

1. Introduction

Performance management has always been and will continue to be an important aspect for evaluation of performance of employees to realize and recognize the expected value of results. It is a broad system of defining and measuring performance, besides developing incentives for individuals and organizations. An important aspect of performance management is system of evaluation of employees in terms of whether the employee meets the expectations of the organization on the scale of pre-communicated goals, or otherwise.

Like most organizations, the Indirect Tax administration in India is also required to execute innovative mechanisms and methods to meet the goals assigned to it. These goals include maximizing the revenue by adopting effective enforcement mechanisms, quick adjudications etc. and to meet the expectations of general tax paying community as well as other interacting stakeholders by trade facilitation.

In general, performance management is a broad concept that involves understanding and acting on the performance issues at each level of organization, from individuals, teams and departments to the organization itself. These issues include leadership, decision making, motivation, encouraging innovation and risk taking among others.

The term 'Performance Management' is often confused with 'Performance Measurement'. It may be clarified here that 'Performance Measurement' refers to the ability of the government to acquire resources and put these to efficient (input-output relationship) and effective (output outcome relationship) use to achieve the desired outcomes and impacts. 'Performance measurement' tracks processes (such as compliance to formal rules), results (such as use of inputs, outputs produced or policy goals achieved) or more complex ratios (such as efficiency, productivity, effectiveness or cost effectiveness). It also involves the design of balanced and well calibrated key performance indicators, supported by a good 'Management Information System'.

Whereas, 'Performance Management' refers to a broad system for defining and measuring performance, besides developing incentives for individuals and organizations. It touches the processes of planning, implementing, reviewing, evaluating and reporting to gauge the impact of policies and programmes. It promotes growth and learning, and recognizes that capacity

building and improvement in individual performance leads to better achievement of organizational goals.

An effective performance management process has a precise definition of excellent performance, uses measurement of performance, and provides feedback to employees about their performance.

2. Scope and Objectives:

Our objective in this project is to analyze the existing tools of performance management, APAR system and lessons learnt from overseas and to discuss the shortcomings in the present system in Indirect tax administration. In this background, it is also proposed to suggest measures to improve upon the existing performance appraisal tools i.e. APAR.

Performance management in indirect taxes administration is the managerial activity necessary to promote well-performing policy management and service delivery. A definition of performance management given by the Second Administrative Reforms Commission (2003) is as follows.

“Performance management is the systematic process by which the organization involves its employees, as individuals and members of a group, in improving organizational effectiveness in the accomplishment of organizational mission and goals”.

The performance management can leads to:

Direct financial gain,

- Grow sales
- Reduce costs in the organization
- Stop project overruns
- Aligns the organization directly behind the CEO's goals
- Decreases the time it takes to create strategic or operational changes by communicating the changes through a new set of goals

Motivated workforce

- Optimizes incentive plans to specific goals for over achievement, not just business as usual

- Improves employee engagement because everyone understands how they are directly contributing to the organizations high level goals
- Create transparency in achievement of goals
- High confidence in bonus payment process
- Professional development programs are better aligned directly to achieving business level goals

Improved management control

- Flexible, responsive to management needs
- Displays data relationships
- Helps audit / comply with [legislative](#) requirement
- Simplifies communication of strategic goals [scenario planning](#)
Provides well documented and communicated process [documentation](#)

3.Tools for Performance management-

There may be many tools or approaches for 'Performance Management'. These tools could be used as tools for appraisals, career planning and training. Though these tools may be judgmental but the objective should be to groom an officer so that he/she realizes his/her potential. These tools are also used for human resource development. Some of the tools available worldwide in indirect taxation are listed here along-

a. Management by Objectives: MBO is viewed as philosophy of managerial practice, a method by which managers and subordinates plan, organize, control, communicate and debate.

The MBO follows a systematic process such as the following:

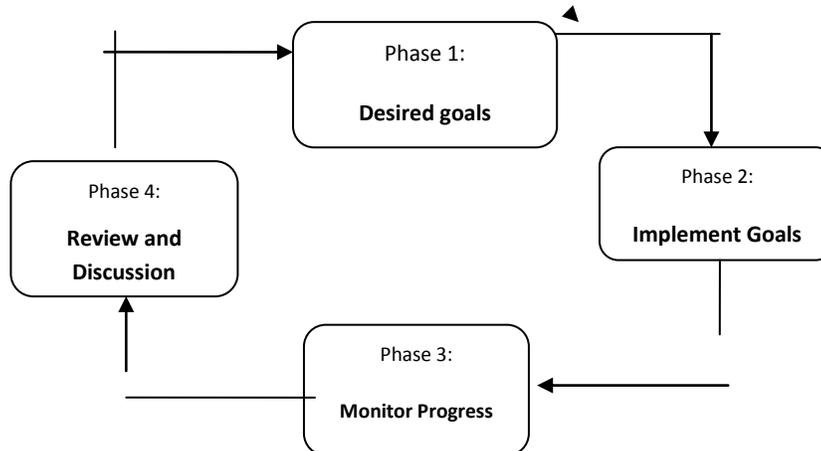
- The superior and subordinate conduct meeting to define key tasks of the subordinate and limited number of objective(goals)
- The participants set objectives that are realistic, challenging, clear, and comprehensive.
- The superior after consulting with subordinate, establishes criteria for assessing and accomplishment of the objectives.
- Dates for reviewing intermediate progress are agreed upon and used.

- The superior and subordinate makes any required modification in the original objectives.
- A final evaluation by the superior is made and meeting is held with the subordinate in counseling, encouraging session.
- Objectives for next period or cycle are set by the subordinate after consulting with the superior, keeping in minds the previous cycle and future expectations.

b. Performance Planning

In an effective organization, work is planned out in advance. Planning means setting performance expectations and goals for groups and individuals to channel their efforts towards achieving organizational objectives. Getting employees involved in the planning process will help them understand the goals of the organization, what needs to be done, why it needs to be done, and how well it should be done.

Through critical elements, employees are held accountable as individuals for work assignments or responsibilities. Performance planning can be done in the following manner:



Managers can review the performance planning steps, and process before each staff meeting to ensure the process is used to maximize the benefits. It can also be shared with employees to explain the process, and help employees prepare and be active participants.

c. Performance Monitoring

Monitoring means consistently measuring performance and providing regular feedback to employees and work groups on their progress toward reaching their goals.

Regulatory requirements for monitoring performance include conducting progress reviews with employees where their performance is compared against standards. Ongoing monitoring provides the opportunity to check how well employees are meeting predetermined standards and to make changes to unrealistic or problematic standards set earlier. And by monitoring continuously, unacceptable performance can be identified at any time during the appraisal period and assistance provided to address such performance.

d. 360 Degree Feedback Used

- 360 degree feedback is highly effective as a development tool. The feedback process gives people an opportunity to provide anonymous feedback to a co-worker that they might otherwise be uncomfortable giving. Feedback recipients gain insight into how others perceive them and have an opportunity to adjust behaviors and develop skills that will enable them to excel at their jobs.
- 360 feedback focuses on behaviors and competencies more than on basic skills, job requirements, and performance objectives. These things are most appropriately addressed by an employee and his/her manager as part of an annual review and performance appraisal process. It is certainly possible and can be beneficial to incorporate 360 feedbacks into a larger performance management process, but only with clear communication on how the 360 feedback will be used.

360 Feedback Survey Measures:

- 360 feedback measures behaviors and competencies
- 360 assessments provide feedback on how others perceive an employee
- 360 feedback addresses skills such as listening, planning, and goal-setting
- A 360 evaluation focuses on subjective areas such as teamwork, character, and leadership effectiveness

e. Multi-Source Feedback - Overview and Key Points

Collecting and sharing feedback from multiple sources throughout the Fiscal Year helps employees more accurately evaluate and discuss performance, and can help them gain a better understanding of their strengths and specific opportunities for improvement.

Both managers and employees can initiate the process and request feedback from peers, direct reports, matrix managers, customers, and/or vendors at any point and as many times throughout the fiscal year. Feedback providers can be internal and/or external and anonymous

f. Mentoring program

Mentoring is a proven approach to drive rich learning and development for both mentees and mentors. Mentoring also benefits the sponsoring organization. For employers, mentoring increases retention, promotion rates, and employee satisfaction. Great mentoring programs don't just happen. They are built through thoughtful planning and sustained commitment to guiding participants through the mentoring process while continually improving the program.



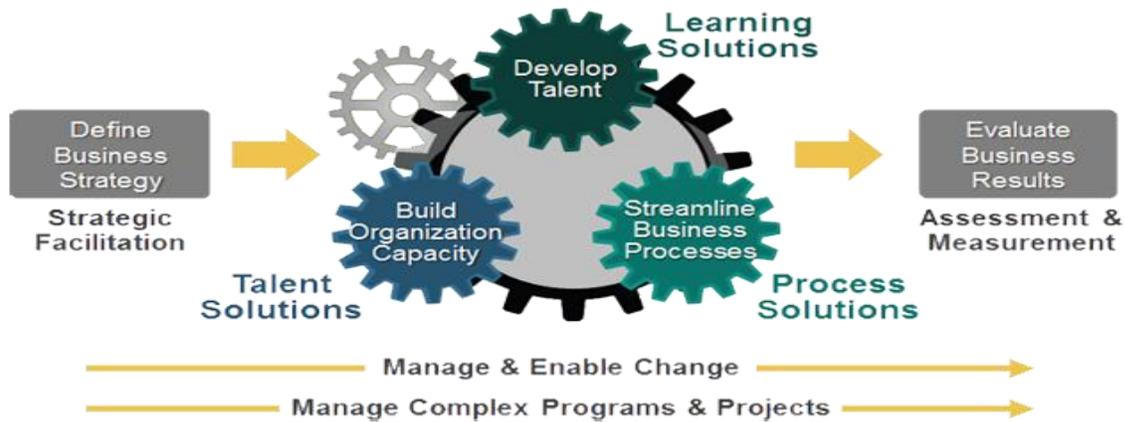
g. Performance Appraisal

Performance appraisal is a method of evaluating the behavior of employees in the work spot, normally including both the quantitative and qualitative aspects of job performance. It is a systematic and objective way of evaluating both work-related behavior and potential of employees. It is a process that involves determining and communicating to an employee how he or she is performing the job and ideally, establishing a plan of improvement.

Performance appraisal could be taken either for evaluating the performance of employees or for developing them. The evaluation is of two types: telling the employee where he stands and using the data for personnel decisions concerning pay, promotion etc. The developmental objectives focus on finding individual and organizational strengths and weaknesses; developing healthy superior-subordinate relations; and offering appropriate counseling/coaching to the employee with a view to develop his potential in future.

h. Counseling. It gives the opportunity to the employee to explain his views and learn about the ratings, standards rating methods, internal and external causes for low level of performance.

Pulse Conversation Framework



i. Performance Improvement Plan (PIP)

A PIP can be dealt with without a formal disciplinary process in place running alongside, but more often than not, it will be linked to disciplinary proceedings.

The following minimum process

- You should be notified in writing in advance of any disciplinary meeting, and be provided with sufficient information about your alleged poor performance and the possible consequences.
- A meeting should then be held with you to discuss the issues as soon as possible after this notification, but allowing you reasonable time to prepare your case. When it comes to disciplinary meetings, you have the statutory right to be accompanied by either a colleague or a trade union representative, subject to a reasonable request.
- After the meeting, a decision should be taken as to whether or not disciplinary action is justified, and again, you should be informed in writing. It may be that if your poor performance is sufficiently serious, it would be appropriate for your employer to issue a final written warning straight away, rather than a first written warning.
- The first written warning should set out the nature of the poor performance, and the improvement in performance required with a timescale to improve. This is where the formal improvement plan may kick in, although your employer could simply rely on a warning together with a simple list of required improvements with appropriate

timescales. You should also be told how long the warning will remain live and the consequences of your failure to improve in the period notified to you.

- As with any disciplinary action, you should have the opportunity to appeal against any decision your employer makes when it comes to poor performance.
- It is important to note that you can always raise a formal grievance alongside any disciplinary action, so the PIP is able to be challenged without having to wait for the outcome.
- If you fail to improve after the first or final warning, this could ultimately lead to your dismissal based on your capability although you would usually be expected to have one final extension of time under a PIP (or new PIP) in which to improve.

j. Potential Appraisal

The objective of potential appraisal is to identify the potential of a given employee to occupy higher positions in the organisational hierarchy and undertake higher responsibilities.

Potential appraisals are needed to:

1. Inform employees about their future prospects;
2. Help the organisation chalk out a suitable succession plan;
3. Update training efforts from time to time;
4. Advise employees about what they must do to improve their career prospects.

k. Graphic Rating Scale Method:

Graphic rating is scale is one of the most frequently used performance evaluation method. A simple printed form enlists the traits of the employees required for completing the tasks efficiently. They are then rated based on the degree to which the employees represent their particular traits that affects the quality and quantity of work.

The merit of using this method is that it is easy to calculate the rating, these scales are less time consuming to develop and they also allow for quantitative comparison. However, a major drawback of this method that each characteristic is given equal weight and their evaluation is subjective.

I. Essay Evaluation Method:

In the essay method of evaluation the appraiser writes elaborate statements about the employee who is being evaluated. He mentions the employees' strength and weaknesses. He also suggests ways to improve his performance and appreciates the good qualities. This essay can be prepared by appraiser alone altogether with the employee. As the criteria of evaluation are not defined, it helps the appraiser to focus on the areas that actually need improvement.

This open end method accords flexibility and eliminates rigidity which is observed in criteria driven evaluations. However, it is a highly time consuming and subjective method, and may not necessarily work for the benefit of the organization.

4. Key issues and challenges in performance management :

Certain key concerns and issues in performance management system in government are as under:

- Absence of quantification of targets and evaluation against achievement of targets
- Unclear performance standards
- Neglect of job fit in appointments, and frequent transfers
- Lack of mechanism to motivate for good performance
- Absence of appropriate punishment/reward mechanisms
- Absence of clear linkages between individual, organizational and program
- Inability to measure performance in the absence of appropriate indicators
- Most Public enterprise level rated excellent or good despite declining performance
- No mechanisms to enable the movement of accountability to lower levels
- Lack of measurable indicators
- Dichotomy between plans and budgets.

5 Perspective of Administrative Reforms Commission:

The Second Administrative Reforms Commission in 2003 has identified the deficiencies in the system of appraisal of civil servants in India (other than the All India Services). Some of the gaps in the system can be listed as follows:

- a. It lacks in quantification of targets and evaluation against achievement of targets.
 - b. It does not give scope for a two way consultative process and there is a lack of clarity about performance standards.
 - c. Performance appraisal becomes meaningless in cases where the job fitness is ignored while posting an officer, and where there are frequent transfers.
 - d. The quality is seriously affected when reporting officers write ACRs of a large number of employees, some of whom they may not even personally recognize.
 - e. Since the system shared only an adverse grading, a civil servant remains unaware about how he/she is rated in his/her work. Hence there is no incentive for good performance.
 - f. Many reporting officers pay little attention to distinguish between good and average workers. So, most government officials end up getting very good/outstanding grading which is considered "good for promotion" and there is no motivation for real performers.
 - g. The system of deciding on representations against adverse entries takes so long that reporting officers avoid giving an adverse entry. Often, for want of evidence against an employee, the reporting officer is in a defensive position and thus unable to justify the adverse remarks. In fact it will not be inappropriate to say that we rarely punish and never reward in the present system.
 - h. Due to a plurality of cadre controlling authorities, members of different services working in the same Ministry may be appraised using different formats, which is irrational.

Salient features of the recommendations of the Second Administrative Reforms Commission:

Second Administrative Reforms Commission recommended that 'Appraisal' formats of civil servants need to be more specifically linked to the tasks assigned to them and the goals of their organization. The appraisal format prescribed for civil servants should have three sections namely;

- (i) a generic section that meets the requirements of a particular Service,
- (ii) another section based on the goals and requirements of the department in which the employee is working, and a final section that captures the specific targets relating to the post that the officer holds. The system should not only provide the means of reviewing past performance, but also find ways of future development of the individual's potential in line with the organization's strategic plan. A performance review mechanism constituting two reviews at 14 and 20 years of service should be introduced to ensure accountability and further continuance in service after 20 years should depend on the outcome of the performance reviews

6. Tools for performance management in indirect taxation in India -

'Annual Performance Appraisal Report (APAR)' and ACR (Annual Confidential report), can only be taken as tool or approaches for performance management in India in indirect taxation. As per the extant rules and instructions, the assessment vide APAR/ACR needs to be done in an objective manner but due to many loose strings in the mechanisms there is lot of scope for subjectivity, which is perceived to be misused by the reporting as well as reviewing officers time and again. The APAR/ACR writing should be used for career moulding of the officers, his development in the areas where the shortcomings are noticed so that officer can be groomed to be fitting to the need for organization. However, at times it is felt that there is no mechanism in-place to examine the contents of the APAR and test their veracity. At the same time the current system places very little accountability on the part of reporting/reviewing authority for the contents reported/reviewed upon in the APAR. In the following paras we would be adjudging this tools viz-a-viz expectations and practice.

7. Salient Features of APAR in Indirect Tax Administration:

In Central Board of Excise and Customs (CBEC), APAR (Annual Performance Appraisal Reports) is used to assess the performance of the officer from the year 2012 (Financial Year 2011-12, earlier it was in the name, shape and style of ACR). It is the only tool which is used to evaluate the performance of the indirect tax officials and recently from this year it has been extended to Group B gazetted officers also. Annual Confidential Report (ACR) is used for other categories of Officers like Inspectors, and other Group C officers. The ACR is simplified system and not as rigorous as the APAR model which is used for Group 'A' Officers.

The salient features of APAR are:

- I. The Officer is asked to give the brief description of duties. He is advised to take into account the revenue collection, arrears of revenue, adjudication, refunds, disbursement of rewards, anti smuggling, anti evasion, public relations, narcotics, staff welfare activities, settlement of audit objections, training imparted, and disposal of call book cases, disposal of provisional assessments and any other relevant items. It therefore incorporates all key parameters which is required for performance management.
- II. The annual work plan and achievement are to be reported. It incorporates the tasks to be performed, Deliverables are to be specified within one month of the financial year, mid-year and achievement at the end of the year are to be reported serially. By mentioning the tasks to be performed with targets and midyear and final year achievement, it has brought in objectivity to the measurement of performance of the officer concerned. The ACR system does not specify these parameters and hence suffers from the lack of objectivity.
- III. The APAR requires the details of exceptional contribution made which has resulted in significant benefits to the public and/or reduction in time and costs. This helps the officer in not only make such contribution but also incentivize such contribution by including it in APAR and therefore in performance measurement.
- IV. The officer is also required to specify the factors which has hindered his performance, areas in which the officer needs to upgrade his/her skill. This helps the superior authority to take note of the same and help in improving the competency and skill development of the officer.

- V. The officer is also required to report as whether he/she has set the annual work plan for all officers for the current year in respect of whom she/he is the reporting authority. This forces the officer to set such annual work plan with objective targets for his/her subordinates. This crucial work of annual work plan is thus institutionalized in the APAR itself so that the his/her subordinates will know as what are the expectations from them for the next financial year.
- VI. The reporting officer is required to comment about the response relating to the accomplishments of the work plan, exceptional contribution, significant failures and skill development needs identified. This validates the claim made by the officer under report and also brings some objectivity in assessment.
- VII. The reporting officer has to assess the officer concerned on accomplishment of planned work; quality of work; exceptional work/task performed. The reporting officer has to evaluate the officer on attitudes to work, overall bearing and personality, sense of responsibility, emotional stability, communication skills, leadership quality, punctuality etc. The officer is assessed on functional competency like knowledge of laws/rules/procedures/IT skills and awareness of local norms, strategic planning ability, decision making ability, initiative, coordination ability and ability to motivate and develop subordinates/work in a team. The reporting officer is required to assign grade on a scale of 1 to 10 with 40% weightage to work output, 30% weightage to personal attributes and balance 30% weightage to functional competency. Thus the officer is assessed on work accomplished, personal attributes and functional competency with 40%, 30% and 30% weightage respectively. Thus all the important aspects required for performance assessment is incorporated in the APAR. This brings objectivity and also quality of assessment.
- VIII. The reporting officer has to comment about Integrity of the officer and also give pen picture of the officer on overall qualities of the officer and recommend regarding domain assignment. Thus officer is assessed for suitability to particular domain assignment.
- IX. The reviewing authority has also grade the officer on a scale of 1-10 on each parameters specified work assessment, personal attributes and functional competency. Therefore, the reviewing officer has to assess and grade the officer concerned on all three important parameters like work accomplished, personal attributes and functional competency. This brings objectivity and also endeavor reviewing officer to apply his mind.

X. The officers are graded as Excellent/Very good/good/satisfactory/poor on each parameters discussed above. The immediate supervisor assesses the officer's performance and it goes to next higher level officer who is reviewing officer and he/she basically states they agree/disagree with the assessment of reporting officer and gives the overall grade. In case of disagreement with the reporting officer's assessment, he/she has to give reason for disagreement also.

In APAR system, the officer evaluated is informed of the assessment made by his superior officer after review by the reviewing officer. Thus, the officer knows where he stands in the eyes of the superior and also knows where he needs to improve his skills and performance.

XI. In the APAR system the targets for each officers needs to be set by the immediate controlling/supervisory officer at the beginning of the year. That way the earlier ACR system is not comprehensive, it does not spell out the targets assigned to the individual officers and it also suffers from more subjectivity. Further as the name indicates "ANNUAL CONFIDENTIAL REPORT" and it was not communicated to the officer reported upon though from the year 2009 onwards, it is being communicated. Earlier it was communicated to the officer concerned only if it is adverse and not otherwise. It has created lot of problems to the officers who were rated satisfactory/good as these grades were not good enough for promotion to certain categories. Moreover as it was not communicated unless it was adverse, the officer evaluated has no way of knowing whether he has performed well in the eyes of the organizations or not. As it was a confidential report, the reporting officer and reviewing officer can be arbitrary. Therefore it suffers from non transparency, unfairness and arbitrary in some cases. The APAR model currently used is far superior to the earlier ACR as it brings transparency, Objectivity and fairness. It spells out the targets set for the officer and assesses the officer on its achievement, the personal attributes and functional competency with appropriate weightage. It also helps the reporting officer to assess suitability to particular domain assignment and also identify the areas in which officer needs skill development.

8. Shortcomings in the present system:

The current practice may sometimes appraise the 'individual' rather than his/her 'performance', making the assessment almost personality oriented and not function related. In the absence of a mechanism to link the individual performance with the organizational goals and

achievements, the appraisals are reduced to a narrow focus in the larger context of performance management.

In addition to the inability of ACR/APARs to act as an effective performance management mechanism, there are certain systemic issues which seriously affect the ability of civil servants to be good performers. Some of these issues are discussed below:

a. Absence of enabling conditions: While speaking about performance of indirect tax officers, we need to consider the limitations of the environment they operate in. The performance of an individual in a given position is determined by his/her individual attributes as well as factors like an encouraging and result oriented institutional environment. In the Indian set up, tax officers are hamstrung by lack of flexibility in program design, frequent transfers, lack of choice in formation of teams and budgetary limitations etc.

b. Risk aversion among civil servants: Civil Servants are answerable to a number of agencies and institutions of the country. Some of these agencies like the CAG, courts and Tribunals/commissions etc. are entrusted with the task of finding gaps in the system and they tend to focus on form and procedure, and perceived lapses or excesses of the executive. This, in turn, has compounded the problem of risk aversion and demoralization among civil servants. L.K. Jha Commission had also concluded, "What we have in our system is essentially accountability for error and wrong doing, and not for non-achievement or inefficiency."

c. Cross cutting nature of operations: The functions of the government and the nature of its developmental tasks are multidimensional involving a large number of agencies in the process of decision-making. This leads to blurring of the organizational and individual accountability as the departments can pass the blame for inaction on others by claiming that they had no sole control over the decision-making process. Line departments also face the problem of obtaining finance clearance at every stage of their work.

d. Disjointed setup for performance management: We cannot ignore the fact that individual performance collectively contributes to the organizational performance and the performance of the organization in turn contributes to the performance of programs/projects implemented by the organization. But, currently there are no robust

mechanisms in place to assess the individual's performance in the context of the performance of an institution or program.

9. **Study on Performance Appraisal System in DABUR INDIA LTD.:**

Dabur India Limited follows a system of performance appraisal of their employees with the main objective of evaluating their performance, promote them and to arrange for their various training programs if they require for enhancing their skills in their respective areas and in contribution enhancement. The employees are evaluated by how well they accomplish a specific set of objectives that have been determined to be critical in the successful completion of their job. This approach is frequently referred to as 'Management by Objectives'. Management by objectives is a process that converts organization-wide objectives into individual objectives. It can be thought of as consisting of four steps: goal setting, action planning, self-control, and periodic reviews. In goal setting, the organization's overall objectives are used as guidelines from which departmental and individual objectives are set. In action planning, the means are determined for achieving the ends established in goal setting. That is, realistic plans are developed to attain the objectives. Self-control refers to the systematic monitoring and measuring of performance. Finally, with periodic progress reviews, corrective action is initiated when behavior deviates from the standards established in the goal-setting phase. Dabur uses very constructive performance appraisal process while evaluating its employees. Its evaluation is based on quantitative wise and objective wise. Company set goals to its employee by properly reporting with its employees and then evaluating them up to what extent it has been achieved and if there is failure in reaching the target what are the causes or reasons behind it. Every evaluator has his or her own value system which acts as a standard against which appraisals are made. Relative to the true or actual performance an individual exhibits, some evaluator mark high and others low. The former is referred to as positive leniency error and the latter as negative leniency error. When evaluators are positively lenient in their appraisal, an individual's performance becomes over-stated; that is, rated higher than it actually should. Similarly, a negative leniency error understates performance, giving the individual a lower appraisal. As such there is no scope of error as far as the Dabur company is

concerned, but sometimes over estimation of target brings about a description in the evaluating criteria. Thus, though chances are less, positive leniency errors have been stated to be committed.

Outcome of Performance Appraisal

As far as Dabur company is concerned, there are four outcomes possible:

a. Outstanding

-If the performance evaluated by the management turns out to be outstanding. If the employee performs in such a way as to collect 3 consecutive outstanding performance into his/her credit he /she gets promoted.

b. Excellent

-If the performance evaluated by the management turns out to be excellent. If the employee performs in such a way as to collect 3 consecutive excellent performance into his/her credit, he/she gets promoted.

c. Good

-If the performance evaluated by the management turns out to be good. The management sends the employee to the training programme to improve his/her skill to perform form.

d. Below average

-If the performance evaluated by the management turns out to be below average. And, if the employee collects 3 below average to his/her credit, then he/she dismissed

Duration of Appraisal System

The time constraints enables the employee to show or project his/her capabilities in term of performance as per the duration allowed. In Dabur India Limited, the performance appraisal system is carried out annually.

Feedback

The company provides the annual feedback to its employees and thus, in term brings out the highlights of the self assessment programme. This enables the better communication between the management and employees' ad thus, helps in promoting the business future.

Response

There are mixed responses from the feedback by the employees. It has helped some of the employees in motivating themselves while those who felt bad were thoroughly communicated and all the confusion and failure part were discussed with employees.

Conclusion

The analysis and interpretation of data on study of performance appraisal and its effectiveness in an organization led to the following conclusions:

- The promotion rules though defined need to be communicated to every employee before appraisal process is done and also justifies the promotion as a result of the appraisal. That the promotion policy followed differs at different position and category. A uniformity has to be there in the implementation of promotion policy at all levels
- The process of performance appraisal followed in Dabur India Ltd. at the supervisory and above level is to say not good but of satisfactory level. The employees do not rate it very good
- The appraisal outcome has to be used frequently for the purpose of reward on performing well together with the feedback on the performance. Also when performance goes down employee has to be given feedback and motivated to do better.
- The organization at present doesn't lay career planning and career suggestion plans.
- In Dabur India Ltd. feedback is being provided to the employee though on a few occasion, performance appraisal is done on an annual basis.
- More emphasis on training and job rotation as remedial measures.
- The mechanism of counseling pre-performance and post performance is not in practice at the organization in strict term. During the course of study, suggestion came from the employee side for the need of counseling.

10. **Case Study on 'Performance Management System' in Indian**

Railways:

The existing system adopted in Indian Railways is called as Confidential Report Writing System. The Confidential Report is an important document, providing for the basic and vital

inputs necessary for assessing the performance of a Railway servant for his/her advancement in official career. The report is written annually on every Railway servant in the form prescribed for the purpose, generally for the period ending with the financial year, appraising the performance, character, conduct and qualities of the concerned Railway servant.

There are six different forms used in writing the Confidential Report. The first part of each of the forms is designed to get the personal information such, name, date of birth, designation, station employed, pay etc. The second part deals with the self-appraisal in which the employee himself has to declare his prescribed duties and brief resume of work done during the assessment year. The third part is the part that gives the data regarding the assessment by the reporting officer usually the supervisor under whom the employee is working. The fourth part has the remarks by the reviewing officer

Next is the assessment of the Reporting officer. In this form, the Reporting officer will give his assessment about the employee regarding the self appraisal given by the employee in the II part. This consists of comments on the character of the employee like integrity, tact and temper, conduct, attendance and physical fitness, departmental ability such as initiative and direction, intelligence, keenness, promptness and efficiency, power to control others, organizing/supervising ability, capacity for hard work and amenability to discipline, special qualification or attitude, physical disability for some outdoor or posting to particular area, reliability, relations with superiors, subordinates and customers, drafting power, knowledge of rules, regulations and procedures, ability to conduct enquiry, sift evidence and prepare report, attendance of refresher courses, reprimanding if any for indifferent working, outstanding and commendation of work done and general grading.

Soon after the confidential report on a Railway servant is written by the Reporting Authority, it will be reviewed by the Reviewing Authority. The Reviewing Authority should exercise a positive and independent judgment on the remarks recorded by the Reporting Authority in the Confidential Report(s) on his subordinates and should clearly express his / her agreement or disagreement with the remarks of the Reporting Authority, particularly if they are adverse. The remark of the reviewing officer in the part IV of the CR form consists of the length of the service of the employee, satisfaction of the reporting officer's report, agreeing with the reporting officer's assessment and so on. If the officer reported upon belongs to SC or ST category, then the Reporting officer should remark about their specific ability and characteristic that will justify for 'out of turn' promotion of the officer assessed as a specific comment in

general remark. This review should be done by the Operating officer for operating works, by the Commercial Officer for commercial works and by the Safety officer for safety works.

Any remark recorded in the confidential report of a railway servant, adversely reflecting on his performance or his basic qualities or potential shall be treated as adverse. Adverse remarks recorded in the confidential report of a railway servant should be communicated, in writing, irrespective of whether they are considered remediable or not, to the Railway servant concerned along with the substance of the favorable remarks contained in the Confidential Report. Such a communication shall be sent by the Reviewing Authority or by any other authority specified by the G.M. in this behalf within a period of one month of acceptance of the confidential Report.

If no representation has been submitted or the representation submitted has been finally disposed of, there is no base to the adverse remarks being taken note of. The orders passed on the representation shall be final and the Railway servant concerned should be informed suitably of the decision, duly keeping a copy of the order in his CR folder.

Strengths of CR Writing System

CR writing system is a systematic description of an employee's job-relevant strengths and weaknesses. CR writing system is always systematic in the sense as it tries to evaluate performance in the same manner using the same approach. Appraisals are arranged periodically according to a definite plan. CR writing system is not job evaluation; instead, it helps to find how well someone is doing an assigned job. CR writing system is a continuous process in large scale organizations such as Railways. During promotion, it helps to identify the capability to fit into higher responsibility. The top management is committed to develop the competency of the employees on a continuous basis. The top management's willingness to invest its time and efforts in giving feed back to its own subordinates. The management's willingness to take the appraisal system seriously and do all that is needed to ensure its effective implementation. The management can conduct the performance review and counseling sessions regularly.

11. Online- APAR:

Presently the system of collection and submission of APAR is not online. Only the APAR for the past few years have been up-loaded which can be viewed by the individual officers. To increase the sense of transparency, creditability and accountability, there is a strong school of thought that the submission and collection of APAR should be made online. It means that the forms for writing APAR should be available online and the officer reported upon should submit/forward his APAR online to his reporting officer. Further, reporting and reviewing should be as per the time scheduled fixed for reporting and reviewing officers. Such a system will make the probability of backdating zero. ”

12. Lessons learnt from overseas

PERFORMANCE MANAGEMENT ARRANGEMENT FOR THE SENIOR CIVIL SERVICE

The **British Government** has issued guidelines for Performance Management which is applicable to all government department including revenue services and some of the relevant portions are reproduced here:

There are three key roles in performance management

Manager

- translates organisation and project objectives into individual contribution;
- supports continuous improvement through feedback and coaching;
- is open, honest and transparent in performance discussions;
- assesses delivered performance outputs against targets;
- makes reward recommendations;

Job holder

- clarifies understanding of objectives and identifies issues;
- delivers performance in line with the objectives and emerging issues;
- seeks and acts on performance feedback; and

Senior management

- provides business direction, focuses on results and builds departmental capabilities;
- guides and moderates performance objectives and assessments and reward decisions; .

The Civil Service Management Code sets out that the performance of all Members is managed by departments and agencies within a framework determined by the Cabinet Office.

It provides:

- a common framework
- links business and personal objectives;
- provides advice on dealing with dips in performance and gaining
- improvements in those identified as 'low' performers

Performance management Process

Performance management involves performance planning at the beginning of the annual business cycle to provide individuals with direction and stretching objectives; performance review throughout the business cycle to ensure objectives remain relevant and good progress is being made, and formal performance assessment at both mid and end-year points.

- Clear timelines for performance planning, review and assessment activities to which everyone should adhere is set. Failure to adhere to departmental deadlines (for example, a manager not completing the objective setting process on time) features in an individual's performance assessment.

12.1. Performance Planning and Objective Setting

- Performance planning is the foundation stone for effective performance reviews and assessments. Only with good quality, agreed objectives can the management of performance be fully effective.
- All members of the CS must have the core objectives.
- Each member of the CS must have at least one objective under each of the following headings:

12.2 Business delivery: These are business objectives for which the job holder is personally accountable.

- **Finance/Efficiency:** The Civil Service Code was amended in 2010 to include reference to the fiduciary responsibilities of all Civil Servants to manage public money prudently and to secure value of money
- **The onus is on the job holder** to take responsibility for drafting their objectives, which should then be agreed with their manager.

- **Objectives are SMART** (Specific; Measurable; Achievable; Relevant; Timed).
- Once finalised and agreed, the objectives are cascaded by the jobholder to at least the management level below. The intention is to ensure clear accountabilities.
- Cabinet Office monitors objective setting within and across departments/agencies through random sampling.
- Objectives are reviewed once a quarter by job holders with their managers, to ensure continuing relevance.
- Within departments, performance objectives are moderated for relevance, completeness and stretch.

12.3. Performance Reviews

- **Performance reviews are part of an on-going process** and provide an opportunity for managers and job holders to discuss the continued appropriateness of the job holder's objectives, how the job holder is doing, and any short-term or long-term development needs.
- **During performance reviews:** managers and job holders discuss objectives originally agreed and moderated, and whether they should be revised in light of changing priorities.
- managers give and record **feedback**.
- managers and job holder to discuss development needs, longer-term career aspirations and options.
- Where the performance of the job holder is not up to the standards of the grade, in terms of either the achievement of objectives, or the behaviors being demonstrated, this should be brought to the attention of the job holder immediately. Managers must not wait until the mid or year-end point to raise performance issues.

12.4. Formal Performance Assessment

- Performance is formally assessed at both the mid-year and end-year point. As performance is informally and continuously assessed throughout the year through regular performance reviews and there is no surprises in terms of the messages communicated to job holders in the formal assessment

- Mid-year reviews takes place in October/November. Job holders and managers agrees to a written record of the discussion and this is recorded on the review form.
- End-year reviews takes place close to the reporting year-end in March/April.
- The performance of job holders must be assessed by taking account of both, 'what' they have achieved, and 'how' they have achieved it.
- **'What' they have achieved** – whether objectives in the business delivery,finance/efficiency, and to what degree.
- **'How' they achieved it** – how they have managed the resources for which they are responsible (people and financial).
- **Demonstration of Civil Service values** – individuals have a contractual duty to observe the Civil Service Code, and leaders are expected to exemplify these values.

Additional consideration is also be given to the **degree of difficulty or ease** of meeting the objectives in light of actual events.

12.5. Performance Differentiation and Moderation

Departments ranks the members' performance relative to their peers, assigning individuals to one of the three performance groups shown below:

Performance Group % of staff

Top	25%
Achieving Next	65%
Low Bottom	10%

12.6 End-year performance markings is moderated.

- Moderation panels make every effort to meet the distribution set out in above paragraph and ranks performance of job holders to fit the distribution,
- In addition, the following conditions also apply for performance group distributions:
- if an individual does not meet their finance/efficiency objective then they cannot be ranked higher than in the 'achieving' performance group.
- an individual can only be placed in the "top" performance group if they have exceeded at least one finance/efficiency objective.

- Jobholders who are assigned to the **“Top” performance group** are considered for any departmental/agency talent management procedures to retain and develop them further. Jobholders who are assigned to the **“Low” performance group** have performance development plans drawn up, to help bring them up to at least the “achieving” standard of their peers.
- Jobholders who are assigned to the **“Low” performance group are made aware that they are currently performing below their peers.** This should not be a trigger for formal poor performance procedures, but rather for intensive support, training and coaching. This includes:
 - Coaching to enhance performance further;
 - Setting more stretching goals;
 - Tailoring development to build confidence and experience;
 - Plugging competency gaps; and
 - Looking at ways to re-energise in the current role, considering whether they have been in the role too long.
- **Formal poor performance procedures** are triggered if performance is below the required standard, and day-to-day management intervention has failed to achieve improvements.

12.7. Handling dips in Performance

- Many things, inside and out of the work environment, can affect an individual's performance. A good manager will identify poor performance and work with the individual to understand why it is happening and what can be done to resolve it.
- A one-off dip in performance may be caused by a particular event or situation, such as bereavement, ill health, relationship problems and financial worries. Whilst the manager cannot resolve these issues, support to bring performance back to an acceptable level should be given. This may include helping the jobholder access support services such as Employee Assistance Programmes or off/adjusting working patterns to assist the individual to resolve the issue.
- If performance continues to remain below the required standard then managers must move to formal poor performance procedures set out in *Managing Poor Performance Policy Procedures for the Senior Civil Service*

- Sometimes the root cause of performance problems is ineffective recruitment. Managers should therefore **recruit with care**, being clear about why recruitment is taking place, what is sought, and searching for this from a wide, diverse pool of talent, with selection on merit being the core principle

13. Performance monitoring and Evaluation system (PMES)

1. It is a system to evaluate and monitor Government Department in India. It involves comparing the actual achievement of department against the annual target.
2. The working of PMES is divided into the following three distinct during the fiscal year.
 - a) Beginning of the year (April 1st): Design of Results Framework documents
 - b) During the year (after 6 months- oct) : monitor progress against agreed target
 - c) End of the year (March 31st): Evaluate performance against agreed target.

Design of Results Framework Documents.

A) At the beginning of each financial year, is department prepares a result framework documents consisting of the priorities set out by the ministries. The Minister in-charge decides inter-se priorities among the departmental objectives.

To achieve the results with priority listed in the RFD, the Minister in-charge approve the proposed activities and schemes. The Minister also approves the corresponding indicators (Key results area) and time bound targets to measure the progress in achieving these objectives.

The RFD seeks to address three basic questions:

- i) What are the department's main objectives for the year?
- ii) What actions are proposed to achieve these objectives?
- iii) How to determine the progress made in implementing these actions?

B) After six months the Results-Framework documents as well achievements against the performance goals laid down is reviewed and goals are reset taking into account the priorities at that point of time.

C) At the end of the year, the achievements of the government departments are compared with the targets and composite score is determined.

At the end of the year, every department is able to compute its composite scores for the year. This composite score will reflect the degree to which the department was able to achieve the promised results.

DEPARTMENTAL RATING	VALUE OF COMPOSITE SCORE
Excellent	100% - 96%
Very Good	95%-86%
Good	85%- 76%
Fair	75%-66%
Poor	65% and below

14. **Conclusion/Suggestions:**

A critical analysis of the existing performance management arrangement in the Indirect Tax Administration throws up the following key issues for discussion.

- a. **Need for an integrated approach in performance management:** In order to move towards an integrated performance management system, it is important to ensure that the performance of individuals and institutions are interlinked. There should be convergence between the goal of the organization and the individuals so that the linkage between their performances is coherent.
- b. It is also very essential that ONLY the WORK of an individual is assessed and NOT the INDIVIDUAL.
- c. The system should have in-built mechanism to ensure accountability for timely completion of APAR writing process. To ensure the objectivity in writing of APAR, the mechanism should also cover the process of 1st assessment as well as consequent disagreements (be at reporting or review or representation stage).
- d. After analyzing all the aspects related to the present system of APAR in Indirect Tax Administration in India (viz. CBEC), it is strongly recommended that we should switch over to electronic system. The electronic system of APAR would automatically take care of timely completion of the entire process at all stages.

Further, it would also make the ACRs readily available at one location, which is the biggest problem at present.

- e. **Absence of an appropriate HRM system**: Effective utilization of the available human resources is important and the government cannot afford to overlook the absence of a strategy for HR management to leverage the skills and knowledge of their workforce.
- f. **Training/Career building**: APAR should be used to identify the areas suggested by the officers concerned and those accepted by the reviewing authority for imparting training. This may also give scope for independent evaluation of recommendations of reporting/reviewing authority. The details of choice for training may be sent to NACEN for appropriate action.
- g. **Transfer**: APAR may be used, alongwith other criteria, at the time of transfer posting of the officers.
- h. **Job fit**: At the time of placement committee meeting the committee be also informed about the strengths and weaknesses of the officer as recorded by the reporting/reviewing authority so that the same may be also be taken into consideration to decide appropriate posting of the officer.
- i. **360-degree profiling** is recommended so as to get the complete picture of the performance of the officer. In the Indirect Tax administration, for 360-degree profiling, the performance of the individual before the external agencies like C&AG, Appellate/Judicial forum etc. should be taken into consideration. However, as far as the feedback from the trade is concerned, due caution needs to be exercised, as there is an imminent danger of unscrupulous element amongst the trade taking advantage of the same.
- j. **Employee information management system**: For choosing the right person for the right job, the details of qualifications, experience and skill set of all employees need to be available in the form of a consolidated database capturing the relevant particulars including the capacity profile and training needs of the employees. For the same a two-way approach is needed. The current system of either no follow-up on remarks of reporting/reviewing officers or heavy reliance on the same is not free from defects of Long Term HR strategy.

- k. **Grievance Redressal mechanism**: Not much attention has been paid to the setting up of an effective & accountable internal grievance redress mechanism, which the government personnel can use to register their grievances and get a satisfactory response in a time bound manner.
- l. **Addressing systemic issues**: Certain questions and systemic issues would arise while revamping the performance management system.
- ❖ How to evaluate the performance of an individual who operates under the institutional constraints like lack of flexibility in program design, frequent transfers, lack of choice in formation of teams, budgetary limitations etc.?
 - ❖ How to evaluate the performance of an individual who performs multiple tasks as part of different teams and may also report to different authorities?
 - ❖ How to evaluate performance when different organizations within the departments work together for a single task?

Thus, from a strategic and competitive advantage perspective it is important to integrate employee's performance with organizational goal.

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