

FACTORS CONTRIBUTING TO POOR HR PERFORMANCE IN FISCAL ADMINISTRATION

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Abstract:

The purpose of an employee performance management system within the tax administration is to optimize individual achievements and individual excellence in achieving the strategic objectives, objectives, and sub-objectives of ANAF. One of the objectives of an employee performance management system is to create a solid foundation for performance management by establishing a culture of performance and learning within the National Tax Administration Agency, as well as by ensuring that all employees know and understand what is expected from them. In this paper we researched the factors that determine poor performance within ANAF, research conducted among managers.

Keywords: performance, weak performance, fiscal administration.

1. Introduction

The performance management system supports organizational maintenance, providing information on skills, abilities, the potential for employee promotion, and employee performance history to be used in workforce planning and assessing future training needs (Bocean, 2007a, 2007b). Finally, Aubray and Bailey (2014) state that the documentation objectives refer to the provision of information that can be used not only to make critical administrative decisions but also in case of litigation.

In an attempt to improve the performance of the tax administration, the agency invested with this authority, the National Agency for Fiscal Administration, has established and implemented an early performance management system for employees in regional and county structures, which consists of a system of objectives, sub-objectives and actions set out in multi-annual strategic plans (2013-2016, 2017-2020). The management system of the National Agency for Fiscal Administration is undergoing a modernization process through the Modernization Project of the Romanian Fiscal Administration (RAMP), initiated together with the World Bank. The main objectives of the project are: to increase the effectiveness and efficiency of the process of collecting taxes and social contributions, increasing the degree of voluntary compliance of taxpayers, reducing the tax burden on taxpayers to ensure increased compliance. The project components target the elements of the performance management process. Institutional development, increasing operational efficiency and effectiveness, improving services for taxpayers, and the organization's communication process.

RAMP ensures the modernization of management and performance management implementation at the institutional (organizational) level. However, an efficient employee performance management system is needed to improve tax

officials (agency employees) by establishing clear links between organizational development, culture change, personal and professional development of employees, and quality services. (Vărzaru and Vărzaru, 2015). Such a system directs attention to critical areas of employee activity, identified through strategic planning processes. An employee performance management system's philosophy aims to develop a sense of identification with the institution being an impetus for performance among all employees. It also contributes to creating an environment in which all employees have the opportunity to be motivated, inspired, and subject to a development process to facilitate superior performance (Sitnikov and Bocean C.G. 2010; Sitnikov et al. 2017). Another goal is to create a culture of open interaction and performance communication among managers and subordinates, in which the development needs of employees are identified and managed (Vărzaru et al., 2012; Șomăcescu et al., 2016). Objective and equitable assessment of individual performance is another critical goal (Berman et al., 2019).

The paper contains five sections. The first section provides an introduction to the research issue and the second section makes a short literature review of the researched issue. The third section describes the research methodology. The fourth and fifth sections deliver the results and conclusions of the research.

2. Theoretical background

According to Dessler (2019), performance management is when individual and team performance is monitored, measured, and developed continuously. Amos et al. (2004) explain that performance management is an approach to employee management and a process that begins with translating the organization's overall strategic objectives into clear objectives for each employee. Besides, Werner et al. (2011) add that employee performance management is a communication process between an employee and his direct manager, which aims to establish the various elements that lead to superior employee performance. It contains clear expectations and understandings regarding the essential functions of an employee's function and links employees' duties and tasks to the achievement of the organization's objectives. Performance management also facilitates a clear understanding of a job's meaning and how job performance is measured. It also reflects barriers to performance, establishes measures to eliminate them, and discusses how the manager and employee should work together to improve employee performance (Varzaru, 2015). Moreover, performance feedback serves as a motivator that inspires employees to reach their full potential, employee satisfaction, and involvement, and contributes to organizational success (Amos et al., 2004). Performance management has the following objectives: alignment and integration of individual, team and organizational objectives; attracting and retaining qualified staff; setting performance standards and criteria; poor performance management; developing the necessary skills and competencies and identifying training and development opportunities (Barbu and Barbu, 2012); opening communication and feedback channels; creating a motivating work climate; the relationship between performance and reward; providing useful information for other human resources functions (Barbu et al., 2019); creating a culture of performance and excellence (Meyer and Kirsten, 2005).

In turn, Callaghan (2005) states that a well-implemented process and performance management system is beneficial for the organization, its managers, and employees. Performance management objectives include integration, open

communication, objective promotion of employees, proper placement of employees in appropriate jobs, increased objectivity, fair reward, structured career planning, motivated employees, and improved team capacity through professional training and personal development. Callaghan (2005) adds that another important goal of performance management is to achieve individual and organizational goals, an integral part of the manager's shared responsibility and the employee. The goal is also to create an understanding by managers that individual performance should not be left to chance and that they are responsible for facilitating and managing their subordinates (Amos et al., 2004).

3. Research methodology

In order to examine and explore the perceptions of managers and supervisors within the National Agency for Fiscal Administration in Romania regarding the factors that contribute to poor performance, we conducted a qualitative study on a sample of 35 managers and supervisors within the Regional Directorate General of Public Finance Galați (DGRFP), the regional structure within the National Agency for Fiscal Administration in Romania, which participated in a survey based on the questionnaire. To build the sample among managers and supervisors, we used the proportional stratified sampling method.

The researched population within DGRFP includes employees in different structures the Treasury Department, the Collection Department, the Fiscal Inspection Department, the Internal Services Directorate, the Regional Customs Directorate, or other departments directly subordinated to the Director-General. The sample of 35 people respects the structure of human resources within the DGRFP by age, sex, and seniority.

Starting from the specialized literature and exploratory research, we selected 11 factors for which the managers gave answers on a Likert type scale with five levels (from total agreement to total disagreement). Table 1 presents the 11 factors.

Table 1

Poor performance factors

Variable	Factors
VAR01	Employees do not have the necessary skills and knowledge.
VAR02	Employees are not involved.
VAR03	Employees are not satisfied with the job.
VAR04	Employees do not have good morale.
VAR05	Employees are not motivated.
VAR06	Managers are not open and supportive.
VAR07	There is no effective information system.
VAR08	There are no consequences for poor performance.
VAR09	The distribution of performance rewards is unfair.
VAR10	There is no recognition for performance achievements.
VAR11	There are not enough financial resources.

Source: Developed by the author

The research in the paper involves testing and validating the following hypothesis: in the perception of managers and supervisors, the most important factors that contribute to poor performance are those related to unfair reward, followed by lack of supportive climate provided by managers, lack of sufficient financial resources and lack of skills, knowledge of subordinates.

4. Results and discussion

Researching the validity of the hypothesis involves studying the frequencies of the variables VAR01-VAR11. Analyzing the perception of managers and supervisors regarding the lack of necessary skills and knowledge (individual variable VAR01), we observe that 40% of managers and supervisors surveyed totally or partially agree with the statement that employees do not have the necessary skills and knowledge (figure 1).

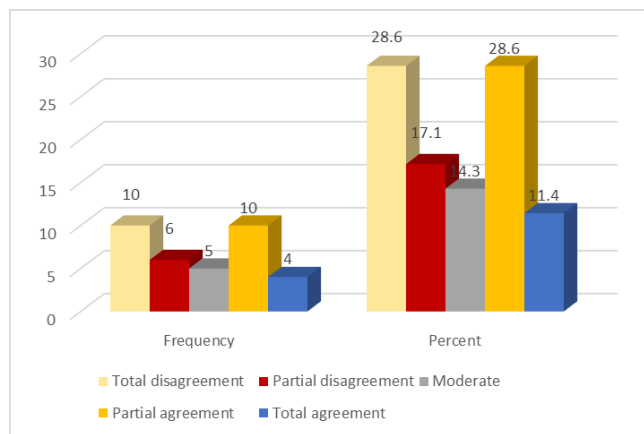


Figure 1. The perception of managers and supervisors regarding the lack of necessary skills and knowledge

Source: Developed by the author

A percentage of 45.7% of all respondents believe that employees have the necessary skills and knowledge, which shows a relatively balanced distribution.

By studying managers' and supervisors' perceptions of the lack of employee involvement (individual variable VAR02), we observe that 48.5% of the managers and supervisors surveyed do not agree with the claim that the employees are not involved (figure 2).

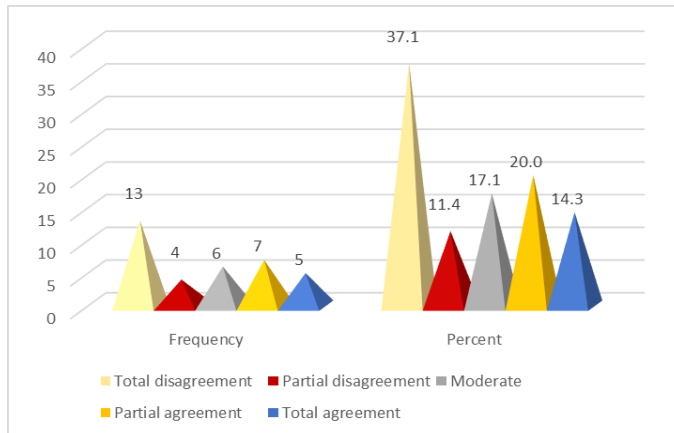


Figure 2. Perception of managers and supervisors regarding the lack of employee involvement

Source: Developed by the author

Only 14.3% of respondents surveyed fully agree with this statement. By researching the perception of managers and supervisors of job dissatisfaction (individual variable VAR03), we observe that 57.1% of the managers and supervisors surveyed do not agree with the claim that employees are not satisfied with the job (figure 3). Only 14.3% of respondents surveyed agree with this statement.

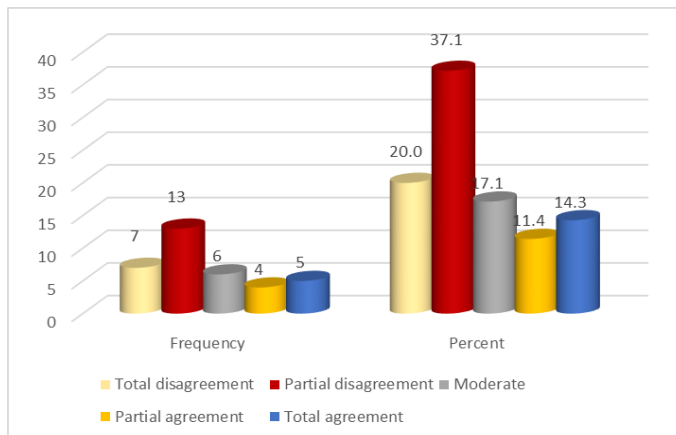


Figure 3. Perceptions of managers and supervisors regarding job dissatisfaction

Source: Developed by the author

Analyzing the perception of managers and supervisors regarding low employee morale (individual variable VAR04), we notice that 54.3% of managers and supervisors surveyed totally or partially disagree with the statement that employees do not have good morale (figure 4), there are only 14.3% of managers or supervisors disagree partially or totally with this statement.

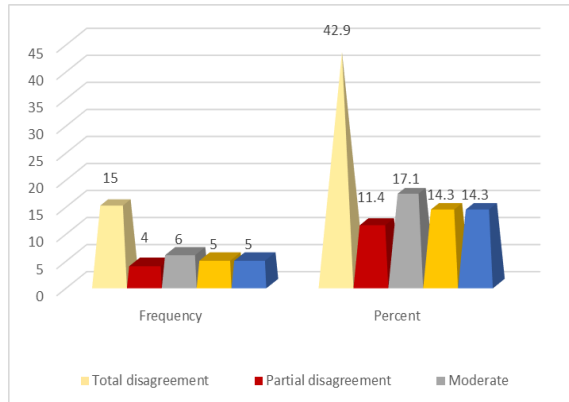


Figure 4. Perception of managers and supervisors regarding low employee morale

Source: Developed by the author

Examining managers' and supervisors' perceptions regarding the lack of motivation of employees (individual variable VAR05), we notice that 71.4% of managers and supervisors surveyed partially or agree with the statement that employees are not motivated (figure 5).

A percent of 54.3% of respondents disagree in whole or in part, while 11.4% of all respondents are in a moderate position.

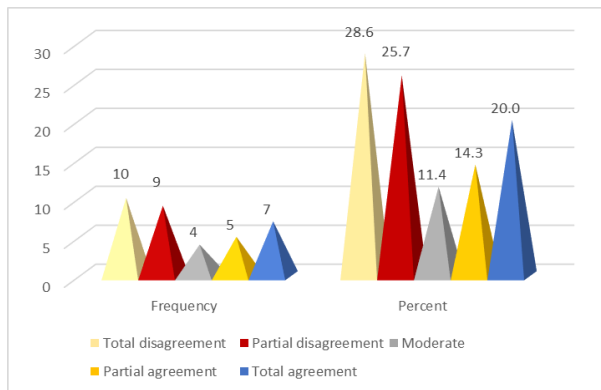


Figure 5. Perception of managers and supervisors regarding the lack of motivation of employees

Source: Developed by the author

Investigating the perception of managers and supervisors regarding the lack of openness and supportiveness of managers or supervisors (individual variable VAR06), we notice that there is a reasonably large number of respondents (54.2% of managers and supervisors surveyed) who partially or disagree with the statement according to managers are not open and supportive (figure 6). Analyzing the frequencies in Figure 3.74, we found a relatively large number of managers and supervisors who agree with this statement (40% of all respondents).

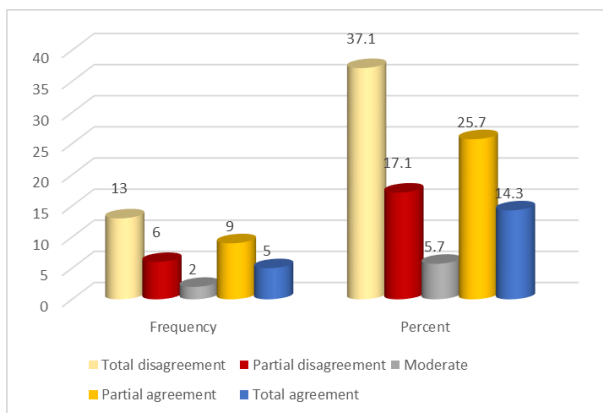


Figure 6. Perception of managers and supervisors regarding the lack of openness and support of managers or supervisors

Source: Developed by the author

Investigating the perception of managers and supervisors regarding the absence of an efficient information system (individual variable VAR07), we observe that only a small number of respondents (5.7% of total respondents) disagree with the statement that there is no efficient information system (figure 7).

The same percentage of 25.7% of the surveyed managers and supervisors are of partial agreement registering 17.1% of the respondents.

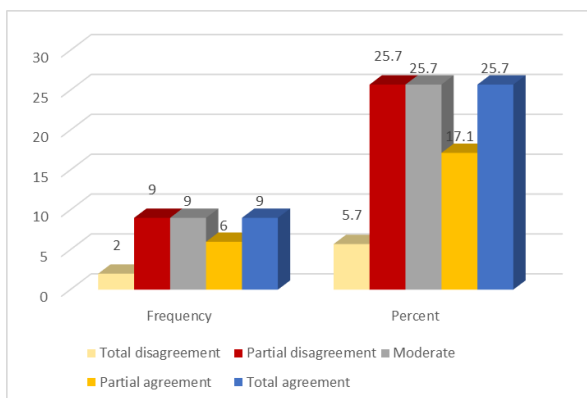


Figure 7. The perception of managers and supervisors regarding the absence of an efficient information system

Source: Developed by the author

Examining the perception of managers and supervisors regarding the non-existence of consequences for poor performance (individual variable VAR08), we observe that 48.6% of managers and supervisors surveyed partially or agree with the statement that there are no consequences for poor performance (figure 8). A percentage of 20% of respondents disagree with the statement, and 17.1% of respondents are in a moderate position.

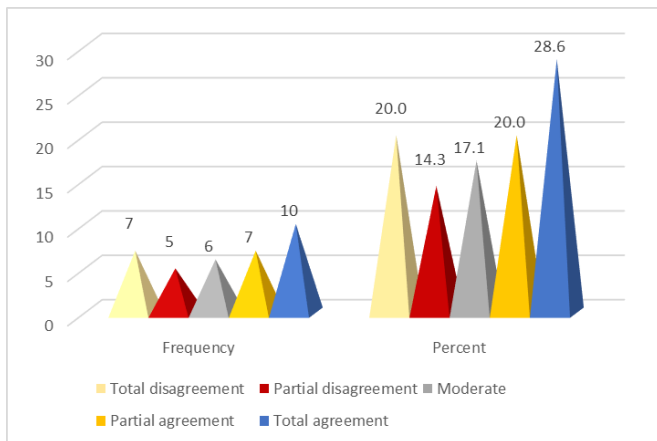


Figure 8. Perceptions of managers and supervisors regarding fairness in the distribution of performance-based rewards

Source: Developed by the author

Examining the perception of managers and supervisors regarding the unfairness of the distribution of performance-related rewards (individual variable VAR09), we noticed that there is a relatively small number of respondents (11.4% of managers and supervisors surveyed) who disagree with the statement that the distribution of rewards performance-related is unfair (figure 9).

Analyzing the frequencies in Figure 9, we found a relatively large number of managers and supervisors who place themselves in moderate positions or disagree with this statement (a percentage of 43.9% of all respondents).

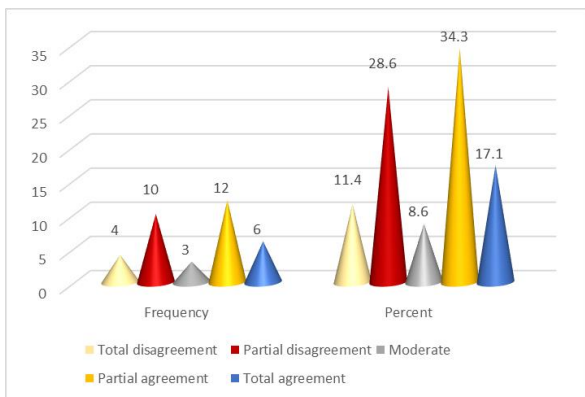


Figure 9. The perception of managers and supervisors regarding the inequity of the distribution of performance-related rewards

Source: Developed by the author

Examining the perception of managers and supervisors regarding non-recognition for recorded performance (individual variable VAR10), we observed that only a large number of respondents (42.8% of total respondents) fully agree with the statement that there is no recognition for performance achievements (figure 10).

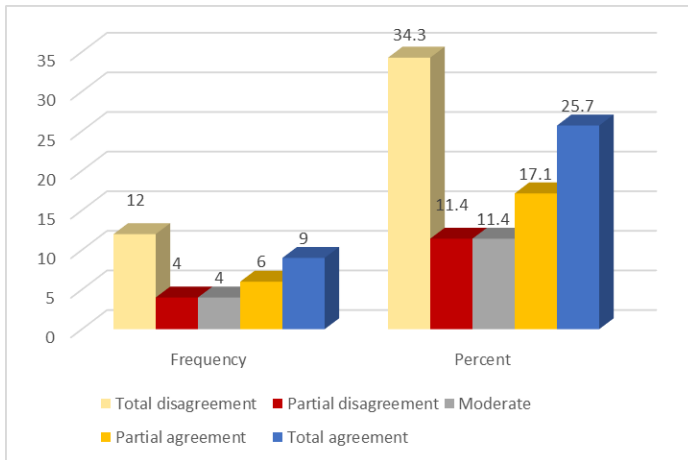


Figure 10. Perception of managers and supervisors regarding non-recognition for a recorded performance

Source: Developed by the author

A percentage of 34.3% of managers and supervisors surveyed strongly disagree, while 11.4% are in a moderate position. Examining the perception of managers and supervisors regarding the lack of sufficient financial resources (individual variable VAR11), we observe that 60% of managers and supervisors surveyed partially or agree with the statement that there are insufficient financial resources (Figure 11).

A percentage of 25.7% of the respondents totally or partially disagree with the statement, and 14.3% of the respondents are in a moderate position.

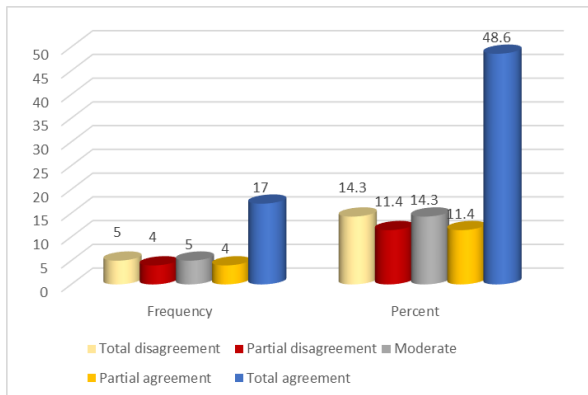


Figure 11. Perception of managers and supervisors regarding the lack of sufficient financial resources

Source: Developed by the author

To accurately quantify the ranking of the factors that lead to the department's poor performance in the perception of managers and supervisors, we performed a descriptive statistic of the variables subject to research (Table 2).

Table 2

Descriptive statistics of the variables that characterize the factors that lead to poor performance

	Min	Max	Mean	Standard deviation	Skewness	Kurtosis
VAR01	1	5	2,77	1,437	0,048	-1,455
VAR02	1	5	2,63	1,516	0,250	-1,458
VAR03	1	5	2,63	1,330	0,581	-,778
VAR04	1	5	2,46	1,521	0,485	-1,281
VAR05	1	5	2,71	1,526	0,357	-1,383
VAR06	1	5	2,63	1,555	0,269	-1,587
VAR07	1	5	3,31	1,278	-0,007	-1,202
VAR08	1	5	3,23	1,516	-0,251	-1,392
VAR09	1	5	3,17	1,339	-0,176	-1,314
VAR10	1	5	2,89	1,659	0,069	-1,693
VAR11	1	5	3,69	1,530	-0,688	-1,076

Source: Developed by the author

Table 2 shows whether the averages recorded by the variables subject to research are investigated that the main factors contributing to the poor performance of the department in the perception of managers and supervisors are: lack of sufficient financial resources (individual variable VAR11), lack of an efficient information system individual VAR07), non-existence of consequences for poor performance (individual variable VAR08), inequity in the distribution of performance-related rewards (individual variable VAR09), as shown in Figure 12.

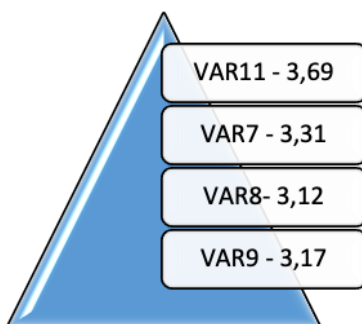


Figure 12. The main factors that contribute to the poor performance of the department in the perception of managers and supervisors

Source: Developed by the author

From the study of descriptive statistics, we notice that the other factors are in a moderate area, the averages of the corresponding variables being in the range of 2.45-2.90.

5. Conclusions

Performance management is a vehicle through which managers can assume managerial responsibilities to motivate employees and ensure their empowerment. Performance management is a way to tell managers that they are responsible for

the performance of the staff working with them and that they need to manage performance by setting goals that are part of the overall strategy, monitoring performance, and providing support, feedback and opportunities to develop to improve current performance

Following the research of the hypothesis, we can say that this hypothesis is partially validated. In the perception of managers and supervisors, the most critical factors contributing to poor performance are those related to the lack of sufficient financial resources, the absence of an efficient information system, the lack of consequences for poor performance, and unfair reward. The conclusions we reached after researching this hypothesis are in line with Dessler and others (2019) that recognizing the strengths and weaknesses of past performance and indicating the direction that employees should follow leads to improved performance. Performance appraisal also provides valuable information about employee training and development requirements. Performance measurement helps better management because it helps the manager to understand, manage, and improve activities and results (Murphy et al., 2018). In addition to determining how well the objectives fulfill well, it helps to take corrective action, if necessary, to improve performance.

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