



# **Studying the fundamentals and concepts of sustainability of small and medium-sized businesses based on financial indicators**

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## **Abstract**

Performance evaluation of companies and small businesses is a process used to collect, analyze and report information according to the performance of an individual, group, organization, system or department. Thus this research was done with the aim of providing a model to evaluate the performance of financial managers in the public sector. This is quantitative and explanatory descriptive research. The statistical population includes the managers of small and medium-sized companies admitted to the Tehran Stock Exchange in 1400 and the selection of companies with a maximum of 250 employees was selected with a targeted sampling of about 90 managers. The data collection tool was a researcher-made questionnaire, the data obtained from which was analyzed with Lisrel software version 8.5 and with the help of structural equation technique. Rate and auxiliary components have a direct and significant effect on the dynamic stability of small and medium businesses in the Tehran Stock Exchange. Also, the rate variable indirectly has a positive effect on the dynamic stability of small and medium businesses in the Tehran Stock Exchange through a positive effect on the level components. According to the proposed dynamic model of small and medium-sized companies on the stock exchange, it seems that managers should use strategic support tools to improve the conditions and increase the financial stability in order to reduce costs.

**Keywords:** Sustainability, Financial Performance, Evaluation

## **Introduction**

Performance appraisal has long been considered as one of the most important success factors in various organizations. Experts' efforts It has always been believed that reliable measurement tools have been used in evaluation and using its results as a basis to plan for resolving the shortcomings and promotion and progress of these

organizations. Today, the importance and necessity of performance evaluation is so high it has been found that in every system and administrative system as necessary and inevitable and it is necessary to have a proper and dynamic management (Goodarzi, 2013). Performance evaluation is a process by which employees are formally evaluated at certain time intervals. The main purpose of performance evaluation is to collect essential

information about the organization's employees and make it available to managers so that they can improve quantitatively and decide the quality of the employees' work. In this study, we investigated the fundamentals and concepts of sustainability of small and medium-sized businesses based on financial indicators.

## **Literature Review**

Companies in order to pay attention to various economic, social, political, environmental and ... Their operations and activities under pressure Domestic and foreign stakeholders are located. In response to this pressure, many companies have implemented various sustainability measures. More details of these measures are publicly based on the sustainability of companies or in their reports. To help leading companies in stability performance, a number of rankings, standards and indicators have emerged (Sadowski & Kyle Alicia, 2011).

The concept of sustainability has entered into different areas of business, which its concept in economic literature focuses on equilibrium conditions. The market is and as market imbalances are considered as one of the concerns of neo-classic economists, sustainability is also in Different levels of market processes are one of the most important issues that have been seriously considered in the modern economy so that in new approaches to macroeconomic issues and determining optimal points that ensure long-term equilibrium conditions are well important Shows sustainability in the economic system. Laying out new topics in the field of sweeping and profound changes

in economic conditions that are mainly affected by the recent financial crises in the world, a new concept of sustainability of the financial and economic system is introduced as "resilience". Has been significantly crystallized and presented in the literature of resistance economics (Mutindi, 2012).

Neo et al. Consider performance to be due to personal characteristics, skills and the like. These characteristics are transformed into objective results through employee behavior (Noe et al., 2008).

## **Methodology**

This research is of a quantitative type and is a part of explanatory (non-experimental) descriptive research in which the researcher does not manipulate the variables, but explains the situation and relationships between the variables by describing the conditions of the variables. In terms of the goal, it is fundamental because it seeks to determine the effective components of modelling the sustainability of medium and small companies, and on the other hand, it is a part of applied research in which the researcher assesses the sustainability of small and medium businesses with the approach of systems dynamics and with special emphasis on financial indicators. Examines. In this research, in order to identify the factors influencing the dynamic modelling of sustainability in small and medium-sized businesses, the statistical method of structural equation modelling was used, and in order to evaluate the level of sustainability of small and medium-sized enterprises, using the identified factors from the T-test method Univariate is used.



The unit of analysis in this research is the small and medium-sized companies admitted to the Tehran Stock Exchange. The selection of companies is based on the number of employees, whose number of employees should be a maximum of 250 people. Therefore, the statistical population of the research, which is the managers of small and medium-sized companies admitted to the Tehran Stock Exchange in 1400, after selection and using the purposeful sampling method, around 90 managers were selected to answer the following question:

What components and variables are effective in the dynamic modelling of the sustainability of growing small and medium businesses?

The sampling method in this research was simple random and purposeful. In this way, the selection of companies is based on the number of employees, whose number of employees should be a maximum of 250 people. The sample size was determined based on the opinions of the supervisor and researcher of 90 people.

The method of gathering information is summarized in two parts: quantitative (field) and qualitative. Which include:

A) Qualitative part:

It includes the library method in which the researcher collects theoretical information regarding the identification of factors affecting the dynamic sustainability modelling of growing small and medium businesses by studying books and specialized magazines in Farsi and English and articles extracted from the Internet.

B) Field

In this method, by using a researcher-made questionnaire and with the help of structural

equations, the effective factors on the dynamic modelling of the sustainability of small and medium businesses are identified.

The data collection tool in the qualitative section includes websites, books, articles, and scientific-specialized magazines, and in the quantitative section, the researcher made a questionnaire, whose face and content validity was confirmed under the supervision of supervisors. And its reliability was confirmed using Cronbach's alpha test at about 0.7.

The data analysis tool used in this research is Lisrel version 8/5 software for structural equations, during which SPSS version 23 software is used to evaluate dynamic stability.

In order to compile the final model of the research, the method of structural equation modelling has been used. In the first stage, the measurement model was implemented to determine how accurately the markers or indices of each structure measure that structure (the underlying variable). And in the second step, based on the structural model, the effect of the structures on each other was analyzed to study the causal effects of the structures on each other. To perform these analyzes and calculate the measurement model and structural model, LISREL version 8.5 software was used.

In order to answer the research question, with the aim of modelling the dynamic financial stability of growing small and medium businesses in Iran, it was investigated in the environment of Lisrel and Venism software.

The summary of the field studies regarding the topic of the current research has been done as follows:

*Select performance appraisal method*

The choice of evaluation method as stated is largely based on the purpose of evaluation. It should be noted that although the easiest and the least expensive methods often produce

information with the least accuracy, but that doesn't mean that complex methods and methods a lot of time is needed to implement them, always providing the most useful information. (Table 1) show the strengths and weaknesses of characteristic, behavioral and results-based approaches in performance evaluation have been presented (George & Bohlander Scott, 2007) .

**Table 1.** Summary of advantages and disadvantages of performance evaluation methods for employees and managers

Description	Advantages	Disadvantages
Attribute Methods	<ul style="list-style-type: none"> <li>- Their design is low-cost.</li> <li>- Use meaningful dimensions.</li> <li>- How to use them is easy.</li> </ul>	<ul style="list-style-type: none"> <li>- Has a potentially high rating error.</li> <li>- Not helpful for consulting with staff.</li> <li>- Not useful for reward allocation.</li> <li>- Not helpful for decisions about upgrades</li> </ul>
Behavioral Methods	<ul style="list-style-type: none"> <li>- Less subjective orientation.</li> <li>- Connects individual performance to organizational performance.</li> <li>- Encourages the setting of bilateral goals.</li> <li>- Useful for decisions about bonuses and promotions</li> </ul>	<ul style="list-style-type: none"> <li>- Designing and using it is time-taking.</li> <li>- It may involve a short-term perspective.</li> <li>- May use inappropriate owners.</li> <li>- May inefficient owners to work Take it.</li> </ul>
Result-based methods	<ul style="list-style-type: none"> <li>- Less subjective orientation.</li> <li>- Connects individual performance to organizational performance- Slow.</li> <li>- Encourages the setting of bilateral goals.</li> <li>- Useful for decisions about bonuses and promotions.</li> </ul>	<ul style="list-style-type: none"> <li>- Designing and using it is time-taking.</li> <li>- It may involve a short-term perspective.</li> <li>- May use inappropriate owners.</li> <li>- May inefficient owners to work Take it.</li> </ul>

*Performance Appraisal Models*

The formation of organizations during different periods, several models and models have been used to evaluate performance. Organizations at first, they used only limited indicators and criteria to evaluate performance. Expanding activities and scope Organizational performance, environmental dynamics and new management issues such as customer satisfaction, social responsibility, etc. Organizations urged them

not to rely on limited indicators. Therefore, comprehensive and multi-criteria models for evaluating organizations form. It took place and gradually evolved. These patterns evaluate the organization from different dimensions and considering the indicators Multiple provide suitable tools for evaluating the performance of new organizations. Generally, design models based on the method

And the establishment of the evaluation system) and somewhat in accordance with



traditional and modern views (can be divided into two general categories as follows (Mojibi Michali, 2006).

1. Performance Measurement System Design Models
2. Self-assessment models (excellence models or quality awards)

Each of the system design models proposes a specific layout according to which the organization's performance indicators should be structured. Recover. In a number of these models, processes are also observed in order to explain how to design indicators and establish a performance measurement system. It has been.

A number of these frameworks, designers have enumerated the criteria that should be considered in such systems.

Other frameworks emphasize that each organization should have a unique performance measurement system and make suggestions in order to understand them, the executors are given to specific areas where the design of indicators should be done in those areas. Some One of the proposed models in the design of performance evaluation systems is purely investigated.

From the 1980s to the 1990s, several frameworks were introduced by scholars in this field. List of these frameworks is shown in the (Table 2).

**Table 2.** Performance Currency Frameworks (Shahroudi & Asimi, 2014)

Performance Appraisal Frameworks	Framework Type	Framework Provider
Sink & Tuttle's Model	Process	Sink & Tuttle
Performance Appraisal Matrix	Structural	Keegan
Determining Results and Framework	Structural	Fitzgerald
Performance Appraisal System Models	Structural	Lockamy
Performance Pyramid	Structural	Lynch & cross
10-step model	Process	Lynch & cross
Input/Output Time Frame	Structural	Azzone
Ambite Performance Measurement Cube	Structural	Bradley
Comprehensive performance measurement framework	Structural	Rouse & Puttenll
Corporate Performance Measurement Framework	Process	Hudson
Performance Charter	Structural	Neely
A framework for multinational corporations	Structural	Yeniyurt
SMART Model	Structural	Lynch & cross
IDPMS Model	Structural	Ghalahini et al
BROWN Model	Structural	Brown
Kaydos Framework	Process	Kaydos
Winser & Fawcett's Framework	Process	Winser & Fawcett
Balanced Scorecard	Structural	Kaplan & Norton

### *Performance Improvement Strategies*

Performance improvement strategies can be divided into two groups: one group to reduce

or contain existing failures to work they are taken and the second group is used to prevent failures.

Although many strategies are implemented based on these two bases, we describe them in two categories here. Positive Behavioral Strategies: When employees have occupational behavioral failures, behavioral strategies may be used be positively effective. A positive approach to improvement, in order to encourage arbitrary occupational behaviors by creating behavioral scales and establishing salary systems based on arbitrary behaviors requires. In order to implement such a strategy, we need to prepare and formulate a policy. Change to function. This can be done by using the "Sensitive Events Fan" to determine performance-sensitive behaviors effective and ineffective. If the organization applies behavior-based assessment forms, they can be used instead of sensitive event techniques. Employing Behavioral scales help us eliminate many evaluation errors and thus increase the validity of the assessment. Once the behavioral criteria have been developed, employees should be informed of their existence. so it can be for each aspect of behavior, it took into account the goals and determined the rewards associated with achieving those goals. In order to achieve the maximum benefits related to the targeting process, targets must be relatively clear, specific, paler able and accepted by subordinates.

Negative Behavioral Strategies: On Positive Behavioral Strategies That Seek to Encourage Arbitrary Behavior Patterns through Payment Systems Negative behavioral strategies emphasize on reducing undesirable behaviors through punishment. Negative strategy typically in many

organizations are employed because it achieves relatively immediate results (Robbins, 2010). Its negative effects can be with the help of a number of cautionary principles, including:

1. Giving clear and abundant warnings: Many organizations set specific steps in their disciplinary program. For The first example of error can be an oral warning, the second error of a written warning, the third error of a disciplinary suspension and the fourth Deportation error.
2. Disciplinary action at the earliest opportunity: if there is a long gap between ineffective behavior and its negative consequences, one may not be able to relate them to each other.
3. Implementing the same disciplinary action: For the same treatment as different people, disciplinary action must be fair and proportionate.
4. Impersonal disciplinary action: Disciplinary action should be based on a particular behavior, not a particular oven. Although disciplinary strategy among human resource managers is one of the most common methods of behavior control, it has negative effects. The implementation of such strategies for head nurses is accompanied by psychological pressure and its continuous application leads to an increase in cost complaints (Robbins, 2010).

### *Financial Performance Appraisal*

One of the most important parts of any organization is the financial sector. The financial sector is the pulse of the



organization, which, if it is not functioning properly, it destroys every organization. Therefore, performance evaluation of this sector and the most important performance evaluation of financial managers is important it's very high.

Traditional performance evaluation approaches are not responsive in today's competitive conditions. In the financial field, indicators and methods have been created that responds better according to the current market conditions. The concept of "value creation" is central to businesses it will help to adopt appropriate strategies to maintain competitive advantage and sustainable development in new economic conditions.

Value-based emphasizes on better decision making at all levels of the company and by motivating managers to increase their value (Melnik et al., 2014). In this approach, the company's goals are linked to the factors of creating value and finally by measuring the performance of the organization, the amount of achieving the goals, one of the most important parts of value-based management is performance measurement criteria. The selected criteria should affect the company's performance and assist management in advancing the goals according to environmental changes (Sakunasingha, 2003). Performance measurement criteria in this approach focus on two basic concepts of deentmentation Cash flows and capital expenditures are based.

Value-based management is one of the basics of management accounting theory that has found its place among managers due to its efficiency. And it has been implemented operationally in companies. Research results

such as (Sakunasingha, 2003). shows that value-based management performance evaluation system improves the performance of companies. According to the importance of moving towards new criteria for corporate survival, in this research, to evaluate financial managers, is one of the evaluation indicators. Uses value-based performance.

Value-based management is a management control system that targets the creation of value in the enterprise and is measured and measured Puts. This management method encourages, supports and changes in the company's performance measurement to managers in making economic decisions, it has helped to achieve the ultimate goal of value creation. In fact, the use of analysis tools and in considering the capital expenditure, managers' decisions are directed towards value creation Value-based management Instead of focusing on methods, it emphasizes why and how organizational culture has changed. From this perspective, only planning based on concepts Important such as capital expenditure and future cash flow downs are not enough. These programs must be defined operationally and all levels Management and employees of the company participate in the implementation of it in line with the order (Sakunasingha, 2003).

Value-based management framework on representation of objectives, organizational plans and its control to identify financial and non-financial factors

Creates company value and evaluates performance. One of the most important parts of value-based management is performance evaluation system.

### *Performance Appraisal System in Value-Based Management*

Before reviewing the value-based management performance evaluation system, it is necessary to investigate the differences between the new and traditional performance evaluation system that cause the main justifies the movement towards new systems, to be expressed. The origin of these differences is three important issues.

- First: The emphasis of most traditional criteria is on historical aqalem and accounting profits
- Second: Many of these traditional criteria emphasize financial aspects while managers need financial and non-financial criteria so that they can get more accurate feedback on the organization's performance.
- Third: In the traditional system, it is not possible to compare performance with the company's strategies (11)

### *Evaluation of public sector financial performance*

In general, indicators and evaluation criteria of financial managers can be categorized into three categories: accounting, economic and market criteria.

Manifestation in the public sector, the goal is often to make profit and make money less than the private sector. Therefore, type Managers' assessments in this section are different (Khajavi, 2016).

George believes that since the purpose of government and nonprofit organizations is to provide services, not to make a profit, so the amount (George, 2007).

Jones and Pendlebury also believes that the measurement of profits in the public sector resulting from the difference in non-exchange incomes (such as 4 Operations (and costs, cannot be a measure of the performance of these organizations, as stated in previous sections (Jones & Pendlebury, 2022), Anthony. Who is a staunch advocate of the accounting integrity of the public and commercial sectors, explains that in most nonprofits, profits It does not have the same meaning and meaning of the operating statements of the commercial sector, but in both parts the difference in revenues and expenses can be indicated from the status of the holding of funds (Anthony, 1980). Velabarges points to the need to provide a performance indicator other than profits in the public sector and introduces non-financial indicators and criteria such as social indicators. He believes that providing a non-monetary return criterion in analyzing the efficiency of resource consumption and the effectiveness of public sector organizations' activities is essential (Vela BARGUES, 1996). Financial indicators should also vary according to the type of organization, both governmental and non-profit, as well as the type of governmental organization.

Be. In this regard, the general indicators of managers' evaluation in the category of individual abilities and accurately and thoroughly identified from reviewing the sources but the jihadi indicators and meritocracy, which are those of the most important criteria emphasized by the Supreme Leader, as well as the exact type Financial criteria and indicators cannot be accurately identified until the nature and





objectives of the organization under investigation are known.

*Sustainability Indicators*

A concept titled "Sustainable Development" in the 1987 Report of the United Nations Committee on Environment and Development, a new chapter in the discourse of development debate opened. Since the commission published the definition of sustainability and sustainable development,

this has been as one of the biggest challenges ahead of the world is known. Along with the spread of globalization over the past two decades, the sustainability of A technical and technical concept has become a political mainstream followed by commercial (Liu et al., 2012). The concept of sustainability was first introduced in the seventies and early eighties. Some of the most important definitions of sustainability are stated in (Table 3).

**Table 3.** The concept of sustainability was first introduced in the seventies and early eighties

Source	Definition
Vela BARGUES, 1996	A Cross Country Study of Local Government Accounting Systems, Recent Developments in Comparative International Governmental Accounting Research
Sakunasingha, 2003	An empirical study into factors influencing the use of value-based management tools
Carter & Rogers, 2008	A framework of sustainable supply chain management: moving toward new theory
Robbins, 2010	Management of Organizational Behavior
Sadowski & Kyle Alicia, 2011	Rate the raters: Phase three uncovering best practices
Bidakhti & Zargar Seyed, 2011	Investigating barriers to the development of small and medium enterprises and providing a framework for supporting these firms

In their study, Linton et al. stated that stability should integrate the processes and flows that exist in the supply chain core, including product design, production, and distribution and recycling processes (Linton, 2007).

Process systems engineers play an important role in each of the above areas, and towards an assessment of the overall lifecycle of the direction. Achieving these goals contributes. Developing systematic methods and tools that make the design of environmentally risky products Warranties and processes associated

with sustainable supply chain are targets for implementation (Morali & Searcy, 2013). In 2008, the Carter & Rogers, Research presented a comprehensive conceptual framework for sustainable supply chain management, which is based on three the main dimension of sustainability is the dimensions of economics, environment and society, four aspects of strategy, perspective, transparency and risk management are presented in this model (Carter & Rogers, 2008) and (Figure 1).

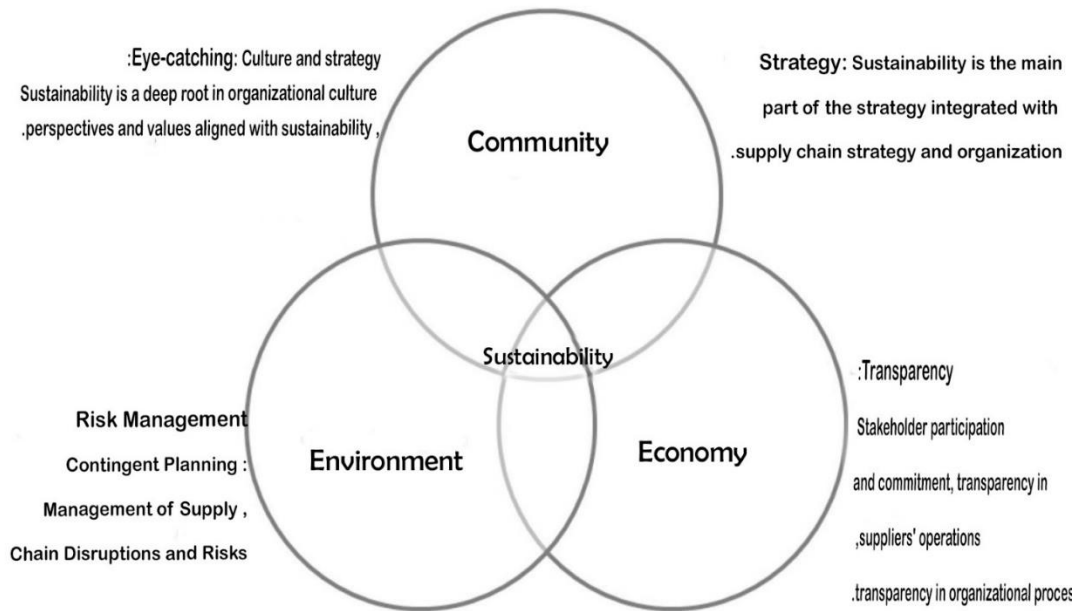


Figure 1. Comprehensive Model of Tom's Flat-Legged Circumferge (19)

**Results**

The demographic information of the respondents shows that the highest percentage of expert managers (48.88%)

have a work experience of more than 10 years and have a master's degree (47.78%) (Table 4).

Table 4. Examining the demographic characteristics of the responding expert managers

Variable	Group	Ferequency	Percentage
work experience	Under 5 years	10	11.12
	5-10years	36	40
	Above 10 years	44	48.88
Education	Bachelor's degree	14	15.55
	Master's degree	43	47.78
	PhD degree	33	36.67

*Investigating the components and variables affecting the financial stability of growing small and medium businesses in Iran*

To answer this question, the structural equation model implemented in Lisre software version 8/5 was used. (Table 5) under the title of the results of the model

fitting of the factors affecting the dynamic modelling of the sustainability of small and medium businesses shows that the ratio with the value of 1.82 is less than 3 and indicates a proper and normal distribution of data-based on the sample size. Also, the values of GFI: 0.92, Softened (Normalized) Fit (NFI):



0.97, Incremental Fit Index (IFI): 0.95, Comparative Fit Index (CFI): 0.95 and The unsmoothed goodness of fit index (NNFI): 0.93 indicates a very good fit of the designed model compared to other possible models. The average squared residual (RMSR): is 0.045, and since it is less than 0.05, it indicates the appropriateness of the model with the data structure. Finally, the square root of the estimated variance of approximation error (RMSEA): is 0.079 and

because it is below 0.10, it indicates a good and strong fit of the model.

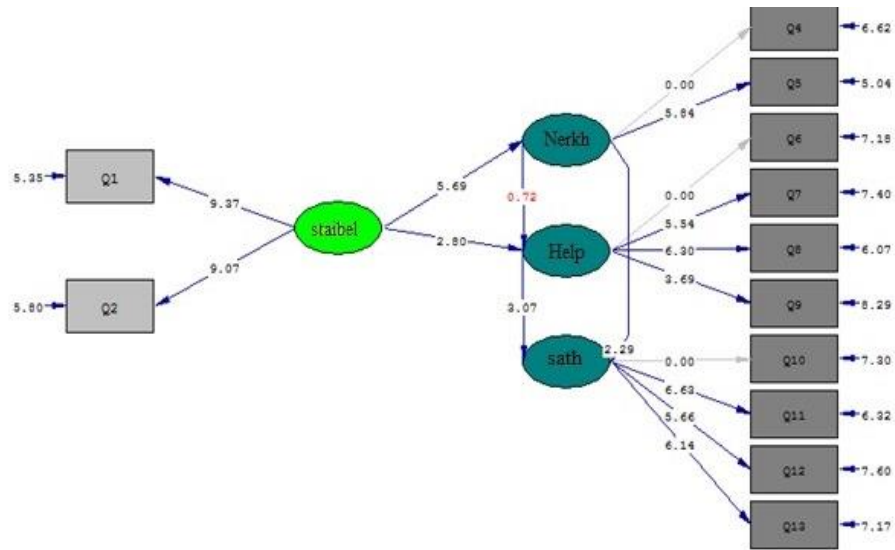
According to the fit indicators that can be seen in (Table 5), it can be said that the structural model designed for modelling the dynamic financial stability of small and medium-sized companies, which is presented below, is valid for fitting and examining the relationships between the structures. And it is acceptable.

**Table 5.** Fit indices of the structural model of the research

Fit index	acceptable standard	Reported value
$\frac{x^2}{df}$ Chi square to degrees of freedom	$\leq 3$	1.82
Normalized fitness index (NFI)	$0.90 \leq$	0.97
Non normalized fitness index (NNFI)	$0.90 \leq$	0.93
comparative fit index (CFI)	$0.90 \leq$	0.95
compliance rate index (GFI)	$0.90 \leq$	0.92
Increasing fitness index (IFI)	$0.90 \leq$	0.95
Mean squared residuals (RMR)	$\leq 0.05$	0.045
The square root of the estimation of the variance of the error of approximation (RMSEA)	$\leq 0.05$	0.079

Therefore, based on the fitted research model, it can be stated that the structures used to measure the dynamic model of the sustainability of small and medium businesses show an acceptable match with its factor infrastructure. The fitted structural model of the research model with standard and non-standard coefficients and t value is given in (Figure 2) and (Figure 3). (Figure 2) shows that the designed conceptual model is significant at the one per cent error level with a chi-square value of 28.94. Also,

the results show that the rate and auxiliary variables with a value higher than 1.96 have a significant effect on the dynamic modelling of the sustainability of small and medium businesses in Iran. Also, the rate component with a t value of 2.29, higher than 1.96, has a significant effect on the level component, and thus the level component indirectly has a significant effect on the dynamic modelling of the sustainability of small and medium businesses.

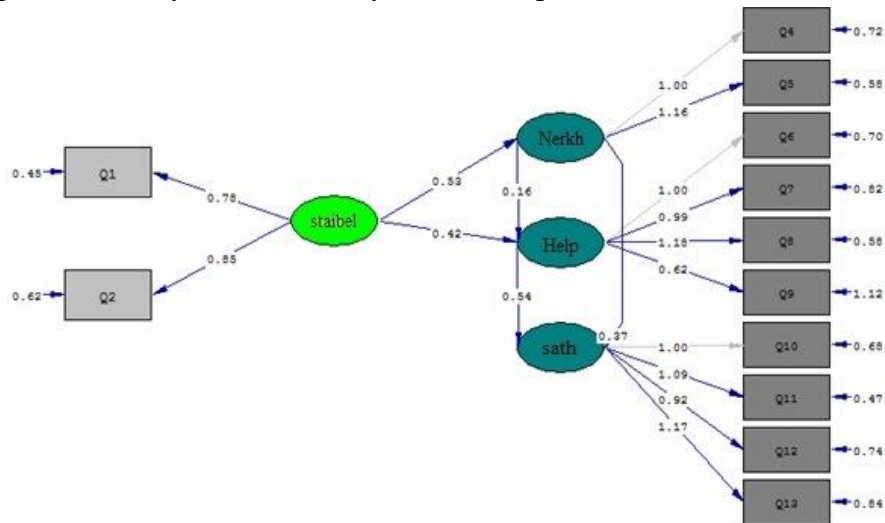


Chi-Square=94.28, df=49, P-value=0.00011, RMSEA=0.079

Figure 2. t values in the fitted structural model

(Figure 3) shows the non-standard factor loading values. In this way, the non-standard factor load values of the rate component on dynamic stability modelling are 0.53, the auxiliary component on dynamic stability

modelling is 0.42, the auxiliary component on the rate component is 0.16, the auxiliary component on the surface component is 0.54, and surface component on the rate component is 0.37.



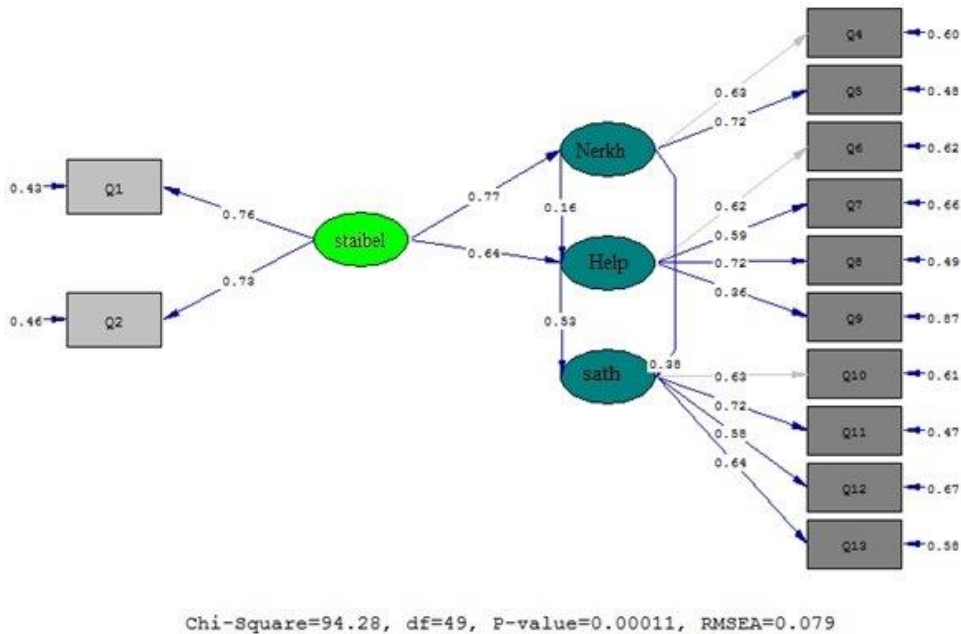
Chi-Square=94.28, df=49, P-value=0.00011, RMSEA=0.079

Figure 3. Non-standard factor loading values in the fitted structural model



(Figure 4) shows the values of the standard factor load, which is the same as the direct effect, as a result of which the direct effect of the rate component on the dynamic stability modelling is 0.77, the auxiliary component on the dynamic stability modelling is 0.64,

the auxiliary component on the rate component is 0.16, The surface component over the auxiliary component is 0.53 and the surface component over the rate component is 0.38.



**Figure 4.** Standard factor loading values in the fitted structural model

## Discussion

According to the results of the present research and field studies and literature review, the rate and auxiliary components have a direct and significant effect on the dynamic stability of small and medium businesses in the Tehran Stock Exchange. Also, the rate variable indirectly has a positive effect on the dynamic stability of small and medium businesses in the Tehran Stock Exchange through a positive effect on the level components. Theories about the

religiosity of enterprises are often focused on large enterprises, and the main cause of instability is firms. Small in financial restrictions (Salimzadeh et al., 2013). Other problems and obstacles to small firms' activities include lack of sufficient knowledge of the assistance they need, lack of financial resources and problems in receiving banking facilities, lack of skilled staff and inadequate knowledge and skills of the existing force. Old and old machinery, high interest rates facility, ambiguous The availability of some commercial and

commercial laws and regulations, the increase of manufacturing intermediaries, the widespread smuggling of goods into the country, the large number of current foreign competitors in the market, the welcome of consumers from foreign enclaves, the traditionalist of activities in the field of industry, and the lack of economic, financial and managerial knowledge, especially at the time of establishment, noted (Bidakhti & Zargar Seyed, 2011). Removing these barriers that are both to the performance of small enterprises and it is related to the implementation of government programs, creating many entrepreneurial opportunities in small industries and creating a factor for development Balanced in the country's manufacturing and industry sectors.

In the past, performance evaluation by managers was done only to control the work of employees, but today many aspects such as Guidance, growth and progress of human resources and managers are important. In today's competitive environment between organizations and the role of human resources as the most important advancing arm of the organization towards its goals, evaluation with a new approach has become very important. In the past and the traditional approach of performance often depended on the individual's tales, but today the result of one's activities has become very important (Kordestani, 2011). In order to perform efficient and comprehensive assessments, a framework and evaluation model is needed to be able to provide the people in the organization well. Evaluated and evaluated (Hasirchi et al., 2011). but an evaluation model must have many characteristics. As

explained in previous sections, in order to develop a performance evaluation model in this study, the aim of this study was to present a model of performance evaluation of financial managers, the mission and objectives of performance evaluation, criteria and indicators of the performance evaluation system, decision-taking processes and Performance appraisal information and data should be determined according to organizational structure and culture. Also, the above-mentioned issues, approaches and methods of performance evaluation should be expressed precisely and specifically.

In order to conduct the evaluation, there are different approaches that can be considered in the model of this study, a combination of several approaches. It is suggested that the combination of three approaches of individual, behavioral characteristics and results be considered in order to consider individual characteristics and the manager's behavior such as innovation and creator, having a working spirit and ... In addition to evaluating the goals to be evaluated. There are also different methods for evaluation that it is suggested to use combination of several methods of graphical ranking scale, goal-based management, checklist and labor standards method. The 360-degree feedback method can also be valuable, but it is time consuming and costly. By combining the methods stated, the evaluator of the evaluated financial manager is not just one person. The number of managers, subordinate employees and available data will be evaluated and evaluated by a checklist that is completed in accordance with the indicators of the model. The evaluation level should also be



determined that the model is implemented at the strategic, operational and executive level. As stated in the contents of this section, a performance evaluation system has various characteristics such as determining the criteria and indicators of evaluation, quantity, and achievability of goals, focusing the model on time and goals and results are among the most important.

Also, the evaluation of financial managers in the past was evaluated in accordance with a series of profitability and income indicators, but currently more efficient indicators are used. In general, financial criteria include three categories of accounting, economic and Market benchmarks. The use of each of these criteria varies according to the organization under study. As in an organization like The Ministry of Oil, which is a government agency, is important to gain market share and market benchmarks, but an organization such as armed forces universities, profitability and gaining market share is not important. In general, among the indicators used in evaluating the performance of financial managers are refined economic value added indicators, market value added and value-based indicators that their theoretical foundations are described in this section.

## **Conclusion**

Performance evaluation of small and medium enterprises is a process used to collect, analyze and report information regarding the performance of an individual, group, organization, system or department. It is necessary for capitalists to make the right investment decisions in the product market and implement them correctly. Outsourcing

cost reduction, dynamics in the financial stability of small and medium-sized companies, more optimal and simultaneous use of financing capacity increase tools, cost reduction tools and strategic support tools are important to improve the conditions and increase financial stability in the growing market. The managers of small and medium businesses should consider each of the means of increasing financing capacity, reducing costs and strategic support tools alone in the dynamic model of financial stability.

## **Recommendations**

Based on the results of this research, it is suggested that governmental and legislative institutions and authorities play an important role in developing and reducing the costs of small and medium companies by enacting laws and providing support, facilities and executive solutions. The main government support is recommended as follows:

Training of creative force and creation of entrepreneurship environment and its promotion

Tax reduction for small and medium enterprises and entrepreneurs

Helping companies access cheap inputs

Reduction of administrative bureaucracy

Creation of research and research institutes with the cooperation of industries and universities

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