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Performance Evaluation of Tractor Company Business

Excellence Model

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Abstract

Any organization, especially in complex and dynamic environments, is a crucial need to evaluate the system to determine the suitability and excellence of their activities. Control is one of the main tasks that must be managed along with planning, organizing and leadership. Planning determines the allocation and the specific manner of resources. Tabriz Tractor Company has been evaluated for performance evaluation using the model system Evaluation EFQM European Quality Management. The results of this study show that, Iranian Tractor Company seems to focus on increasing labor productivity and production of circulation areas to be competitive in the price of its products to compete with foreign producers and provides standard parameters associated with the study and side effects WTO accession due to their position in the global market tracking. Access to competitive products in foreign markets one of the results are significant in this industry. It is worth noting, given the reasons to achieve this result, the challenge of maintaining competitiveness of the company forward will be by creating flexibility in producing different products in the future. Tractor Company effective measures in the field of motivational mechanisms has been to increase staff productivity of labor. It has also obtained valuable results considering the organization from the one with a loss in 2000 to a profitable one of a company with profits increasing and competing in global markets with in key performance results. One of the areas is paying more attention to improving the organization and analysis of results of analytical staff in this area.

Keywords: *Business Excellence Model, performance evaluation, improved communication between personnel, labor productivity, motivated staff.*

Introduction: Using available facilities and resources, effective managers achieve their organizational goals together with the satisfaction of their human resources. But in practice, many managers face many problems that are prevent their effectiveness. Performance evaluation has always been considered a necessity in all courses and times. Conditions of time and space and also the diversity of organizations and their complexity require that at

any period a particular model be presented to assess organizational performance which is suitable to that situation. A system of monitoring and evaluation is required to control the organizations and their units^[2]. Lack of feedback has made the possibility of reform and the development of the system impossible. In organizational and management issues, there are three types of performance evaluations which are individual performance evaluation, group and organizational evaluations. In the individual performance evaluation which is referred to as the rater, the individual performance is measured as often as periodic and annual periodical like quantity and quality of output, absenteeism and delays, training courses, performance measures based on attributes or personal behavior. This evaluation is considered as a feedback to the individual, rather than a means for the promotion, separation, decision making about his/her payments and rewards. Raising the necessary teamwork and forming working groups to advance organizational objectives, performance evaluation of the group in turn should also be considered.^[4] Therefore, the performance evaluation of the group was introduced in the organization. The organization as a system has retail systems linked together which should work with it to achieve the organizational goals. An organization should get the feedback from all its retail systems to be able to take their performance in achieving the objectives to be evaluated. Accordingly, the total evaluation of the organization should be evaluated in organizational performance assessment in all aspects and dimensions.^[1] For organizational performance, lots of patterns and models are presented to yield a comprehensive assessment process and performance in the form of phrases such as: Efficiency, effectiveness, significance, enabling capability within the principles and concepts of accountability for achieving the goals and tasks, organizational structure, long-term development plans and evaluation performance of the organization all of which refer to the evaluation of the organization. With this business model, the optimal satisfaction of all stakeholders and the balance between the organization's long-term probability of success increase. In this study, using this model the effects of implementing quality management system model in the Tractor Company has been assessed and studied.^[9]

The significance, necessity and objectives of performance evaluation: Any organization needs a system of evaluation to determine the suitability and quality of its activities especially in complex dynamic environments. On the other hand the lack of evaluation systems and control system is considered the lack of communication with internal and external organizational environments. Scholars and researchers believe that performance is the main subject in all organizational analysis and imagining any organization which may not have the evaluation and performance measurement is difficult.^[3] They consider the attention to the organizational performance the factor for the development of organizational theory and say that performance is the main issue in the practical environment. They also believe that evaluation and performance measurement lead to the intelligence of the system and motivate people in the system to have desirable behavior and are considered as the main organizational policy formulation and implementation. With follow up, the rate of progress towards the objectives and expected results are identified, at the same time the expected organizational results and evaluation and satisfaction of employees and customers are

determined. Constant control of current affairs in the organization and the existence of productivity management cycle, identifying strengths and weaknesses and problems of organization and efforts to increase prosperity and to improve capabilities and activities, improving decision making about the scope and depth of activities, government programs and future goals, improving resource allocation and better use of facilities and human resources to implement the approved programs, promoting accountability and enhancing the performance capabilities of the organization in providing qualitative and quantitative services and competitiveness in national and international atmosphere and the ultimate objective of performance evaluation all mean the efficiency of the organization. ^[5] The aim of evaluation in organizations is to identify goals and tasks of the organization and its organizational units, identifying the program activities of the organization, identifying how to lead people who offer services in the organizational hierarchy and evaluating their powers and duties given to them with regard to their own limitations and investigating how organizations are coordinated with organizational units in order to achieve the desired goal, identifying equipment and facilities available for doing the work and the expenditures of the organization, identifying the fact that organizations and individuals with regard to resources, facilities, expenses and determining barriers and problems and issues. In general we can consider the purpose of the program of evaluation identifying the current situation, determining the strengths and weaknesses in tasks and responsibilities to identify and diagnose educational needs, leading and guiding organizations in improving their work which in fact will lead to the improvement and increase of the productivity in the organization, thus the degree of effectiveness and efficiency of work will increase. Performance evaluation can lead to knowledge of performance improvement in progress and, consequently, the necessary incentives and opportunities for quality improvement devices to provide performance and stimulate curiosity, questions and challenges about the way things are done and how resources are allocated, and ensure that the value of “work effort” has always been a high level which can only be possible through measurement systems and performance measurement. Therefore, performance assessment and measurement makes individuals intelligent and motivates people to show desirable behavior and it reveals its feedback on the implementation of successful policy formulation, the formulation of appropriate policies, providing organizational development indicators, identifying cases of performance, efficiency and effectiveness of programs and activities, ensure continuous performance improvement process, identify problems, opportunities and limitations, how to allocate resources and facilities and human resources and employee participation rate in the approved program and the response rate. European Quality Foundation model, is a model for evaluating methods and tools to help organizations and organizations in identifying organizational growth path, which measures the current position of the organization in this direction, growth factors and parameters affecting the organization and ultimately appropriate strategies to improve organizational performance. Organizational excellence can be considered as the growth and improvement of an organization in all its dimensions such that the probability of success in long-term increases by achieving the optimal satisfaction of all stakeholders and balance between

them[7]. This model shows how we should behave in the competitive environment for growth, sustainability and excellence. The key advantages of this model include a common alignment, and prospects, identifying strengths and areas to improve the organization, increasing knowledge and organizational learning and the need for strengthening and formation of other systems in the organization. This study aims to determine and accelerate various aspects of quality management system, identification, and most important factors, the positive and negative impacts resulting from implementation of quality management and evaluation and the review of its effect on the implementation of quality management in Tractor Company. ^[11]

Theoretical Fundamentals and the framework of the model: This model was established in 1998 by 14 leading European financial institution. The principles of quality management was the inspiration for this model and aimed to motivate and if necessary assist the management in the adoption and application of quality management principles and improve the competitiveness of industries in Europe. The European Quality Foundation model is a model for evaluating methods and tools to help organizations and organizations in identifying organizational growth path which measures the current position of the organization in this direction, growth factors and parameters affecting the organization and ultimately appropriate strategies to improve organizational performance. The "European Foundation for Quality" evaluates the rate of progress in the organization toward excellence. Each of the nine dimensions has a clear definition such that they cover more minor criteria. The model was presented by 14 selected and famous directors from large European companies in 1988. In this model in general nine areas are under careful observation five of which are related to approaches concerning to creating required capabilities in a company therefore they are called capability builders. And four other areas assess the results of applying the results of the approaches used in organizations. The model consists of the leadership criteria, policy and strategy criteria, personnel standards, partnership and resource criteria, process criteria, criteria of customer results criteria of employee results, criteria of the results of the society, and the criteria of key results of function[10]. Leadership criteria make clear how much the leaders have considered the objectives and predictions of the company and made their availability possible. Policy and strategy criterion determines how an organization clarifies its missions and viewpoints by means of a specific strategy, and how policies, plans, goals, objectives and processes for achieving the strategy are presented and performed. In personnel criterion it becomes clear how the organization manages the knowledge and capabilities of its human resources at individual, group and organizational levels and improves and uses them and plans them in such a way it supports the policy and strategy of the organization and efficient performance of the processes. Partnership and resource criteria clarify how the organization designs and manages the processes and improve them so that the policies and strategies of the organization and their efficient performances are supported and at the same time satisfy customers and other related people perfectly and constantly create values for them. The criterion of the results of customers makes clear what results the organization gets with its

external customers. The criterion of the results of personnel makes clear what results the organization gets with its human resources.^[8] The criterion of the results of society makes clear what results the organization gets with its local, national and international societies. The criterion of the key results of performance makes clear what results the organization gets with its pre-planned programs. In general in this nine-area model, there are thirty two criterion and about 300 indexes as major requirements. The basic objectives of the model are encouraging, activating and helping the organizations and companies in participating in improvement activities leading ultimately to excellence in customer satisfaction and people, staff and greater impact on society and the business results. In addition to the comprehensive and scientific and management support of this model, its strengths remain on its use of a suitable system for scoring companies. Here 1000 scores are considered, of which 50 percent is divided among results and capability builders, and 100 scores for leadership area, 80 scores for policy and strategy areas, 90 scores for personnel area, 90 scores for partnership and resource, 140 scores for processes area, 200 scores for customer results, 90 scores for staff results area, 60 scores for the results of society results and for the key results of performance 50 scores are allocated.^[6]

Methodology: The present study was performed to evaluate the performance of the Tractor company in Tabriz, Iran, during 2003 and 2005 to find the answer to the question: "Has the use of the European Quality Foundation model led to improvement of the indicators used in the Tractor Company?" For this purpose, three minor questions have been posed:

1 - Does the European Foundation for Quality improve performance of the Tractor Company?//

2 - Which indexes of the European Foundation for Quality shows more improvement in the performance of the company?

3 - Which of the foundation of European Quality shows less improvement in the company ?// For reviewing and evaluating the subject in this study, the following approaches can be used: Questionnaire methods, Matrix approach, Workshop approach, And Performa method and use of award In order to obtain the opinion of most experts and project managers the questionnaire method is used. And for enabling them to give precise answers to the questionnaire, at training seminars we described the model for them and made use of the advantages of other methods such as a workshop. Therefore, using questionnaires and survey research method, the data of variables were collected, studied and analyzed.

Findings: On improving communication between staff, the establishment of the EFQM quality management quality control has not improved the relationship between them. About improving the productivity, by using production policies and efficient use of available time, a significant improvement in performance and productivity of human resources is seen. About improvement in profitability, sales has been able to jump right to reach profitability since 1999 by controlling some costs of production and other factors and increasing scale of production. In cost reducing sector to reduce costs, modern management tools such as modern systems and methods of management including reward system,

accessory system, accessory production protocol system (ac-cord) (chords) were used and significant successes in reducing the wasted were witnessed. At the same time, increasing tractor production with aim of economy has increased revenue. On Increasing the market share, the company's domestic market of tractor increased from 94 percent in 2004 to 95 percent in 2005. Exports of tractor rose from 1 percent in 2004 to 1.96 in 2005 which means that the establishment of quality control management has increased exports. About improvement in staff motivation, quality control of the quality management EFQM has improved in some cases staff motivation. About increasing the quality and efficiency, training courses with the purpose of increasing capabilities of human resources and productivity of labor power are offered and also daily schedules were planned to increase the knowledge of the staff.

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