Literature review regarding the performance evaluation in the Chinese local government

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Abstract

It is the government's sacred duty to provide quality and efficient services to citizens and society. Public administrations reforms over the world are aimed at performance-oriented public administrations. Therefore, the government performance appraisal, as an effective management measure, begins to receive widespread attention in public administration area.

In recent years, with the continuous deepening of China's institutional reform, the strategy of ruling the country by law has been elevated to a new height. The government departments at all levels across the country have formed the consensus of adhering to the principle of governing the country according to law. In this context, local government performance appraisal, as an effective management tool for public management of local governments, is paid more and more attention by local and central governments.

Since the concept of “performance appraisal” was introduced into the field of Chinese government administration, the enthusiasm of relevant scholars on government performance appraisal has been rising. Local governments at all levels have never ceased the practice of performance appraisal.

Therefore, in order to fully understand the research status and practice of local government performance evaluation in China, this report will analyze the current situation of the performance evaluation of local
government in China and select the performance evaluation system of Hubei Provincial Local Taxation Bureau as a practical research object, expecting to understand China local government performance evaluation practice and existing problems.

The report uses the following methods:

Firstly, Literature review. Search the Chinese local government performance evaluation literature through China National Knowledge Infrastructure, Baidu Library and Google Scholar and obtain scholars' theoretical research results on the performance evaluation of Chinese local governments.

Secondly, Government documents inspection. Check the relevant documents on performance evaluation issued by Hubei Local Taxation Bureau and fully understand the regulations and practices of the performance appraisal system of the bureau.

Thirdly, In-depth interviews. Interviewing the staffs and leaders, through the forums and face-to-face interviews, who are responsible for the performance evaluation of Hubei Provincial Local Taxation Bureau. And understand the purpose, practical process and existing problems of the performance appraisal of the Bureau.

Through literature review and empirical research, this report summarizes the problems existing in the performance evaluation system of the Hubei Provincial Local Taxation Bureau and puts forward relevant
recommendations, by which hopes to provide reference for policy makers to better promote the sound development of the performance evaluation system.

Of course, due to the limited time and number of interviews, there is still room for improvement in this report.

Keywords: performance evaluation; china; local government; literature review
Introduction

As a state-of-the-art management approach and tool, government performance evaluation has achieved remarkable results in practice over the past decades. Since 1980s, China has not only achieved fruitful theoretical achievements in the field of government performance evaluation, but also formed many typical practical cases such as “Fujian Model” and “Qingdao Model”, effectively raising the government’s ability to govern and promoting the process of scientific government management. The “Decision on Major Issues Concerning Comprehensively Deepening Reforms” adopted at the Third Plenary Session of the 18th Central Committee of the Communist Party of China clearly states that “improving the evaluation system of development achievements”. And all levels of government are also furtherly standardizing various practices and exploring ways to establish the Government performance evaluation model with Chinese characteristics, which put forward new requirements on the direction and emphasis in the field of government performance evaluation.

However, through literature review, we can see that there are still some obvious shortcomings in the performance evaluation of local government in China, such as the lack of comprehensive consideration of local practices, the lack of application of research methods of multi-case
studies and quantitative studies etc., weak guidance to the practice. Therefore, it is of great theoretical and practical significance to comprehensively review the progress made in the performance evaluation of local governments to deepen and improve the disciplinary system in this field and to promote the practical process in this field. This paper intends to sort out the relevant concepts of local government performance evaluation, such as the concept, elements and modes, pointing out the shortcomings of current research and providing reference for further research in this field.

Prior to reviewing the literature, the author conducted a search on the topic of “Local Government Performance Evaluation” in the category of “Administration and State Administration” in the CNKI Literature Database, and obtained 393 articles. It can be found that:

First, in recent years, the number of relevant research findings in China has been somewhat improved, but the base number is relatively small, and the proportion in the total amount of academic literature has been at a relatively low level for a long time;

Second, during the period before the 17th National Congress of the Communist Party of China and after the 18th CPC National Congress held in 2008 and 2012, the related research reached two climaxes, but after that, the number of related literatures dropped back to a lower level again with more fluctuation.
This shows that, on the one hand, the research in the field is closely linked with the reality, and academia is more sensitive to the promulgation of relevant policies and regulations. On the other hand, under the background of the vigorous development of the research in China's domestic administration, there is still not enough depth in this field, failed to keep up with the overall pace of discipline development.
1 Research on the concept of the local government performance evaluation

From the perspective of historical evolution, we can see that, as an extension of government performance evaluation, the concept of local government performance evaluation is gradually developed in an order according to “the performance” to “performance evaluation” and then “government performance assessment”. And every stage is closely related and tightly interlocked.

1.1 The concept of performance

In fact, as a kind of multidimensional construction, it exists diversity in subject, object and perspective of performance appraisal. Therefore, scholars all over the world also interpret the concept and connotation of performance from different perspectives. The main ideas include the Result Theory, Behavior Theory, Results - Behavior Theory, Competence Theory, Synthetic Theory, Dynamic Theory. Among them, the Result Theory, based on early management theory such as Taylor's scientific management, appeared firstly it considers the performance as “completing the assigned production tasks”. Literature has developed Results Theory (Kane et al.1979; Bernardin 1998; Jianfeng Peng 2003; Rong Yang 2002), pointing out that performance is the explicit and recessive output or result of a specific job at a given period. Some researchers (Campbell 1993; Borman et al. 1997; Rotundo et al. 2002;
Zhihong Zhou et al. 2000; Jianmin Sun et al. 2002) hold the view that performance is a rigid value behavior that employees can show in their work and that is related with organizational goals and can be predictable. Yahe Fu (2003), Jie Yang et al. (2001) hold the view of Result-Behavior Theory that performance is the product of the combination of work behavior and result. Benjamin (1989), Pringle (1994), Pulakos (2000) and Huijuan Yao et al. (2007) hold the view of Ability Theory and think that performance is the superficial and potential working ability. Weimin Xu et al. (2009) considered comprehensively the advantages and disadvantages of the results synthetically, Behavioral Theory and competency and put forward the view that performance and employee characteristics, abilities and behaviors are closely linked. Guangjin Zhang (2013) thinks, from the perspective of Contingency Theory, a “two-dimensional four-quadrant” explanation can be used according to the different degree of work routinization and external influence. He also analyses the adaptation conditions of two performance connotations of result and behavior.

1.2 The concept of performance evaluation

It is generally believed that performance evaluation originated from the exploration of efficiency evaluation by scientific management researchers in the early 19th century. At present, the concept of performance evaluation lacks a unified definition. Most scholars believe that
performance evaluation is a process of evaluation, among them, some scholars define performance evaluation as an organized and objective evaluation process to determine their ability, status and adaptability according to the characteristics, qualifications, habits and attitudes of the members of the organization. Performance evaluation is a process of evaluating the performance, ability and attitude of the members of the organization; Yichi Zhang (1999) defined performance evaluation as “the process of evaluation” of employees’ contribution to the organization during a specific period, pointing out that the process can be represented numerically. In addition, some scholars think that performance evaluation is a “periodic system” that evaluates the performance of members and organizations. Jiang Wu (2007) combines the above viewpoints and points out that performance evaluation refers to a systematic and objective evaluation of the design, implementation and results of a project, plan or policy.

1.3 The concept of government performance evaluation

Since Clarence E.Ridley et al. (1938) introduced the government performance evaluation in the article “Technique of Appraising Standards: Public Management”, many scholars have proposed various concepts of government performance evaluation one after another, but no consensus has been reached yet. Similar with the concept of performance evaluation, most scholars tend to define government performance
evaluation as a kind of process. For example, government performance evaluation is a process of designing indicators and collecting information to describe, report and analyze government performance. And government performance evaluation is to evaluate whether government output reaches the scheduled objectives in efficiency, quality, results, effectiveness and other aspects or not. Some scholars hold different viewpoints that the government performance evaluation is a convenient way for public decision-makers to obtain relevant information, or a government-determined way of providing a product at a cost or a term used to value the government's activities and efforts. Ningsheng Hu (1998) argues that performance evaluation is a measure of how well the government's output meets the needs of society. Lihui Cai et al. (2003) argue that the government performance evaluation is to, based on certain judgments, assess and grade the performance reflected in the government's input, output and results, and improve government performance.

Local government performance evaluation is the government performance evaluation at the local level. According to the concept of performance, performance appraisal and government performance appraisal, this paper argues that local government performance appraisal means that based on different function orientation, through effective system arrangement, mechanism design and technology application, The
performance of a comprehensive, fair, objective and accurate process of judgment. In addition, there are still some similar concepts in government performance evaluation such as departmental examination and performance evaluation of leading cadres in the current study. Therefore, special attention should be paid to the difference of concepts. According to the article “Performance Evaluation of Local Government in China: Research and Applications”, Jie Yun (2015) pointed out that, according to the different objects of assessment, the government performance evaluation mainly includes three categories which are relatively independent but interrelated:
First, the performance evaluation of government organizations (including government overall performance and government department performance evaluation);
Second, government personnel performance evaluation (including the evaluation of leading cadre performance and general government staff performance evaluation);
Thirdly, public policy performance evaluation.
Therefore, the performance evaluation of local government involved in this study refers only to the evaluation of the performance of local governments in narrow sense, namely, the local government's performance evaluation, that is, the local government’s overall performance evaluation is the key area of current government
performance evaluation, which can directly reflect the overall effect of government management.
2 Research on the elements of the local government performance evaluation

Local government performance evaluation elements are the key elements that influence the performance evaluation of local government. According to different degrees of impact on the assessment, local government performance evaluation can be divided into two types of elements: a) essential elements, and b) structural elements. The functional positioning is the essential factor of local government performance evaluation. The institutional arrangement, mechanism design and technical application are the structural elements of local government performance evaluation. Among them, the functional positioning of local government performance evaluation refers to the positioning of local government performance evaluation which is based on a certain value orientation and is chosen by local government performance evaluation, and directly determines the concept and practice of rating agencies and personnel. Therefore, it is the key core of evaluation. Institutional arrangements, mechanism design and technical application reflecting the specific ways of assessment is the main content of the evaluation. Based on different functional positioning, the performance evaluation of local governments adopted different institutional arrangements, mechanism design and technical application, showing different structural features.
The following combs the relevant researches on the local government performance evaluation elements.

2.1 Research on the connotation of the elements of local government performance evaluation

The term “element” generally refers to the system unit that influences the production, change and development of the system. There is no uniform definition about the local government performance evaluation elements.

The UK Audit Committee (2001) identified issues, such as strategy, measures, goals, outcomes, classifications, monitoring and evaluation involved in performance evaluation. Mwita (2000) proposed a five-factor model for government performance evaluation covering mission statement, strategy and plan, specific action plan, performance cognition and the management information system. Sanger (2008) argues that the elements of the performance management system include strong leadership, strategic objectives, accurate performance measurement, transparent performance reporting and learning and feedback. Murphy et al. (1995) pointed out that, in addition to the use of technologies, attention should also be paid to situational factors that influence performance generation, such as the complexity of the organization, the culture and value of the organization, and the socio-political and economic environment outside the organization.
Chinese scholars, such as Xutao Liu, Guofu Peng, Bin Song, etc., Naikang Zang, Guoxian Bao, Wensheng He put forward different methods of division. Naikang Zang (2008) argues that the construction of government performance evaluation system includes two aspects: evaluation basis and evaluation system. The evaluation basis based on evaluation value and evaluation direction is the soul of system construction and evaluation system is the main body of system construction. Guofu Peng (2007) argues that the local government performance evaluation covers three subsystems of evaluation, result application and supportive assurance. The evaluation subsystem includes evaluation reasons, evaluation subjects and evaluation objects. And support subsystems include evaluation promotion, information collection and institutional arrangements. Xutao Liu (2005) defined the four basic elements of the government performance evaluation including evaluation reasons, evaluation subjects, evaluation objects and evaluation methods, and pointed out that the above elements should be integrated according to actual conditions to form the overall assessment system. Guoxian Bao (2011) pointed out that the government performance evaluation system should include aspects such as value, indicators, organization, technical support and institutional environment. Bin Song et al. (2007) classified the government performance evaluation system as the core system and the main system, content system, method system, result application
system and mechanism system. Wensheng He et al. (2011) pointed out the influencing factors of government performance evaluation from the perspective of the deviation of assessment results. They considered that the deviations of performance evaluation of local governments include endogenous deviation including subjects, objects, technologies and environment deviation including politics, culture and other aspects.

2.2 Research on functional positioning of the local government performance evaluation

The research on the functional positioning of local government performance evaluation mainly focuses on the value orientation of evaluation.

Simon believes that decision-making should include both the premises of value and fact in his book “Administrative Behavior”. Osborne et al. also pointed out the importance of value orientation in the exercise of government functions in the book entitled “Reinventing Government”, summarizing the ten principles of “government re-engineering” and using it as the theoretical basis for government reform. Almond, Harry, Hughes, Henry and other scholars define the specific value orientation of public administration. Almond defines four kinds of value orientation such as power, democratization, wealth and welfare. Harry thinks the government goal should be shifted to the public service quality and customer satisfaction; Hughes pointed out that government management
should follow economic, efficiency and benefit(3E) goal. Henry believes that the exercise of function in the government need to focus on efficiency, effectiveness and social value. In addition, Carter et al. Also studied the diversification of value orientation and pointed out that the multi-value orientation can exist in public administration. Chinese scholars, Zhichun Zhou (1995) highlighted the prominent of “public” and put forward the concept of “excellent quality”. Shaogang Xu (2004) argues that the government performance evaluation covers the contents of the technical level including the evaluation methods and other aspects, and of the political level including standards, perspectives and other aspects, which themselves are an important part of democratization process. Naikang Zang (2006) thought that the evaluation value is the soul of the government performance evaluation, and pointed out the problems existing in current government performance evaluation, such as the generalization of economic value, the failure of the value of public subject, the failure of public interest to become the common value. Baocheng Ma (2001) defined the value orientation of government performance evaluation as growth, fairness, democracy and order. Lihui Cai (2003) argues that government performance evaluation should proceed from efficiency, order, social equity and democracy. Xing Ni (2004) thought that the direction of government performance evaluation is determined by the value system, including lay equal stress on fairness
and efficiency, take account of efficiency and democracy, keep same pace between the economic growth and social development. Guoxian Bao (2007) thinks that the government performance evaluation should be based on the "sovereignty of the people" value orientation as the core concept, which needs to integrate three kinds of value orientations of the government standard, people standard, business standard. Guofu Peng (2004) that the principles of the functional positioning of the government performance evaluation are to deepen the ways and means of government reform, to communicate the bridge and bond between the government and the public, to improve the basis and motivation of government performance; Jiang Wu (2007) that the service-oriented government should put the accurate positioning of government functions as the basis and let meeting people's needs as the value orientation.

2.3 Research on system arrangements of the local government performance evaluation

The researches on the system arrangement of local government performance evaluation mainly distribute in three aspects: laws and regulations, organization form and evaluation subject. In terms of laws and regulations of local government performance evaluation, Yungen Jiang (2008) defined the objectives of legislation from the five aspects of the status, authority, goal orientation, system standardization and data statistics of the government performance evaluation. Yan Chen (2011)
argues that the inadequacy of detailed regulations on the relevant performance management laws and regulations in China results in their lack of operability. Wei Chen (2015) summarized the basic methods of legal management of performance management by analyzing the legislative process of performance management in United States, England, Japan and South Korea, which includes the legislation first, high-level leaders’ promotion, based on national conditions, progressive improvement and focusing on systematic integrity of laws and regulations. Huping Shang et al. (2016) found through that the federal and local governments in the United States have some similarities in the content of the performance legislation. He further pointed out that the legalization of Chinese government performance evaluation should encourage the model ‘local precedence’, and formulate national laws and regulations. At the same time, the government should promptly amend and upgrade the relevant laws and regulations.

As for the organizational form of local government performance evaluation, Jiannan Wu (2008) pointed out that there are two kinds of organizational forms of “top-down” and “bottom-up” in Chinese local government performance evaluation. Zhiren Zhou (2016) summarized the performance management promotion system which are divided in two types of models: “centralized” and “decentralized”. The former is represented by England and China, the latter is represented by the United
States. Yukai Wang et al. (2006) think the performance evaluation committee composed of multi-party evaluators should be set up. It is the organization that manages vertically all local government performance evaluation activities. In the field of local government performance evaluation, Shaogang Xu (2004) argues that the relationship between evaluation agencies and the government exists in two categories: the “vertical mode” dominated by the people's congress and the “horizontal mode” dominated by the government. He points out that the essential subject of the evaluation is only the public and the professional evaluation agencies both inside and outside of the government should represent the interests of the public. Xiaoping Gao (2010) defines three types of evaluation bodies: the committee represented by Qingdao, the joint meeting represented by Beijing and the evaluation group represented by Wuhan. After summing up the experience of Zhangzhou City, Long Zheng (2001) thinks that, under the leader of the government efficiency construction leading group, form a provisional assessment Working Group dispatched by the discipline inspection, organization, personnel, supervision, organs and other working groups. Xing Ni et al. (2004) proposed that an independent performance evaluation institution composed of experts and technical bureaucrats appointed by the NPC or its standing committees should be formed through legislation.
2.4 Research on the design of local government performance evaluation mechanism

The researches on the design of local government performance evaluation mechanism are mainly involved in the operation mechanism, the result operation mechanism, the safeguard mechanism and so on. Marc Holzer et al. (2000) divided the process of performance evaluation into seven parts: identifying and evaluating the project, presenting the purpose and defining the expectation, selecting the measurement standard, using result and performance information. Lihui Cai (2002) defined the government performance appraisal as a behavior system including collecting data, determining evaluation objective, dividing evaluation projects, performance appraisal and evaluation results use. Yue Zhou et al. (2003) think that the performance evaluation process can be divided into six stages: the construction of index system, the design of index weights and leveling, the establishment of evaluation and management agencies, determine the subjects of evaluation, arrange the implementation process and using the results. Bainai Fan et al. (2005) finds that the evaluation index system, the evaluation subjects, the evaluation methods and the evaluation processes impact the result of government performance evaluation. Naikang Zang (2008) holds the view that the government performance evaluation system should include the target system, comparative system, measurement system and feedback system,
involving data collection, targeting, project division and other sectors. Ningsheng Hu et al. (2006) thinks the public organization performance evaluation process is a target pyramid structure. In the specific implementation, the higher designated the digital target and then translate them into indicators and tasks which are assigned to the subordinate after translating. The evaluation agencies put its completion as a basis for performance evaluation.

2.5 Research on the application of local government performance evaluation technology

The research on the application of local governments' performance evaluation techniques mainly lies in the index system, evaluation methods, data collection and so on.

The UK Audit Committee (2001) defined the basic modules of the performance evaluation system as four aspects for evaluating the effort, evaluating performance, evaluating the relationship between performance and effort, and explaining, involving in the FABRIC standard. The standard defines the characteristics of a performance system: focused, appropriate, balanced, robust, integrated, and cost-effective. Mingke Sheng introduced some progresses of the use of the government performance evaluation technology, including the American Customer Satisfaction Index (ASCI) adopted maturely by many agencies in the United States, Fischer’s practices of the United States government
performance measurement and benchmarking, As well as the “best value” framework and the use of balanced scorecard measuring the performance of local governments in Aston School of Business.

After describing the status quo and problems of the application of local government performance evaluation techniques in China, Jie Yun (2015) pointed out the current weaknesses in the study of performance structure, the deviation of technical positioning of evaluation indicators and the data source barrier as the basic support. And he advised the government to establish all-round, continuous, application-oriented national local government performance evaluation system based on the scientific, normative basic technical route. It is also worth noting that, because government performance evaluation is a hot area of interdisciplinary research, many scholars have introduced large number of theoretical methods in economics, management and other related disciplines into their researches. For example, Renbiao Zhou (2001) draws on Input-output analysis framework of economics, Guofu Peng et al. (2004) use the analytic hierarchy of management.
3 Research on the local government performance evaluation model in China

3.1 Research on the ‘as is’ situation of local government performance evaluation model

There are many researches on the current situation of local government performance evaluation models in the international debate. The studies focus on several influential local government performance evaluation models such as the Balanced Scorecard and the EU Common Assessment Framework (CAF). For example, Kaplan et al. proposed a local government performance evaluation model beyond the financial dimensions in 1992. This model is a four-dimensional Balanced Scorecard model with finance, customer, internal operations, learning and growth. the European Foundation for Quality Management established the EU Common Assessment Framework (CAF) in 2000, focusing on the public sector’s mission and function, taking process and result as two major dimensions. He also designed nine major indicators. The “Strategic Framework for Performance Management” constructed by the American Institute of Administration in 2000 includes internal and external environmental analysis, mission and principles, vision, purpose and goals, action plans, performance measurements, and monitoring and tracking. Stan Brignall et al. build a “multidimensional performance model” of stakeholders interact with each other.
Most of the studies of Chinese scholars focus on the typical cases in practice. Some scholars such as Guoxian Bao et al. (2007) and Naikang Zang (2008) extended some models based on the cases of Gansu, Qingdao and Nantong, and then form general conclusions. On the contrary, there are scholars who first define the assessment model and then classify it according to local practices. For example, Zhiren Zhou (2008) defines ‘Performance Management as a Systems Engineering’ represented by Fujian Province and “Performance Management as a dynamic process” represented by Qingdao city. Based on different theories such as service quality, administrative efficiency and scientific methods, Dongbang Fang (2012) conducted a pattern classification on the practice of different places in China. Jing Dong (2012) refers to Salamon’s analysis framework of the relationship between government and non-governmental organizations to divided five evaluation models of bureaucracy evaluation, participatory evaluation, cooperative evaluation, common governance evaluation and independent evaluation. Besides, he also compared 24 cases in different parts of China.

At present, the academic circles in China generally agree with the pattern classification method of internal / external evaluation. In addition, according to the different assessment objects, the Task Group of China Institute of Administration (2003) classifies the evaluation models of pervasive institutional performance evaluation model, the organizational
performance evaluation model of specific industries and special performance evaluation model. From the perspective of game theory, Mei Lang et al. (2009) divided evaluation models into six types: perceived type, bureaucratic efficiency type, decision type, participatory type, social efficiency type and supervisory type. Jingtao Fu (2011) defines the government performance evaluation model as both subjective and objective. Of course, there are some scholars studying the evaluation model from other perspectives. For example, Yue Zhuo (2005) defined the content of evaluation models such as category indicator, evaluation dimension, evaluation indicator, indicator element and technical indicator. Jinsong Zhang (2006) analyzed the key impact on effectiveness of evaluation through the construction of evaluation model. There are few researches on the development direction of local government performance evaluation model. Guofu Peng et al. (2007) constructed a framework of performance evaluation including performance dimension, level characteristics and sample attributes. Xixin Wang (2008) put forward a composite model of government performance evaluation in line with “public participation model” and “technical rationality model”.

3.2 Research on the effectiveness of local government performance evaluation model

There are few researches on the effectiveness of local government performance evaluation model. Zhixian Xie doctoral dissertation “The
effectiveness of government performance evaluation—-the performance evaluation of Jilin Province as a case” is one of the representative articles. Zhixian Xie (2010) argues that the effectiveness of government performance evaluation means that the subject of government performance evaluation fully utilizes the various methods and approaches to act on the object of government performance evaluation, and thus has a positive effect on the object of government performance evaluation and social development. It consists of the effectiveness of the implementation process and the effectiveness of the function developing, and the influence factors include the compatible dilemma of embedded reforms, the motivational difference between induced and mandatory reforms and the separation of instrumental rationality and value rationality. Hai Zhong (2007) pointed out the effectiveness of government performance evaluation and public enthusiasm and confidence in the assessment, and is susceptible to value orientation, institutional arrangements and assessment methods. Lei Wang (2004) analyzed the root causes of failure and inefficiency of performance evaluation from two aspects of system and benefit.

Through the literature review, we can see that, in the study of local government performance evaluation, the research in developed countries started earlier and formed a more mature theoretical system. However, the research in China started late and has not been able to provide
effective guidance for the practice everywhere. This is reflected in the
following:
First, most researchers attach importance to theoretical research, but they
have not paid enough attention to practical research; the research results
mostly embody the theoretical models and the definition of the related
concepts, the design of system processes and the application of technical
methods; but the researches lack of in-depth feasibility study of the
government performance evaluation model formed in the process of
practice;
Second, most of the researchers use a single research method, pay more
attention on qualitative research and less attention on quantitative
research, only focus on a single case and not comparison in case-by-case.
Therefore, on the one hand, we should carefully grasp the main directions
of the research, based on the exploration of the local government
performance evaluation elements, deeply analyze the effectiveness and
limitations of the practice methods in various places, and strengthen the
‘Re-evaluation’ to clarify the development direction of the evaluation
model. On the other hand, we should vigorously strengthen multi-case
studies on the performance evaluation of local governments,
strengthening the application of quantitative research methods to strive to
enhance the value of research.
4 Review on the performance evaluation system in Hubei Province

Local Taxation Bureau

In order to get a better understanding of the actual performance situation of the local government performance appraisal in China, this report will take the local tax authorities as the breakthrough point, select the local tax authorities in Hubei Province as the research object, and interview the responsible persons in charge of the performance appraisal to conduct a comprehensive analysis of the performance evaluation system of Hubei Province local tax department.

Since China implements the tax-sharing management system, the management system of the tax administration also differs from other countries. In China, the State Administration of Taxation is set up at the level of the central government to manage all tax administrations in the country (including state and local taxes). At the provincial, municipal and county level, state tax bureaus and local tax bureaus are respectively set up at the corresponding levels, responsible for the collection and management of central taxes or local taxes.

As for Hubei Province, the Hubei Provincial Local Taxation Bureau is a local government department that collects local taxes in Hubei Province on behalf of Hubei Provincial Government and places a vertical management on city-level local taxation bureaus and county-level tax bureaus in the region. Specific to performance management, the Hubei
Provincial Bureau of Local Taxation is responsible for the overall performance evaluation of all local tax authorities at the city-level. And the local tax authorities at the city-level is responsible for the county-level local tax authorities’ overall performance appraisal in the region. This paper mainly takes the Hubei Provincial Local Taxation Bureau as an empirical research object for the overall performance evaluation system of the local taxation bureau in the region.

4.1 The performance evaluation concept
Local tax authorities in Hubei Province will locate the government performance evaluation as the use of performance management principles and methods to establish the performance evaluation system in line with its actual situation. And then it uses this system to evaluate all levels of local tax authorities.

The council hopes to use the principles and methods of performance appraisal to conduct a comprehensive assessment of the working conditions of the units to which the council belongs based on the actual situation of the local tax system’s work properties.

4.2 The principle of performance evaluation
Combined with its actual situation, the council will locate the principle of performance evaluation as:

4.2.1 The unified leadership and hierarchical management. Local tax system performance appraisal is operated under the unified leadership of
the Provincial Local Taxation Bureau. The local tax authorities at all levels, in accordance with the management level, is responsible for the implementation of subordinate local taxation bureau’s performance appraisal.

4.2.2 Reform and focus. Focusing on the goal of taxation modernization and strengthening the direction of reform and development, the evaluation system will make every effort to solve the key and difficult problems in local taxation work, improving the taxation administration system and enhancing the taxation administration ability.

4.2.3 Scientific and rational, objective and fair. It should establish a scientific and complete performance evaluation system to achieve a complete system of norms. And the indicators can be controlled and tested. The program is simple and easy. The data is true and effective. The process is open and transparent. The results are fair.

4.2.4 Process monitoring and dynamic management. Regulating the process and improving the mechanism helps to build the closed loop from goal - plan - execution - evaluation – feedback. In the process, performance evaluation should implement process management and strengthen the tracking of effectiveness.

4.2.5 Incentive constraints and continuous improvement. Performance evaluation should combine positive incentives with performance accountability to enhance the use of performance results, improve the
evaluation-oriented mechanism. This is to promote self-management, self-improvement, self-improvement.

### 4.3 Organizational leadership system of performance evaluation

Local Taxation Bureaus at all levels set up a leading group for performance appraisal, which is headed by the head of the bureau, to lead the performance appraisal of the local taxation system. The deputy head of the bureau is the deputy director of the leading group. The leading group members include various functional department heads. The relevant departments of Local Taxation Bureau shall, in accordance with the division of responsibilities, take part in the organization, implementation and evaluation of the performance evaluation of the subordinate local taxation bureau.

### 4.4 The main content of performance evaluation

4.4.1 The annual key tasks deployed by higher level local tax authorities.

4.4.2 Local taxation work deployed by party committees and governments at the corresponding level.

4.4.3 The annual key work as determined by the local tax authority at the corresponding level.

4.4.4 Other local tax key work.

### 4.5 Performance evaluation indicators

According to the performance evaluation content, the performance appraisal indicators mainly include reform and development (172
points), law-based administration (528 points), the image (230 points), satisfactory and service (70 points). And the total score of 1000 points for the above four points. Besides, there is another indicator: ‘key temporarily added work’ by province, city and county bureau, among which 200 points respectively for provincial taxation bureau and city taxation bureau, 100 points for county tax bureau. At the same time, it can be set bonus items and minus items based on the actual situation.

4.5.1 Indicators of reform and development include the deployment of local tax work by the state bureau, the provincial party committee, the provincial government, the provincial tax bureau and the local party committees and governments, and the annual key tasks of local tax authorities.

4.5.2 Indicators of law-based administration include some important tasks such as the construction of tax laws and regulations and carrying out tax collection and administration according to law, taxation law enforcement and improvement of administrative efficiency.

4.5.3 Indicators of image include cadre team building, party building work, construction of the party conduct and an honest and clean government.

4.5.4 Indicators of satisfactory service include the major work around service overall situation, service tax households, service grassroots units,
improvement of service measures, improvement of service quality and
service supervision and evaluation.

4.5.5 Indicators of key temporarily added work are mainly the key
temporarily added work.

4.5.6 Bonus items are the items to be awarded extra points due to
outstanding achievements, experience or important contribution during
the year.

4.5.7 Minus items refer to the item of deducting points during the year
due to violation of work discipline, management standard, major
responsibility issue and duty crime.

Indicator decomposition. According to the need of the indicators set and
decomposition, the performance evaluation system can set first level
index, second level index and third level index. The lowest level
indicators include the evaluation criteria, cycle, score weight and other
basic content. At the same time, the number of evaluation indicators
should be moderate.

Indicator change. Due to policy adjustments and other special
circumstances occur changes in tasks during the year, the indicators can
be adjusted, cancel or added new indicators whenever needed. Adding
important tasks should be put timely into the performance evaluation
indicators.
4.6 Ordinary performance management

The daily management of performance appraisal is the management of the performance plan and implementation process and results. Generally, it includes node management, data collection, performance analysis, performance communication, interview verification, data management.

Node management. The evaluated units carried out node management on the performance indicators related to the phased tasks, refined the implementation of work objectives, progress, measurements and responsibilities, to form phased plan arrangements and to track the effectiveness of the work.

Data collection. The appraisal unit and the appraised unit should collect the index information data in real time through the implementation of indicator monitoring account management according to their duties and accurately monitor the implementation progress and effect.

Performance communication. The performance evaluation office, the appraisal unit and the appraised unit shall strengthen the communication of the formulation and implementation of the performance planning, daily management and appraisal, performance analysis and improvement, and promote continuous improvement of performance management.

Interview verification. Local taxation authorities at all levels shall establish a performance management supervision and inspection mechanism and conduct occasional visits to verify the performance
situation of performance management duties in accordance with the needs of the work, in combination with supervision and inspections by inspectors, inspectors and auditors. The results of the inspection and rectification are incorporated into the performance appraisal.

Data management. The performance appraisal office, the appraisal unit and the appraised unit should set up the performance management work file for examination.

The overall implementation of performance management information construction. Local tax authorities at all levels should fully rely on the existing business information system, using modern information technology tools to improve the quality of performance management.

4.7 The time and method of performance evaluation

4.7.1 Evaluation cycle. The total performance appraisal results are calculated on an annual basis, generally from January 1 to December 31 each year. Specific indicators can be set respectively, according to work needs, the evaluation cycle.

4.7.2 Evaluation method. Performance evaluation can use the self-evaluation, the annual evaluation of assessment methods. Daily evaluation process includes the appraisal unit evaluation, performance evaluation office audit. Annual evaluation process includes summary of results, appeal handling, finalization.
3.7.3 Evaluation results ranking. The ranking of performance appraisal is determined by the annual performance appraisal results of the appraised unit. The standard, proportion and scope of performance appraisal results ranking shall be determined by the local tax authorities at all levels in accordance with the actual conditions. Under normal circumstances, based on the annual performance appraisal results, the local taxation bureau selects six subordinate local taxation bureaus in the descending order, whose score must be more than 900 points for the “excellent”. Due to law and discipline violations, dereliction of duty and other serious consequences or impact, the annual performance evaluation results shall not be included in the “excellent” and minus its points from the corresponding points deducted items.

4.8 The use of performance evaluation results

As an important basis for appraisal of performance and improvement of work and incentive and restraint, the annual performance evaluation results are mainly used in appointing cadres, appraising, and annual examinations of civil servants.

The annual performance appraisal results should be linked with the individual performance appraisal results.

The local tax authorities at all levels shall assess the performance management during the whole year based on the results of the annual performance evaluation, analyzing the performance situation of the
performance evaluation indicators, formulating improvement measurements for the existing problems and including them in the next annual performance plan to resolve.
5 The problem of the performance evaluation in Hubei Provincial Local Taxation Bureau

5.1 Understanding is not in place

The main function of an administrative organ is to manage social and public affairs. Ideologically, there are traditional bureaucrats and egotism and it is hard to accept the binding management of itself. At the same time, as the administrative agencies do not participate in the direct economic construction, it is difficult to measure the efficiency and effectiveness of the work. The salary of the administrative staff also has little to do with the benefit of the unit, so there is no culture to advocate performance. Therefore, it is unacceptable to implement the performance evaluation. There is the situation of negative boycott. And the ideology decides action, so the biggest obstacle in the current performance evaluation should be the deviation of understanding of performance evaluation.

5.2 The management model of the tax administration lags behind so that performance evaluation cannot play its due role

The current management model of the tax department is still based on the traditional mode of administration under the planned economy model. At the micro level, the management model of top-down apportionment is destined to lack the effective communication and to maintain the management information asymmetry between the managers at the bottom
and the managers at the top. It is difficult for both parties to form a high degree of unity and understanding on the work objectives. As a result, managers are hard to push work and are in a difficult dilemma of being administered.

5.3 Staffing inadequate

The number of staffing administrations is usually the number of staff approved by the parent organization and management department. Over a certain period of time, the number of staff will not change according to the amount of work tasks. There are 2 full-time staffs who are responsible for performance evaluation in Hubei Province Local Taxation Bureau. It is difficult to meet the work needs to evaluate the performance of 13 city-level local taxation bureaus. This, to a certain extent, affects the normal performance of performance appraisal and meticulous management.

5.4 Performance evaluation content is the result of “compromise” arrangements

The process of formulating the performance appraisal has to go through the process of the provincial local taxation bureau, formulating, communication and feedback of the city-level local taxation bureau, determining and issuing the annual performance evaluation plan by the provincial local taxation bureau. This process is often the process of a game between the provincial and city-level local tax bureaus. After many rounds of games, the annual performance evaluation plan is usually a
plan that has a low degree of motivation for their performance, to a certain extent deviated from the original intention of the performance evaluation.

5.5 Performance indicators is difficult to define specify

First, the cross-cutting degree of administrative work is high, and the range of evaluation is unclear. Although the department's performance goals are set, personal performance goals are often difficult to determine because departmental work requires collective collaboration and synchronization. This leads to ambiguity in the role of responsibility for certain indicators. Second, the difference between the contents of the work exists. All city-level taxation bureaus are located in different regions and face different situations. Even with the same performance indicators, due to the different conditions in different places, the performance of the tax bureaus cannot be measured by the same standards. Third, affected by the temporary work, the index is difficult to be constant. The main methods of administrative management are planning, organizing, coordinating, controlling and supervising. Many jobs do not exist to be fixed, there are many arbitrarily allocated and temporary work arrangements. As a result, most of the work are difficult to quantitatively assess. They can only take the qualitative evaluation, and sometimes simply rank in descending order based on the points. So, the evaluation results are difficult to be scientific and fair, and
performance management is difficult to quantify the effectiveness of evaluation.

5.6 Results are not fully utilized
The lack of incentive mechanism exists and the implementation of the application is not in place. Evaluation results only become the basis for evaluation of the year, not establishing a complete incentive mechanism and continuous improvement mechanism. The evaluation of the department does not combine well with the wage and salary, promotion and job promotion. The subordinate departments are not mobilized enough to improve the quality and effectiveness of the work, and the incentive function of the performance evaluation become weak.

5.7 The imbalance of performance management evaluation system affects the performance-oriented management functions to play
From an economic point of view, reducing costs and increasing returns are the two basic objectives of management. However, the management concept of efficiency priority and fairness is taken into account. This has led to the simplification of the tax department's performance appraisal standards, that is, putting taxation department output level --- the tax revenue --- as the leading indicator of the performance of tax work, not paying enough attention to tax service and tax costs. In the process of management, the internal management indicators tend to be unilateral, unimportant and static, focusing on the evaluation of the results of certain
aspects and failing to accurately and dynamically reflect the problems existing in the work.

5.8 Lack of a unified and effective evaluation tool and technology platform suitable for tax performance evaluation

Performance management tools such as Balanced Scorecard, Management Goals and Key Performance Indicators were initially applied in enterprises. They need to be rationally converted and flexibly applied in the application of taxation system. However, many taxpayers in management practices are lacking in the ability to make full use of these tools to choose and apply reasonably, leading to the mere formality of performance evaluation.
6 the advice to improve the use of performance evaluation of local government (Hubei Province Local Taxation Bureau)

6.1 To learn advanced government management concepts

Any change starts from the concept or value level; likewise, any incompatibility starts from the concept level or the value level. The local taxation bureau in Hubei Province should change the concept of traditional performance evaluation and establish and strengthen the awareness of modern government performance. Government and its staff must effectively emancipate the mind and renew their ideas. They should strengthen service awareness, take the public interest as the starting point of administrative work, use the public's satisfaction as the standard for measuring government work, and assess the government's performance from the public's view. At the same time, it is necessary to establish the idea of continuous evaluation and resolutely reverse the behavior of treating performance evaluation as a form of evaluation, inspection, reporting, and establish a long-term evaluation mechanism to achieve continuous progress in performance evaluation and healthy development.

6.2 To promote the local taxation bureau's own construction and management innovation

It is necessary to make full use of the results of performance evaluation, carefully analyze and find weak points in government management, and continuously improve the work of the government, especially focusing on
innovation in government management, change of functions, and decentralization of power, and strive to build a government that the people are satisfied with.

6.3 To arrange financial budgets with reference to assessment results

The results of government performance evaluation should be used as one of the important basis for the preparation and arrangement of the annual budget. According to the results of performance evaluation, the local government should timely adjust and optimize of the direction and structure of budgetary expenditures, rationally allocate resources to increase the efficiency and efficiency of the use of fiscal funds.

6.4 To increase the number of specialized staff in charge of performance evaluation

Performance appraisal is a job with a large number of tasks and involves a wide range of tasks. It needs more specialized staff to improve work efficiency. If not having enough specialized staffs, performance appraisal can only be in a insubstantial work that cannot achieve its goals and effectiveness. Therefore, the local taxation bureau must effectively solve the problem of the lack of specialized staffs in performance evaluation and promote the progress of performance evaluation.

6.5 To comprehensively improve service capabilities

With the development of local government appraisal, the local government should have a view to promoting the construction of the
government’s ability to govern. At the same time, it is also necessary to combine the evaluation results with the salary income, the selection, appointment and use of civil servants, and education and training, so as to promote the service capabilities of grass-roots units.

6.6 To build a scientific scorecard to improve the operation of performance evaluation and use of result

The local taxation bureau can refer to the competing values approach, which is summarized by Colin Talbot, to use a specific performance scorecard including four quadrants “collaborate, control, create and compete”. It is able to connect different principles for a public office: effectiveness, trust, efficiency, innovation. In this way, it will furtherly promote the use of performance evaluation.

6.7 To intensify public participation and establish multiple performance evaluation subjects

Diversification of the body of the performance evaluation is the premise of a comprehensive evaluation of all aspects of government work, which can avoid the one-sidedness of the evaluation. Besides, it can be a multi-angle evaluation of government management activities to ensure the assessment of the objectivity.
References


