including a series of samples is sufficient for the use of the concept. To assess the reliability of the test Cronbach's Alpha is used, the result is shown in Table 1. Due to the higher Cronbach's alpha coefficient of 0.7, the reliability of the questionnaire is desirable.

**Table 1.** Reliability of the questionnaire

Hypothesis	Number of questions	Cronbach's Alpha
First	10	0.9722
Second	10	0.9702
Third	10	0.9464
Forth	10	0.9375
Fifth	10	0.9307

### 3.1 Data Analysis

To test the hypothesis expected mean test is used. In this test, if the achieved mean is higher than anticipated mean (60%) H0 reject and research hypothesis was confirmed.

#### 3.1.1 The main hypothesis

H0: EFQM model Indices aren't effective in Hamedan Municipality.

H1: EFQM model indices are effective in Hamedan Municipality.

**Table 2.** Mean of Indices EFQM model in Hamedan Municipality

Criteria	Cronbach's Alpha
The anticipated mean	%60
Mean	%70.4173
Number	196

**3.1.2 The first sub-hypothesis**

H0: The leadership indicator of EFQM model is not effective in Hamedan Municipality.

H1: The leadership indicator of EFQM model is effective in Hamedan Municipality.

According to the table above null hypothesis is rejected based on lack of efficacy. It can be said that the leadership of the EFQM model is effective in Hamedan Municipality.

**Table 3.** The mean of EFQM model leadership indicator in Hamedan Municipality

Criteria	Cronbach's Alpha
The anticipated mean	%60
Mean	%71.3265
Number	196

**3.1.3 The second sub-hypothesis**

H0: Indices of employees, strategies, partners and resources of EFQM model is not effective in Hamedan Municipality.

H1: Indices of employees, strategies, partners and resources of EFQM model is effective in Hamedan Municipality.

According to the table above null hypothesis is rejected based on lack of efficacy. It can be said that the indices of employees, partners and resources strategy and the EFQM model is effective in Hamedan Municipality.

**Table 4.** The mean of employees, strategies, partners and resources indices of EFQM model in Hamedan Municipality

Criteria	Cronbach's Alpha
The anticipated mean	%60
Mean	%66.7806
Number	196

**3.1.4 The third sub-hypothesis**

H0: The processes of the EFQM model is not effective in Hamedan Municipality.

H1: The processes of the EFQM model is effective in Hamedan Municipality.

According to the table above null hypothesis is rejected based on lack of efficacy. It can be said that the process of the EFQM model is effective in Hamedan Municipality.

**Table 5.** EFQM model processes indices mean in Hamedan Municipality

Criteria	Cronbach's Alpha
The anticipated mean	%60
Mean	%68.4286
Number	196

**3.1.5 The fourth sub-hypothesis**

H0: The index of employees, customers and society EFQM model result is not effective in Hamedan Municipality.

H1: The index of employees, customers and society EFQM model result is effective in Hamedan Municipality.

According to the table above null hypothesis is rejected based on lack of efficacy. It can be said that the key results index of EFQM model performance is effective in Hamedan Municipality.

**Table 6.** mean of results for employees, customers and society EFQM model in Hamedan Municipality

Criteria	Cronbach's Alpha
The anticipated mean	%60
Mean	%73.3214
Number	196

**3.1.6 The fifth sub-hypothesis**

H0: Key results indicator of EFQM model performance is not effective in Hamedan Municipality.

H1: Key results indicator of EFQM model performance is effective in Hamedan Municipality.

According to the table above null hypothesis is rejected based on lack of efficacy. It can be said that the results of employees, customers and society EFQM model are effective in Hamedan Municipality.

**Table 7.** The mean of Key results indicator of EFQM model performance in Hamedan Municipality

Criteria	Cronbach's Alpha
The anticipated mean	%60
Mean	%73.3214
Number	196

#### 4. DISCUSSION

According to the collected information, each hypothesis testing and case study of existing questions in each hypothesis questions. By clarifying these points we can propose suggestions to improve organizational effectiveness. According to the breadth of the subject and ability to generalize the issue we can offer suggestions to the authorities and future researchers to make the research way easier. Table 8 discussed the effectiveness of the organization's strengths and weaknesses from the EFQM criteria perspective.

**Table 8.** The mean of Key results indicator of EFQM model performance in Hamedan Municipality

Row	Criteria	Strengths	Weakness
1	Leadership	Behavior management of staff, the clear organization plans to achieve goals, values and ideas of staff	Cooperation of administration with the clients, in terms of the number of meetings, time and duration
2	Staff, strategy, partnership and resources	Cooperation of Staff	The method taken to manage resources, cooperation of Staff and clients, inventory management programs
3	Processes	Respect for social values, manage communications with clients, manage the communication with the community	Managing wishes of the client in advance, media advertising services, welcoming new ideas
4	Results for employees, customers and society	Support of city Islamic Councils from management collection, loyalty of employees working population (citizens) with the organization	Support of contractors
5	Key Performance Results	Financial achievements, technology and knowledge working in the projects taken, an ongoing program designed to align actions	Non-financial achievements, large cost of projects

#### 5. Conclusion

In data collected to test the hypotheses, a questionnaire was created for municipal employees. In the future we can build a broader range of questions and also we can use clients, contractors, community, city council and ... to collect data. Also, in this study 9 EFQM criteria were used to generate hypotheses. By analyzing model's criteria and 32 sub criteria a comprehensive research will be done. Using the results obtained from this study you can extract the factors influencing effectiveness and obtain the role of each factor using data collection and statistical tests.

Given the importance of organizational effectiveness in this study we sought to measure it in Hamedan Municipality. Since measuring the effectiveness of an organization is considered a complex issue so EFQM model has been applied. In the following five hypotheses were developed using the model criteria and data were collected for testing through questionnaire that is one of the model approaches. Finally, research verified all hypotheses, which indicates the effectiveness of the organization in model criteria. By using obtained information, we can achieve strategies to increase organizational effectiveness, this subject was discussed.

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