

Different approaches to the development of customs work and process evaluation system

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ABSTRACT

Today's task is to create a modern and operational customs that can effectively solve the tasks assigned to it both in the short and long term and it depends on many internal and external conditions; different methods are used to improve its operations, various stakeholders are involved in its processes, its reforms need various types of support. Studies show the need for performance measurement in the public sector, strategy management at all levels, organizational transparency, organizational objectivity, effectiveness, performance improvement and effectiveness. There are various mechanisms and methods of customs work evaluation in the world, but the various functions and tasks of the customs service, the specifics of the internal and external environment, the impact of different processes on customs work require the creation of different approaches and systematic solutions.

Keywords: good governance, capacity building, effectiveness of public administration, customs performance measurement, assessment methods and systemic solutions.

1. INTRODUCTION

The range of issues related to customs performance, its role in the national economy and globalized society, the evaluation of its activity is wide enough. Although the main task of customs has always been to register and monitor goods moving across borders, in countries where customs have long been the only office operating at the border, it has been used as a term for all border management [2]. Even today, in most countries, the customs authorities play a key role in coordinating all the agencies involved in border control [12]. Today, threats to public security and health, consumer and intellectual property rights, environmental protection and many other areas must also be taken into consideration. When researching customs matters, the first question to be addressed is: how the customs authorities can help the state to realize the tasks set by the society and how it can best be done according to the specific situation and need. Customs has a number of common, strategically important requirements: transparency, minimal interference, security, partnership and professionalism [15].

The improvement of the organization and building its capacity must begin with the definition of functions, work planning, strategy development, followed by the improvement of the organization's work and processes, while the usefulness of the measures taken can be judged only by properly organizing the evaluation system. The performance assessment system has

several important objectives. It can be used to help senior management to achieve strategic goals, to promote behaviour consistent with the organizational goals, to take decisions about employee remuneration, it is a communication tool for setting goals, ensuring feedback and guiding action, identifying training needs [8].

It is very important to evaluate the effectiveness of the organization because it is the effectiveness that relates to the extent to which the objectives are reached and the relationship between the expected and actual results in achieving the objectives [10].

Customs processes are a set of activities that allow to perform customs functions and tasks. This is an issue that can be developed to meet the aspirations and needs of many stakeholders in quality customs performance. Without an effective national customs administration, governments will not be able to achieve their political goals in revenue collection, trade facilitation, trade statistics and public protection. The contribution of customs to the country's development is potentially huge and can significantly change the lives of many poor people around the world [16]. National governments need to recognize that investing in the modernization and reform of their customs administrations will have a short-term impact on revenue collection and a long-term reference to national prosperity [3].

2. CUSTOMS IN AN EFFECTIVENESS GOVERNMENT

The functions delegated by the state may be fully and qualitatively performed by the institutions provided there is an appropriate work organization. Work organization is a governance issue that begins with strategic planning and ends with performance measurement. Proper organization of work is one of the preconditions for the effectiveness of governance, while public administration institutions will be as efficient as the capacity they have. Performance is considered as the governance capacity of an organization, as a special ability of a company, person or organization to perform certain functions in a high-quality, timely and efficient manner. Measuring and managing the performance of organizations is not just a planning tool that helps these organizations evaluate their impact, results and outcomes. It can also be seen as a powerful tool for internal feedback and learning [11].

WCO capacity building is defined as activities that strengthen individuals' knowledge, abilities, skills and behaviours and improve institutional structures and processes so that the organization can effectively achieve its mission and goals in a sustainable manner. Strengthening customs capacity is directly

linked to the modernization of customs (which essentially means a strategy to improve the effectiveness, effectiveness, transparency and predictability of the administration so that it better meets present requirements). Thus, customs modernization is an idea and a goal, while capacity building is a means or an action [16].

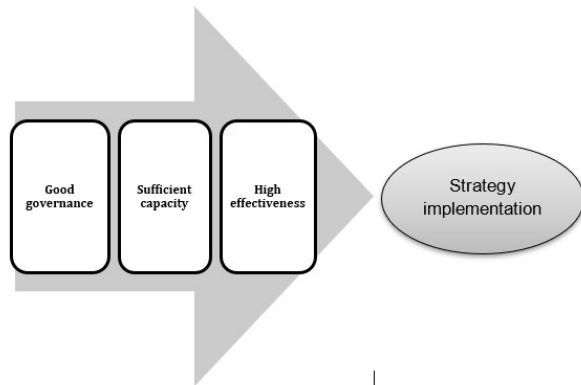


Figure 1. Preconditions for the effectiveness of organizations (figure created by the authors).

In order to ensure that the performance corresponds to certain indicators, the necessary changes must be measured and evaluated. The issue of organizational productivity and effectiveness is a logical continuation of the research. At the beginning of the capacity building process there should be a definition of functions, planning, strategy development, followed by improvement of the organization's work, while the usefulness of the measures taken can be judged only by properly organizing the evaluation system.

As can be seen in Figure 1, the implementation of the strategy is possible in an organization with good governance, the necessary capacity to perform functions and tasks in all aspects, which allows to operate with high effectiveness.

Public administration has traditionally been based on ensuring effectiveness in the work of public institutions in order to achieve goals related to the provision of public goods and services. Thus, effectiveness finds a permanent place in public administration research and government work. Performance measurement is always related to the organization's mission and activities, as well as the environment in which it operates [1].

Effective public governance in the broadest sense of the principle is flexible and responds in time to political demand by providing transparent services with low administrative costs, recognizing the needs of the target group and ensuring the maximum possible principle of equity. Thus, effectiveness is the degree to which the system (public administration) or its components achieve the desired result (perform their functions) in comparison with the consumption of resources [17]. Effectiveness in public administration means that employees are focused on achieving results and developing public administration policies and providing services where the greatest possible benefit to the national economy and population could be achieved with the least possible resources. The professionalism of employed persons is reflected in the ability to reduce administrative burdens by offering solutions to simplify procedures, reduce costs and move towards higher productivity in the public sector [4]. Many authors have proposed definitions of performance measurement. For example, *Poister* points out that performance measurement is a method of identifying, monitoring, and regularly using a variety of objective indicators of an organization's operations and programs. *Lindblad* considered performance measurement as

information on the achievement of objectives. *Ferreira and Otley* treated it as a mechanism for evaluating the performance of people, the team and the overall organization. *Muller* saw performance measurement as a method for evaluating the effectiveness, efficiency and impact of the program. *Carman* argued that performance measurement is a systematic study of program outcomes, investments, and threats [11].

As *Robert Behn* points out, it is a major challenge to assess the government's performance. Too often it is impossible to measure what is actually sought. Sometimes it is possible to get quite close to what we really want, but rarely are we able to measure exactly what we want. And if we cannot measure what we really want, how do we get it? Usually what we really want is an outcome, but all we can actually measure is an output. Often, we cannot measure what we want, and so we measure something that (we hope) is close to what we want. And what is being done is something that (again, we hope) is close to what we really want [19].

Research shows that investment and performance indicators are most commonly used in evaluation, but productivity indicators and quality measurements are still rarely used. The lower the number of performance indicators, the more difficult it is to obtain an accurate assessment of performance. The number of parameters / indicators / criteria is important in the evaluation, as well as whether the indicators have been developed for all the tasks to be performed ([14]). State policy often has many and sometimes contradictory goals.

Most performance measurement authors of public agencies agree that performance measurement is dominated by three variables:

- economy: it is a focus on costs that are relatively easy to measure, but which do not show how well the public program achieves its objectives.
- efficiency: this is usually determined by comparing the result with the investment. Economists commonly refer to this as technical efficiency or cost-effectiveness.
- effectiveness: this is quite complex as it relates to the social objectives of the program. This value should show how well the program achieves these objectives [9].

Based on the general findings on public administration capacity building, strategic planning and management, as well as performance measurement, it is necessary to find out what is effective customs, how to evaluate the implementation of its functions, what results, indicators and criteria to use for the basis of the evaluation, how to develop the system of elements mentioned above.

3. EFFECTIVENESS OF CUSTOMS PERFORMANCE, POSSIBILITIES FOR ITS EVALUATION

The term "performance measurement" usually refers to a continuous collection of data from specific functional areas. This means a continuous process of monitoring and reporting by the customs administration on the achievement of its organizational objectives. The purpose of performance measurement is to help make decisions and understand progress towards the implementation of the strategic plan and action plan. Strategic plans and action plans usually have related objectives. One of the most difficult tasks for managers is to set indicators that show progress towards goals. Studies show that even countries that have been using this approach for many years continue to struggle with measurement issues to determine the achievement of objectives. This applies in particular to the outcome of customs work [15].

Over time, based on the analysis of the organization and results of customs work, customs experts and researchers have

studied the factors that could indicate efficient operation of customs services, the level of performance of functions and tasks that allow to appreciate the results of the service. The most important are: development of customs infrastructure, improvement of customs control organization and equipment, improvement of qualification of customs officers, improvement of customs clearance, improvement of tariff and non-tariff regulation system, automation of customs document control. Whereas, the following factors indicate inefficient customs: customs regulations are too complex, information on customs regulations, administrative guidelines and decisions is lacking, customs authorities are unable to protect intellectual property rights at borders, customs procedures are not coordinated with those of partner countries, there are problems with appealing customs decisions, temporary admission, classification and evaluation of goods [13].

There are several approaches to evaluating an organization's performance. WCO member states choose approaches based on setting organizational goals and on a regular basis monitoring their achievement:

1. Evaluation of implementation;
2. Evaluation of outcomes;
3. Impact assessment;
4. Cost-benefit assessment [16].

There are authors who believe that customs performance and processes should be evaluated according to the following elements:

- effectiveness of customs policy;
- effectiveness of customs administration;
- effectiveness of the administrative management potential of the customs authorities;
- effectiveness of the use of customs information resources;
- effectiveness of the use of the material and technical base at the disposal of customs;
- effectiveness of the human factor in customs [20].

Formulating the basic problem in the evaluation of customs performance indicators, the author concludes that it is difficult to do it today, because there is no common opinion on the evaluation of customs work and processes, the criteria and indicators used do not reflect the results of customs performance objectively. It is necessary to determine the categories of customs work results, to formulate the work objectives of the customs authorities, to create indicators that would adequately reflect the results of customs performance.

When creating a customs performance measurement system, it must be possible to evaluate it from various aspects: administrative effectiveness, functional, technical, financial, operational efficiency, etc. When assessing the effectiveness of the customs service, the specifics of public administration, customs tasks and functions, internal and external environmental conditions, current priorities must be taken into consideration. It is possible and necessary to evaluate the results of customs work using different methodologies in relation to different levels of structural units, different tasks, processes and functions.

The researchers point out that the evaluation of customs performance is:

1. A tool for assessing progress by providing historical, local and social information in the context of modernization. It is an opportunity to announce the success of the reform to the funded persons, experts and officials.
2. A way to reduce information asymmetries between decision-makers (such as customs managers) and reform officials. Evaluations allow an objective

examination of whether reforms have remained at the political level or are actually being implemented.

3. A way to enable administrations to negotiate with the private sector, identifying who is responsible for delays and costs, by providing a tool for dialogue on what to do together in a given reality.
4. A prerequisite for testing new procedures and technologies before they are applied to the whole administration [7].

The evaluation system of customs performance and processes depends on the structure and place of the customs authorities in the public administration system. The strategic management of any institution begins with planning. All strategic management efforts use a substantially similar approach to planning when an organization wants to achieve a specific goal within a set timeframe [6].

As shown in Table 1 below, the type of customs authorities and planning documents differ from country to country. Although the problems of customs matters are similar all over the world, the theoretical concepts of public administration are well-known, there are not many options for the choice of evaluation elements, but although there should be a close link between planning and evaluation, the process is actually different in all countries.

State	Type / structure of service	Most recent planning document*
United States	Customs and Border Protection Service	Vision and Strategy 2020
Russia	Federal Customs Service	Development strategy of the Federal Customs Service until 2020 Federal Customs Service Action Plan (2013-2018) Annual public declaration of goals and objectives
Latvia	State Revenue Service (VID)	SRS operation and development strategy for 2017-2019 Strategy map for 2017-2019 Work plan of the State Revenue Service for 2019
Lithuania	Customs Department	Customs Strategy (2016-2020)
Estonia	Tax and Customs Board	Strategic Development Plan (2017-2020)

Table 1. Customs work planning in different countries (table created by the authors according to publicly available information)

Customs-related indicators are used in a number of trade facilitation studies:

- World Bank research (Doing Business Trading across borders) and business surveys;
- OECD Trade Facilitation Indicators (TFIs);
- UN Global Survey on Trade Facilitation and the Implementation of Paperless Trade;
- World Bank International Logistics Performance Index (WII);
- World Economic Forum, Report on Global Trade Developments (Indicators for Trade Facilitation).

Various measurements on customs and other border control issues in different countries are published regularly (Logistic Performance Index, Enabling Trade Index, Doing Business Rank, Global Competitiveness Index, World Competitiveness Ranking). In addition, the Global Express Associate published a “Customs Performance Report” for 137 countries. Most of these reports do not always accurately reflect reality. There are concerns about the methodology used for the use of various indicators. The OECD’s trade facilitation indicators aimed to measure border crossing procedures in 11 dimensions using 98 indicators. The World Bank’s Customs Assessment Trade Toolkit (catt) measures 130 customs indicators in seven dimensions. The IADB’s Customs Performance Measurement Indicator contains 13 strategic indicators and 35 performance indicators [18]. Looking at the basics and practical aspects of customs effectiveness theory, we face a number of problems today, such as the lack of a scientific and methodological approach to solving and researching customs effectiveness issues, the theories are too abstract and vague. Nevertheless, in practice, there are a variety of approaches and methods for evaluating customs performance in order to compare performance against the functions and tasks to be performed, objectives set, investments, historical periods and other benchmarks.

The aim of the system called COEI (Customs operational effectiveness index) is to determine the real efficiency and effectiveness of customs operations on the basis of various indicators, providing an objective and verifiable analysis of customs systems.

The shortcomings of the system include:

- not all of the important elements are tested;
- the work of individual structural units is not evaluated;
- the methodology is not focused on the control of the performance of all customs functions;
- general utility is often detrimental to the specificity and depth of the measurement;
- it does not allow drawing conclusions regarding the effectiveness of the operation of the customs system.

In production, effectiveness can be calculated mathematically by comparing the resources invested with the result obtained. To some extent, such a method can also be used to measure customs performance, but it applies to certain elements and aspects. For example, the effectiveness of customs authorities could be calculated by determining the relationship between the customs duties actually collected by a particular customs office and the actual number of employees at that customs office. Russian customs experts have developed a series of mathematical formulas, which are used to develop the above calculations, leading to the determination of many other important indicators and factors of customs performance by the mathematical method [21].

4. SISTEMIC SOLUTIONS OF EVALUATION

In order to ensure real and complete control of the situation in the field of assuring the effectiveness of the work of the institution, it is necessary to create **evaluation of customs process management and organization as a system – a set of methods and elements that allow to achieve certain goals or perform certain functions**, including:

- considering effectiveness evaluation as an element of strategic planning and organizing all processes accordingly;

- choosing evaluation methods for various purposes and consolidating them in normative-strategic documents;
- examining existing systems and processes according to the methods chosen to determine whether the illusion of effective customs is true.

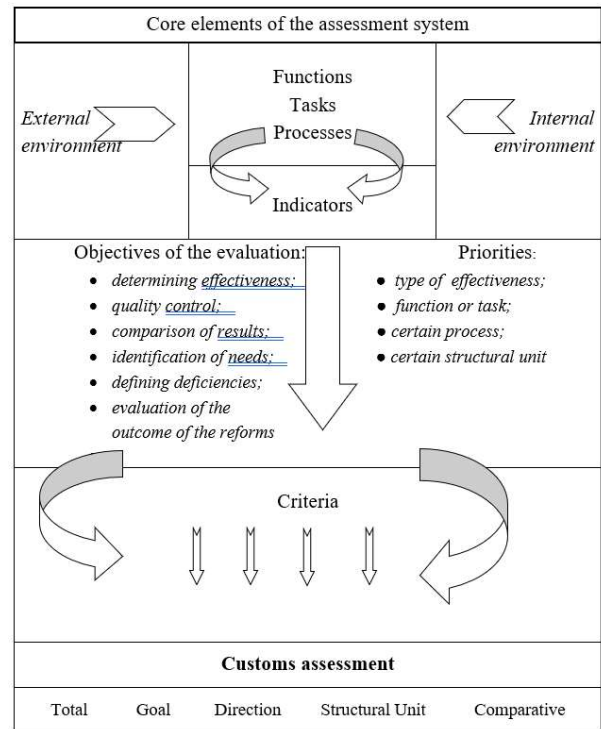


Figure 3. Core elements of the evaluation system (figure created by the authors)

By developing systemic evaluation solutions, it will be possible to measure both individual elements and the overall effectiveness, the effectiveness of the performance of individual tasks of the institution, and the degree of implementation of all defined functions. Overall effectiveness will always be difficult to display in precise figures, but it is a necessary measure to distance itself from the often-deceptive optimism of accurately measurable indicators, to compare different institutions and to use them in other management processes.

The above means that a system for evaluating the performance of the complex customs authorities must be established, taking into consideration all the most important elements of customs matters (see Figure 3).

For the development of the customs process management and organization evaluation system, the author offers the following solutions:

- to start building the evaluation system from the bottom up, according to the competence to measure and determine the contribution of each employee and structural unit to the overall effectiveness of the institution;
- to precisely determine the functions, the most characteristic tasks for their implementation and then to evaluate their performance, adjusting the outcome depending on the internal and external conditions;

- to name all types of effectiveness of the institution and then evaluate the degree of implementation of tasks depending on the type.

In Figure 3, the emphasis is on determining the objective of evaluation, assigning priority, determining the level of evaluation. These are the first important steps in starting the evaluation process. In order to use the indicators, factors and criteria identified above as elements of evaluation, they must first be linked to specific evaluation objectives:

- Option 1 – the overall effectiveness of the customs authorities is assessed.
- Option 2 – the work of the customs authorities in the performance of its functions (one, several or all) is assessed.
- Option 3 – one activity direction is assessed.
- Option 4 – the outcomes of a strategy, plan, project, reform are assessed.

In order to stop at one generally applicable method for evaluating customs performance, the author recommends to set the determination of the overall / general effectiveness of the customs authorities as the main goal (see Figure 4), because when implementing this goal it will not be possible to circumvent certain aspects or types of activities, not to pay attention to the results of the work of a structural unit, the quality of customs processes, conditions fostering or hindering effectiveness.

To develop this method:

1. Provision shall be made for the overall effectiveness to be assessed by considering: functional effectiveness, management effectiveness, technical effectiveness, financial effectiveness.
2. The determination of functional efficiency must be taken as a basis, because it is actually related to the realization of the objectives of the service in the interests of the state and society.
3. The evaluation of other types of efficiency can be used as an additional indicator, because the administrative, technical and financial activities of the institution serve as support for the implementation of functions.
4. When evaluating functional efficiency, specific functions are evaluated: protection, promotion of legal trade, fiscal, statistical.
5. For each function:
 - the tasks and activities that will be evaluated are named;
 - measurable indicators must be defined for each task (activity);
 - evaluation criteria must be defined for each task;
 - a performance factor should be assigned on the basis of the evaluation criteria;
 - the coefficient must be adjusted to take into consideration the fostering and hindering conditions and the results of comparison with other values.
6. The results of the interaction of functions must be evaluated (one task can contribute to the implementation of several functions)
7. It should be possible to change the elements of the scheme in order to adapt the evaluation to narrower needs – by prioritizing a certain function, a modernization project, changes in the operation of customs, etc.

When evaluating the implementation of one function, the central issue is the effectiveness of performing a specific task or activity. Before applying this method, it is necessary to make sure that all the necessary tools for its implementation, which are shown in Figure 5.1, have been identified and selected.

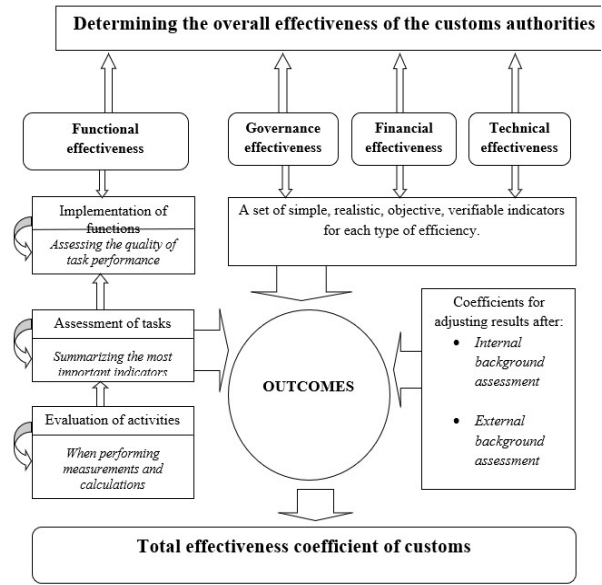


Figure 4. Systemic solution for determining the effectiveness of the customs authorities (figure created by the authors)

The elements of the systemic solution proposed in this part of the promotional work can be used to assess effectiveness in both a broader and narrower sense, by designing them more precisely and adapting them to specific situations and needs, given that evaluation is also a decision-making process that must follow an optimal decision-making process, which is like a closed circle and involves certain steps from problem definition to solution.

5. CONCLUSIONS

1. A full-fledged performance evaluation system cannot be established if the criteria for determining the effectiveness of customs operations arising from the model of customs economic, technical and organizational system are not defined and classified, systemic solutions for determining the effectiveness of customs operations, which characterize the importance of key elements in performing customs functions using the resources at its disposal, are not developed.
2. The capacity of public administration has the closest connection with public management and it is manifested in all elements of work organization. To verify capacity, it must be measured and evaluated. Evaluation is one of the basic elements of management, its basic principles must be included in the strategic planning documents already in accordance with the functions and tasks of the specific institution.
3. The effectiveness of the customs authorities can be evaluated from various aspects: administrative, technical, financial, operational efficiency. The research confirmed that effective customs authorities perform the set tasks by implementing the entrusted functions in accordance with the set requirements and priorities, using the available resources and favourable conditions, minimizing the risks and the impact of adverse conditions. Thus, it is possible to evaluate individual elements of work organization or work outcomes, as well as the entire work organization and outcomes of the institution as a whole using one indicator – effectiveness. When assessing the effectiveness of customs, the specifics

of the state administration, customs tasks and functions, background of activities, current priorities must be taken into consideration. It is possible and necessary to evaluate the outcome of customs performance using various methodologies in relation to different levels of structural units, different tasks, processes and functions.

4. Evaluation is one of the basic elements of management, its basic principles must be included in the strategic documents of operational planning, in accordance with the functions and tasks of the particular institution. The systemic solutions proposed in this research can be used to evaluate effectiveness both in a broader and narrower sense by developing them more precisely and adapting them to specific situations and needs, given that evaluation is also a decision-making process that must follow an optimal decision-making process, which is like a closed circle and involves certain steps from problem definition to solution.

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