An Evaluation of Tejarat Bank Employees Using the European Foundation for Quality Management: The Case of Chaharmahal and Bakhtiari Branches

Hassan Labaf,
Faculty member of Research Institute of ShakhesPajouh, Isfahan, Iran

Mohsen Esmailian,
Ph.D. student of Human Resource Management, Research Institute of Shakhes Pajouh, Isfahan Iran

Abstract
The present research seeks to evaluate organizational performance of employees of Tejarat Bank branches in Chaharmahal and Bakhtiari. The statistical population of the study is 250 of the employees and managers who worked at 20 branches of Tejarat Bank in the Province of Chaharmahal and Bakhtiari. A primary study was conducted to determine the variance of the population. Sample size was calculated using Cochran’s formula, yielding 150. In the t-test the employees’ performance was significantly higher than the average in the area of enablers. In the second hypothesis of t-test the employees’ performance in the domain of results was significant at p<0.05. It can be concluded that all results area components, except for the customer results are significantly higher than the average.

Introduction
Managers are facing numerous processes and organizational changes due to the various advancements in organizations and the environment surrounding them in the recent decade. Thus, the most important characteristic of our time is change and how it is handled (Baykzadeh & Eskandari, 1389). Therefore, one of the biggest management challenges of the modern era is how to create an intelligent organization that can adjust itself to the environment and change as rapidly as the environment does to keep up with the unpredictable ecosystem and survive (Davis and Fisher, 2009). The only path to success is management based on the managers’ intelligence. This type of management usually shows high performance in job satisfaction, organizational commitment and trust. Business Excellence Models are effective tools for a manager to measure organization’s efficiency (Nabtiz, 2007). European Foundation for Quality Management (EFQM) will be used as a framework for evaluating and improving organizations in the present study since it shows sustainable advantages that an organization should gain. This model is introduced to measure the main principles and criteria of total quality management (Kalomora, 2007). EFQM is based on the hypothesis that perfect results, namely customer satisfaction, employee satisfaction, society, and performance key results, are gained through strong leadership, good employees committed to the organization, policies and the proper procedures defined, and strong sources and partnerships (Roldan, 2012). EFQM is made up of enablers and results. Enablers include the first five criteria of the model and enable the organization to gain perfect results. The second group are results gained in different areas, showing the outcome of proper use of enablers (Kalomora, 2007). The domain of enablers shows an organization’s components and how they interact, whereas the results domain creates the results of organization’s performance and introduces the desired results derived from proper use of enablers (Riahi, 1388). The first five criteria are leadership, policy and strategy, employees, partnerships and sources as well as the organization’s processes which are categorized as the enablers. The next four criteria are people results, customer results, society results and business results, which show the results area (Mann & Adebanjo, 2011).
In different organizations, especially banks, management has an important role. Banks are complex socio-economic entities which lead social and economic changes in each society. Financial institutions need intelligent management more than any other organization since they are economic centers responsible for the flow of credit and cash. Branch managers have more sensitive roles. They are among the key individuals with the responsibility for improving economic growth in the society (Ferrier, 2009).

Bank managers, like all other managers, need to measure and evaluate their organization’s performance so that they can compare their branch to others and locate their weaknesses and strengths. Thus, in banks, especially state-run banks which are big in structure and sometimes responsible for government cash flow, even improvements as small as one percent will be a great help to services and the bank management (Salehi et al, 1390). Management researchers also believe that any organization’s success depends on whether its goals are achieved, management practices, and effective interaction with employees (Borman, 2010).

Appropriate behavior by the managers will motivate employees in every organization and increase their level of satisfaction with their job (Borman, 2012). Thus, the way employees are evaluated can act as a facilitating factor, which has direct and indirect effects on the organization and employees’ performance. Therefore, the present research seeks to evaluate organizational performance of employees of Tejarat Bank branches in Chaharmahal and Bakhtiari.

**Methods**

In this paper, a descriptive study is conducted which aims to describe existing relationships between the variables. A descriptive study aims to describe the characteristics of a phenomenon or population. Such studies may be conducted to gain an understanding of the status quo or help decision-making (Sarmadi et al., 2012). The statistical population of the study is 250 of the employees and managers who worked at 20 branches of Tejarat Bank in the Province of Chaharmahal and Bakhtiari. A primary study was conducted to determine the variance of the population. Sample size was calculated using Cochran’s formula, yielding 150. The questionnaire’s variance was calculated and incorporated into the formula separately. Accordingly, a random stratified sample of the population was drawn. In order to ensure inclusivity, the proportion of each stratum to the entire population was calculated and used as the basis for drawing samples (Momeni & Ghayoumi, 2010).

**Instruments**

The questionnaire for the study was designed based on the EFQM, with 9 scales and a total of 51 items on a Likert scale of 1 to 5. Initially, a questionnaire with 60 items was designed, whose content validity was confirmed by experts in the field of management. As a result, 9 items were eliminated. Validity refers to the extent that an instrument permits appropriate inferences to be made about the measured phenomena (Sarmad et al., 2012:75).
To ensure reliability, Cronbach’s alpha was calculated after an initial study, yielding 0.87.

**Findings**

**H1:** Employees of Tejarat Bank in the Province of Charmahal and Bakhtiari perform higher than average on the Enablers of the EFQM (Leadership, People, Strategy, Partnerships & Resources, and Processes).

<table>
<thead>
<tr>
<th>Enablers</th>
<th>Mean</th>
<th>Standard Error</th>
<th>T</th>
<th>Significance level</th>
<th>Mean Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leadership</td>
<td>3.55</td>
<td>0.106</td>
<td>5.19</td>
<td>0.00</td>
<td>0.55</td>
</tr>
<tr>
<td>Strategy</td>
<td>3.29</td>
<td>0.05</td>
<td>5.46</td>
<td>0.00</td>
<td>0.29</td>
</tr>
<tr>
<td>Employees</td>
<td>3.21</td>
<td>0.65</td>
<td>3.23</td>
<td>0.03</td>
<td>0.21</td>
</tr>
<tr>
<td>Partnerships &amp; Resources</td>
<td>3.34</td>
<td>0.03</td>
<td>6.97</td>
<td>0.00</td>
<td>0.34</td>
</tr>
<tr>
<td>Processes</td>
<td>2.70</td>
<td>0.04</td>
<td>-5.96</td>
<td>0.00</td>
<td>-0.29</td>
</tr>
</tbody>
</table>

As evident in Table 1, performance is significantly above average. Leadership has the highest mean difference. Interestingly, the processes construct has a negative mean difference from the baseline (-0.29), which is significantly below average.

**H2:** Employees of Tejarat Bank in the Province of Charmahal and Bakhtiari perform higher than average on the Results of the EFQM (Leadership, People, Strategy, Partnerships & Resources, and Processes).

<table>
<thead>
<tr>
<th>Results</th>
<th>Mean</th>
<th>Standard Error</th>
<th>T</th>
<th>Significance level</th>
<th>Mean Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employees</td>
<td>3.30</td>
<td>0.052</td>
<td>5.78</td>
<td>0.00</td>
<td>0.30</td>
</tr>
<tr>
<td>Customers</td>
<td>2.96</td>
<td>0.062</td>
<td>-0.55</td>
<td>0.577</td>
<td>-0.03</td>
</tr>
<tr>
<td>Society</td>
<td>3.90</td>
<td>0.196</td>
<td>4.59</td>
<td>0.00</td>
<td>0.51</td>
</tr>
<tr>
<td>Business</td>
<td>3.22</td>
<td>0.066</td>
<td>3.39</td>
<td>0.00</td>
<td>0.22</td>
</tr>
</tbody>
</table>

As evident in Table 2, performance is significantly above average. All constructs, except customer results, are significantly above average. With a mean difference of 0.51, society results has the highest difference from the baseline.

**H3:** Employees of Tejarat Bank in the Province of Charmahal and Bakhtiari perform differently on the EFQM according to demographic variables (age, gender, experience).

Table 3 – One sample t-test results for EFQM enablers grouped by gender
As shown in Table 3, Lewin's test shows no significant difference at p<0.05. Thus, the null hypothesis, i.e. variance homogeneity, is supported. The data regarding this hypothesis (gender) are analyzed using a two-sample t-test.

Furthermore, the analysis reveals no significant difference between the enablers and results of the EFQM based on gender. Therefore, we conclude that no significant difference exists between the average scores for males and females.

According to Table 4, for observed F at significance level 0.05, only a significant difference exists between results for different age groups. In order to determine the source of difference, a follow-up LSD test was performed.

The LSD results indicate that employees aged between 41 and 50, with mean differences of 0.76 and 1.06, have significantly better results compared to other age groups. Furthermore, those older than 50 have significantly better results than those younger than 40.
According to Table 6, for observed F at significance level 0.05, only a significant difference exists between results and enablers for groups with different levels of experience. In order to determine the source of difference, a follow-up LSD test was performed.

**Table 7 – pairwise comparison between different levels of experience**

<table>
<thead>
<tr>
<th>Component</th>
<th>Experience group (i)</th>
<th>Experience group (j)</th>
<th>Mean Difference</th>
<th>SEM</th>
<th>Significance Level</th>
</tr>
</thead>
<tbody>
<tr>
<td>Experience</td>
<td>21-30 years</td>
<td>11-20 years</td>
<td>0.69</td>
<td>0.22</td>
<td>0.00</td>
</tr>
<tr>
<td></td>
<td>6-10 years</td>
<td></td>
<td>0.55</td>
<td>0.20</td>
<td>0.04</td>
</tr>
<tr>
<td></td>
<td>Less than 5 years</td>
<td></td>
<td>0.39</td>
<td>0.21</td>
<td>0.05</td>
</tr>
</tbody>
</table>

According to Table 7 and based on the results for LSD, employees with over 21 years of experience have significantly better performance regarding enablers.

**Table 8 – one-sample t-test results for enablers and results variables grouped by management experience**

<table>
<thead>
<tr>
<th>Statistics Variables</th>
<th>Group</th>
<th>Mean</th>
<th>Standard Deviation</th>
<th>Lewin’s Test</th>
<th>Mean Difference</th>
<th>t</th>
<th>Degree of Freedom</th>
<th>Significance level</th>
</tr>
</thead>
<tbody>
<tr>
<td>Enablers</td>
<td>Less than 5 years</td>
<td>2.57</td>
<td>0.11</td>
<td>1.95</td>
<td>0.08</td>
<td>-0.99</td>
<td>6.06</td>
<td>148</td>
</tr>
<tr>
<td></td>
<td>Over 5 years</td>
<td>3.56</td>
<td>0.53</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Results</td>
<td>Less than 5 years</td>
<td>3.33</td>
<td>0.10</td>
<td>0.32</td>
<td>0.57</td>
<td>0.03</td>
<td>-</td>
<td>148</td>
</tr>
<tr>
<td></td>
<td>Over 5 years</td>
<td>3.36</td>
<td>0.09</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

As shown in Table 3, Lewin’s test shows no significant difference at p<0.05. Thus, the null hypothesis, i.e. variance homogeneity, is supported. The data regarding this hypothesis are analyzed using a two-sample t-test.

The results indicate that a significant difference exists between different levels of management experience. It can be concluded that employees with more than five years of management experience significantly outperform those with less experience. Furthermore, no significant difference between scores regarding results was not observed.
Discussion and conclusion

In today's world due to the pace and volume of the data and challenges for the organizations, it seems more vital to have criteria for positioning and planning based on weaknesses and strengths. The extremely competitive atmosphere among organizations and their endless effort to improve the services and products quality and meeting the customers' needs and expectations has made organizations look for a comprehensive, dependable and flexible method to evaluate their own performance. Organizations must be able to gain precise and thorough information about their position, place and performance in the society and guarantee their own survivals by learning from the past and not repeating the mistakes in future. The present study seeks to evaluate organizational performance of employees of Tejarat Bank branches in Chaharmahal and Bakhtiari using EFQM. As mentioned, in the t-test the employees' performance was significantly higher than the average in the area of enablers. Leadership was the component the highest difference from the mean i.e. 0.55. On the other hand, organization processes was the component with a negative -0.29 difference from the mean, which was significant. Akande (2011) interviewed 220 managers in state-run and private organizations and found out that employees' abilities had a vital role in a successful organization's professional activities. Also, it was argued that there's a positive correlation between effective management and the employees capabilities. Mills (2010) believes that a leader tries to improve the employees' performance by paying especial attention to values, beliefs and their needs; and also tries to create the appropriate atmosphere for them to grow and advance. Neely et al. (2012) believe that a successful organization has employees that tend to internalize performance growth practically. These employees use five approaches: challenging the procedures, inspiring a common vision, enabling themselves, becoming role models, and provoking feelings and emotions. In the second hypothesis of t-test the employees' performance in the domain of results was significant at p<0.05. It can be concluded that all results area components, except for the customer results are significantly higher than the average. Society results showed the highest employee performance with a 0.51 difference with the mean. In examining the third hypothesis based on demographic characteristics (gender, age, professional background, management background), we saw no significant difference between the enablers and results areas based on gender in employees' performance. It can be argued that the mean of scores between men and women was not significantly different. For the age component there was only a significant difference between age groups in results area. Based on LSD test results, employees in the age group 41-50 have a significantly higher level of this variable with 0.76 and 1.06 means. Moreover, those older than 50 performed significantly better than those who were younger than forty years of age. Analyzing various levels of professional experience showed that in the enablers' area there's a significant difference: those with an experience above 21 years performed significantly better in the enablers. Finally, the findings indicated a significant difference between the mean in enablers based on employees' management experience: those with an experience above 5 years gained significantly higher scores in the enablers' area. But there was no significant difference in the results area. Overall, it can be concluded that the results of this research showed a proper evaluation of performance of employees of Tejarat Bank branches in Chaharmahal and Bakhtiari. It is recommended that the employees' performance appraisal results be given to the branch managers. The evaluation also must have a more operational framework so that the managers can identify weaknesses and strengths, use their abilities better and examine organization results from different aspects. Creating a healthy competitive atmosphere can be a good way to expand employees' potential capacities through rewarding high-performers. Holding workshops or courses for managers and employees to get familiar with different performance evaluation models and also operation improvement approaches in bank branches can be of use.
References


