



Performance Management Through the Balanced Scorecard Approach by the South African Revenue Service

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Abstract

This paper, presents the case of the South African Revenue Service (SARS), whose strategic planning reflects features of the balanced scorecard (BSC) approach. The strategic plan documents of the SARS were examined. Applying manifest and latent content analysis it is highlighted how the mission, vision, and strategy have been translated into objectives that have key performance indicators, targets, and initiatives. Some of its recent performance achievements are proof of the potential that a tool like BSC holds. The SARS strategic plan is a motivating case and a learning input for government organizations dealing with the intricacies of the BSC systematically. Other revenue collecting and government agencies can consider adopting of a similar approach.

Keywords Balanced scorecard · South African Revenue Service · Strategic plan · Perspectives

Introduction

Since its development in the early 1990's Balanced Scorecard (BSC) has been a highly popular performance measurement technique (Frigo & Krumwiede, 2000; Radnor & Lovell, 2003; Pandey, 2005) posits that the main reason for the popularity of BSC is its alignment with strategy leading to better coordination and motivation as claimed by its proponents.

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This paper aims to analyze the strategic planning system of the South African Revenue Service (SARS) to find out if it reflects the popular Balanced Score Card (BSC) approach. The inquiry comes in the wake of some remarkable achievements of SARS over the past five years. In the year 2020/21, in addition to achieving the financial targets, it has shown spectacular performance in other areas. It was the runner-up in the Employer of the Year award. Leveraging high-end technology like machine learning tax registrations were increased. Automated risk engine yields improved by 20%. At the same time, it achieved significant savings in costs. And above all, this was done with a focus on its strategic intent and vision for 2024. It has conceptualized the SARS leadership model. Two hundred eighty employees have completed Management Development Program (SARS, 2022d).

Not many public organizations like revenue collecting authorities have robust systems to address a wide range of strategic perspectives. Public organizations are often criticized for placing too much emphasis only on financial control and neglecting other areas. A methodology like the Balanced Score Card is recommended for their use (Modell, 2004). This study aims to highlight the comprehensiveness with which various strategic and operational dimensions have been brought into the purview of the plan by SARS. Increased tax compliance, increased ease, and fairness of doing business, increased cost and effectiveness and internal efficiencies, an engaged workforce, leveraging technology, and increased public trust and credibility – the SARS planning reflects a holistic approach to management. The case is unique as SARS has to deal with millions of tax-payers who, on the one hand, are its “customers” and also need to be dealt with firmly if they are non-compliant. The vision, mission, objectives, and targets have been translated into initiatives, making it an efficient and effective organization. It is interesting to note that even for a finer operational parameter like audit compliance, a “clean audit report” performance measure has been set and achieved. The study eventually aims at presenting the SARS planning system as a role model for other public organizations to follow. SARS is a rare case of a public revenue collecting organization with an urge for excellence in all-around performance. The study wants to motivate public organizations to ignite themselves for performance excellence.

This paper looks at the strategic plan of the SARS through the lenses of a BSC approach. SARS is a revenue collecting authority of South Africa. The central issue addressed by the paper is the appreciation for an exceptionally high level of professionalism adopted by SARS in its management despite being a public organization. Having a formal strategic plan in place is praiseworthy as not many such authorities worldwide, especially from developing nations, are expected to be so professional in their approach to management. For instance, consider the Indian national income tax portal. It shows its performance evaluation in terms of parameters like individual registered users, the number of returns verified, and others. These are shown in Fig. 1. The illustration is a peer-to-peer comparison between SARS and the Indian tax authority. South Africa and India are from a common economic block of nations – BRICS (Brazil, Russia, India, China, and South Africa).

By no means are such measures any match with the robust strategic planning system that the SARS has implemented. The comparison shows that while the Indian tax department has focused on a few parameters, SARS is much more comprehensive in its approach. Therefore, the study decodes, describes, and discusses the

Fig. 1 Performance measures of the Indian Income Tax Department (Source: Income tax Department website, Government of India, 2022)



SARS performance measurement system to motivate government and non-profit organizations worldwide to adopt the BSC approach to improve their performance. It seeks to address the following research questions:

RQ1: Does the strategic plan of SARS reflect the adoption of the BSC approach?

RQ2: What lessons can be learned from the SARS strategic plan?

As stated at the end of the literature review section, no research is available on the adoption of BSC by a revenue service organization. The contribution from this study is expected to provide valuable insights into such types of public organizations, which are there in all nations and are of strategic significance. It will add to the existing body of knowledge on the performance of public organizations through its special contextual setting.

This paper aims to find out if the strategic planning of SARS reflects the BSC approach so that it can be replicated by other government and public authorities. Important implications for these authorities based on the study are also drawn. The need for government authorities to be efficient and effective need not be over-emphasized. They all are under a lot of pressure in the backdrop of the Corona pandemic that has caused havoc over the last two years. It has now become more important for them to perform optimally and responsibly. This they can do only if they are strategically fit. The timing of the study has a special significance.

Following are some of the reasons why organizations use BSC:

- A balanced scorecard is a comprehensive tool for understanding customer needs.
- A balanced scorecard focuses on creating tangible and intangible and intellectual resources which is quite difficult under the standard financial systems.

- A balanced scorecard can describe a business growth strategy that requires a strong focus on non-financial programs.
- A balanced scorecard enables employees to understand the strategy and link the strategic objectives to their daily activities.
- A balanced scorecard facilitates continuous performance reviews and feedback (Pandey, 2005).

Combining financial perspectives with non-financial perspectives and linkages with strategy, mission, and vision gives BSC a great advantage. The idea of a comprehensive focus on customers, internal processes, innovation, and learning, in addition to financials, is appealing to managers. Thus, BSC has been quite a hit phenomenon.

Kaplan, one of the proponents of the BSC in his paper “Strategic Performance Measurement and Management in Nonprofit Organizations” (2001), has elaborated the applicability of BSC for nonprofit organizations. Managers and stakeholders of nonprofit organizations are concerned about balancing and managing organizational performance. Financial measures alone, or supplemented by a set of non-financial measures, are not sufficient to promote and evaluate the achievement of the objective. Therefore he has developed a new performance scale and management system, the Balanced Scorecard, for nonprofits. In another work, Kaplan (2009) states that following the 1992 Harvard Business Review article, a few companies were quick to adopt a balanced scorecard, which gave them a deeper and broader understanding of its strengths and weaknesses. Over the next 15 years, BSC was adopted by thousands of private, public, and nonprofit companies worldwide. They expanded the concept into a management tool for defining, communicating, and implementing the strategy.

The South African Revenue Service (SARS) is South Africa’s tax collecting authority. Established in terms of the South African Revenue Service Act 34 of 1997 as an autonomous agency, it is responsible for administering the South African tax system and customs service (SARS, 2022a). It has a total headcount of around 12,500 people as of 31.12.2021. SARS is responsible for collecting more than 90% of the tax revenue of the South African Government (SARS, 2022b). SARS has adopted a five-year strategic planning process and has documented the same. The plan is available in the public domain by retrieval from its website. The formal plan document of SARS doesn’t mention using BSC. But the researcher hypothesizes that the plan impliedly reflects a BSC approach.

The remainder of the paper is organized into four sections: literature review, methods, data analysis, and conclusion.

Literature Review

Literature on BSC related to nonprofit and government organizations were reviewed to develop the theoretical framework.

Studies state that BSC’s application in government organizations has been less researched. Yang et al. (2005), for instance, have noted that while several studies have been carried out on the application of BSC in private organizations, very little research exists on the use of BSC in government organizations. The authors

go on to suggest a BSC system for a hospital. Such studies highlight the research gaps in performance measurement in government organizations. They are one of the motivations for this study. All said and done, the number of public organizations adopting systems like BSC is far less compared to private organizations.

Researchers have stated reasons for public organizations' non-application of systems like BSC. Heavy workloads, tight operating budgets, and confusion about how to effectively execute strategic planning are the contributing factors that cause leaders of nonprofits to stay away from strategic planning initiatives (Ronchetti, 2006). The conditions like heavy workloads and tight operating budgets apply to an organization like SARS.

However, there are works which claim that the BSC approach provides the theoretical foundation for measuring the organizational performance of nonprofit organizations (Blackmon, 2008). Messeghem et al. (2018) have studied the applicability of BSC regarding nonprofit incubators and found that BSC can be used for performance evaluation. Aulgur (2012) posited that the Balanced Scorecard has been successful in nonprofit organizations due to its ability to align intangible assets to strategy. Qesado et al. (2017) experimented by designing BSC for a nonprofit organization whose main activity is to teach chess. The results allow authors to conclude that the BSC is a tool that will allow them to define a strategy in a clear and meaningful way, allowing for greater awareness of the importance of an internal organization that allows achieving the stated objectives of a set of programs. Such works support attempts of this study to look into the BSC approach at the SARS. Tools like BSC hold rich potential for adoption even in nonprofits, government, and public organizations.

Adoption of BSC by nonprofits is another issue. In an important piece of work, Speckbacher (2003) examines how the ideas of the private sector work and how they apply to nonprofits. The author points out that each concept of performance management used in the private sector is based on a particular economic theory of the firm and its environment. Before transferring ideas and tools based on a particular company model and its application to nonprofit organizations, one should determine whether the assumption under this model is also appropriate for nonprofit organizations. Alternatively, one must first refine those assumptions and analyze whether the concepts and tools are still relevant in the new context; if not, one must decide how to change them properly. The analysis elaborates the difference between for-profit and nonprofit organizations critical to implementing performance management concepts. In addition, the author discusses the practical implications of using BSC in nonprofits.

Greiling (2010) thinks BSC is often used as a measurement tool rather than a management system. In many cases, participating organizations have an unconventional view of their attitude towards a BSC, as they did not adequately adapt to the different requirements of nonprofit activities. SARS, too would have required a great deal of adoption of BSC given the special nature of its activities. Attitudinal changes and adjustments are required to implement BSC in nonprofit organizations.

One sector that has attracted some attention of writers is education. Tohidi et al. (2010) discuss the application of BSC in educational institutions and finds that

although there are lots of problems in educational organizations, strategic planning is used rarely. They recommend the use of BSC by educational institutions.

Papenhausen and Einstein (2006) have stated that BSC can be effectively used at a business college. Del Sordo et al. (2012) evaluates BSC as a strategic tool that university management and other stakeholders may use to manage the multidimensional aspects of universities' performances. Yuksel and Coskun (2013) believe that BSC may help educational institutions to motivate the employees and evaluate the organizational performance. They have developed a BSC that can be used in high schools in Turkey. Reid (2011) examined the applicability of BSC for academic libraries. Brui (2018) found that BSC is flexible, adaptive, and very well adjusted to the environment of each specific library and can be put to use as an effective tool for the development of a strategic management system in libraries. Senarath and Patabendige (2015) have suggested a five perspective BSC for the University of Kelaniya from Sri Lanka. Karathanos and Karathanos (2005) find that Baldrige Education Criteria for Performance Excellence has adopted the concept of the BSC to education. Compared to an organization like SARS, educational institutes are less complex and hence have higher recommendations for applications of BSC.

Similarly, health care organizations also have some recommendations for applications for BSC. Pham et al. (2020) conclude that BSC can be applied to evaluate the performance of public hospitals in Vietnam. Soysa et al. (2019) claim that BSC can be applied to nonprofit organizations with some modifications based on their study of Australian healthcare organizations.

Application of BSC in sports organizations is also seen. Ekmekçi (2014) has written about the successful use of BSC by the Turkish Ministry of Youth and Sports. Dimitropoulos et al. (2017) studied BSC by sports organizations managed by the local Government in Greece. The results showed that the residents of Papagos-Holargos saw sports facilities with improved quality compared to previous years (based on a list of questions submitted by Papagos-Holargos residents at the end of each sample per year). In addition, staff has improved their skills and abilities by participating in training conferences. In general, the implementation of the BSC approach at the Papagos-Holargos city sports federation lays the foundation for effective performance management that can enhance its future sustainability.

Thus, educational institutions, healthcare organizations, and sports organizations are some relatively popular examples of BSC applications in the nonprofit sector and public organizations. These organizations have a relatively standard set of operations and hence are easy candidates for BSC compared to an organization like SARS.

Research is available on the perspectives of BSC and its compatibility with nonprofit organizations. Kong (2010) finds that BSC is less effective in social service nonprofit organizations (SSNPOs) as the model's strategy, cause-and-effect relationships, and its four linked perspectives are incompatible with the unique social service nonprofit environment. Somers (2005) find that a balanced scorecard can be adjusted to suit social businesses. The positive outcomes include building a common language in which social entrepreneurs can share and compare information, even when working in different industries. The use of a social enterprise balanced scorecard can make organizations better businesses while demonstrating added public value to stakeholders. Keyt (2001) has applied BSC to a religious organization

(Church) by looking at four measurement perspectives: (1) Members/Attendees, (2) Internal Ministry Processes, (3) Ministering, and (4) Innovation and Learning. Kalender and Vayvay (2016) observed that sustainability is a practice that can allow companies to incorporate social, economic, and environmental pillars into company strategy and management in today's business environment. Although sustainability is not new, many organizations still do not know how to use it or measure its impact. They recommend that sustainability should be added as the fifth pillar of the BSC. Anthoula and Alexandros (2011), while designing BSC for local authority organizations, stated that the main modification of the proposed scorecard is the change of its design. The Customer Perspective, which in the case of local authority organizations is named Stakeholders Perspective, should be placed on the top of the scorecard, instead of the Financial, and is identical to the organization's mission. The perspective dimension of BSC is an important aspect of the analysis of the SARS planning. It has been hypothesized that the plans reflect the BSC perspectives. Importantly there is no rigidity in the perspectives. They can be customized to suit the needs of the specific organization.

Pressure to perform is pushing government organizations to adopt BSC. Wisniewski and Olafsson (2004) state that public sector organizations, such as local authorities, are increasingly under pressure to improve their performance and demonstrate that improvement by measuring efficiency. Growing numbers turn to a balanced scorecard to deal with such pressures and challenges. Dillon (2012) has written that many nonprofit organizations have turned to the BSC to measure their performance. The paper reviews two examples and a case study that describes how the BSC has been changed by nonprofit leadership to fit organizational needs. Some such works offer strong support to this study to justify and appreciate BSC adoption by SARS. Complacency in public organizations is no more acceptable.

Authors have written about the complexity of the use of BSC. Carmona and Gronlund (2003) studied the application of BSC to measure organizational performance in police work (the Swedish law enforcement agency). The authors found that it was not easy to develop appropriate key performance indicators. Lilian (2004) stated that their study of the municipal governments in Canada and the USA show limited use of the BSC. However, measures to assess their organizations' customer satisfaction, financial performance, operating efficiency, innovation and change, and employee performance have been developed. Along the same lines, the study will analyze BSC usage by SARS. Various performance parameters in all the key areas will be described.

Sophistication with BSC has also been researched. The BSC combines accounting and non-financial leading indicators to link operational drivers and outcome measures to cause and effect relationships that can predict future performance and drive a single organizational strategy. Also intended as a "direct dashboard" for reporting that improvements in one area have been at the cost of another, the BSC is considered to be more effective in predicting the overall health of an organization than accounting-based models. It provides accountability skills to users and generates transparent and reliable financial information, and the effect of the internal control environment can promote integrity and ethical standards. Anjomshoae et al. (2017) developed a Dynamic Balance Scorecard (DBSC) for humanitarian relief

organizations by identifying the key performance indicators. Hvenmark (2013) used ideas related to organizational change and critical management practices in analyzing how and with what results in the large and democratic Swedish CSO adopting a balanced scorecard. These types of studies prompt the researchers to probe the dynamism of the SARS BSC model.

It is observed that the technique of BSC has been applied across a wide variety of organizations ranging from a Church to a Chess teaching organization. More common applications include educational institutions, healthcare organizations, and government organizations. The second thing noticed is that BSC is a flexible tool that has provided researchers lot of space for customization. Once the ethos of BSC is understood, it can be modified and adjusted to the need of a specific organization. Finally, there is a great appreciation of the BSC approach by all the researchers.

Research of BSCs application by a revenue service is not on record. Such organizations are of strategic importance as they deal with an important aspect of collecting the government's revenue. At the same time, they have to interact with many taxpayers. Thus they have to handle an abnormally high volume of financial data, and hence they need to have robust systems in place. South African Revenue Service (SARS) or any other revenue service is a unique case wherein the "customer," the taxpayer, has to be treated in two ways. It is to be ensured that things are simple and convenient for the taxpayers. Simultaneously it is to be ensured that those who are non-compliant are to be dealt with a firm hand, notwithstanding the inconvenience that might be caused. Such type of dual and conflicting relationship is not very common in other contextual settings. Where does the strategic objective of dealing with tax defaulters fit in the BSC is a tricky question to answer.

The literature establishes the theoretical basis for two things. The need to adopt a comprehensive performance measurement system like BSC by public organizations is well established. Second, attempts by public organizations to implement BSC are also documented.

In the light of the research gap, it is hypothesized that the strategic planning system of SARS reflects a BSC approach which leads to efficient and effective performance.

Methods

The methodology adopted for the study was content analysis. It is defined as "any technique for making inferences by objectively and systematically identifying specified characteristics of messages" (Holsti, 1969, p. 14). The content analysis comes in handy while examining patterns and trends in a document (Stemler, 2000). The researcher wanted to find out by examining the strategic plans of SARS if those reflect a BSC approach. By reviewing the contents of the strategic plans, the task was to find out if they fit into the BSC framework.

According to Krippendorff (1980), six questions must be addressed in every content analysis: (1) Which data are analyzed? (2) How are they defined? (3) What is the population from which they are drawn? (4) What is the context relative to which

the data are analyzed? (5) What are the boundaries of the analysis? (6) What is the target of the inferences? The answers to these six questions are presented in Table 1.

As clear and satisfactory answers could be given to the six questions the application of the technique of content analysis was considered appropriate.

Five latest strategic plans – 2021/22, 2020/21, 2019/20, 2018/19, and 2017/18 were analyzed. Five years is considered a reasonable period, indicating a long-term time frame; hence, past five years' plans were selected for consideration. Two popular types of content analysis are manifest content analysis and latent content analysis. Manifest content analysis indicates data that is easily observable from the document, whereas latent content analysis indicates interpretation of data beyond what is apparent (Kondracki et al., 2002; Graneheim & Lundman, 2004). Both types of content analysis were applied in the study. A plain reading of the strategic plans was done to identify elements of the BSC framework based on manifest content analysis. Latent content analysis was also done and elements of the BSC framework that were not explicitly mentioned in the strategic plans were identified. The elements so identified were collated into a balanced scorecard. A sample BSC for the not-for-profit organization developed by the Balanced Scorecard Institute was referred to (Balanced Scorecard Institute, 2022).

Data Analysis and Interpretation

At the time of writing this paper, the latest strategic plan available on the SARS website was for the year 2021-22. Plans for the past five years – 2017/18, 2018/19, 2019/20, 2020/21, and 2021/22 were retrieved from the SARS website (SARS, 2022c).

Plans for 2017/18, 2018/19, and 2019/20

An outcome-based approach was adopted during the years 2017/18, 2018/19, and 2019/20 (as a part of a five years plan from 2016/17 to 2020/21) to plan, evaluate and control SARS performance. The relevant extract explaining this approach is given in Fig. 2.

The five outcomes were as under:

Outcome 1: Increased Customs and Excise Compliance

Outcome 2: Increased Tax Compliance

Outcome 3: Increased Ease and Fairness of Doing Business with SARS

Outcome 4: Increased Cost-Effectiveness and Internal Efficiencies

Outcome 5: Increased Public Trust and Credibility

Measures were defined under each of the five outcomes (also referred to in the plan as strategic outcomes). For instance, for the first outcome, "Increased Customs and Excise Compliance," four measures were set as under:

Table 1 Answers to six questions for application of content analysis

| Q.No. | Questions | Answers |
|-------|--|--|
| 1 | Which data are analyzed? | Strategic plans of SARS |
| 2 | How are they defined? | They are defined by the title assigned to the document by SARS |
| 3 | What is the population from which they are drawn? | They are drawn from plans of past number of years |
| 4 | What is the context relative to which the data are analyzed? | The context relative to which the data are analyzed is the BSC approach or framework |
| 5 | What are the boundaries of the analysis? | The boundaries of the analysis are the elements of the BSC like perspectives, key performance indicators, targets, and initiatives |
| 6 | What is the target of the inferences? | Target of the inference is to find out if the strategic plans of SARS reflect the BSC approach |

Measuring SARS' Performance

Aligning SARS performance with the government-wide performance measurement framework

We seek to align SARS' performance management and reporting processes with the South African government's outcomes-based approach to measuring and assessing the performance of government entities. The SARS Strategic Plan 2016/17 – 2020/21 provides the basis for the organisation's outcomes-based performance management and planning processes. The Strategic Plan describes SARS' long-term objectives and actions that detail the measurable outcomes we seek to achieve over the next five years. From the Strategic Plan, we develop SARS annual business plans, annual budgets and annual performance measures which are presented in this SARS 2019/20 Annual Performance Plan. We report on the performance of SARS in the Annual Report and we use this performance information to track progress towards achieving the long-term goals as set out in the Strategic Plan.

Fig. 2 SARS outcomes-based performance measurement framework (Source: SARS, 2020, pg.31)

1. Customs & Excise revenue collected
2. % of trade attributable to Preferred Traders
3. % Audit coverage of Excise clients
4. % matching of Customs declarations to cargo reports

Quantified targets were set against each of the measures.

For instance, the target set for the first measure - Customs & Excise revenue collected was – Collect 100% of the target as agreed with the Minister of Finance.

They were broken into quarterly targets and also projected for the future 3–4 years. Further specific objectives and initiatives have been given under each outcome. Few examples of objectives for the first outcome are:

1. Improve control over the flow of all goods and travelers entering and leaving the country.
2. Identify, assess and respond to risks more effectively.
3. Enhance the quality of inspections and audits to verify the identified risk accurately.
4. Modernize and align Excise processes and systems.

Similarly, initiatives have been defined. Example of initiatives is given below:

Meet Customs and Excise Revenue Collection target as set by the Minister of Finance, through the following initiatives:

1. Continued refining of the Risk Management tools and operational practices.
2. Timeous settlement of deferment payment balances.
3. Continued focus on its Customs & Excise Revenue Programme, with a specific focus on advanced import payments.

Thus, everything was closely connected with the five outcomes. The outcomes themselves resulted from the broad vision and mission, which were set in the five-year plan in 2016-17 (SARS, 2017a, b). The vision is given below:

Vision: To administer our Tax, Customs, and Excise duties in a manner that encourages fiscal citizenship and increased revenue for the State.

Similarly, the mission set was as under:

Mission: To optimize revenue yield, facilitate trade and enlist new tax contributors by promoting awareness of the obligation to comply with South African Tax and Customs Laws, and to provide quality and responsive service to the public.

A strategic intent was clarified, and the strategic outcomes were set. The strategic intent is given below:

“SARS supports these goals (of the Government) by providing more than 90% of the revenue required by government to meet its objectives, and by creating an enabling environment to stimulate growth and job creation. SARS’ mandate is to ensure optimal compliance with all the laws that SARS administers, to ensure a sustainable revenue stream for government and a controlled and safe flow of goods across the country’s borders. In addition, SARS must achieve compliance in the most efficient and cost-effective manner possible (develop high performing and efficient operations), and in a context of building institutional respectability for SARS. In executing this mandate, it is important that we do not impose a high administrative and compliance burden on the fiscus and taxpayers respectively. We must provide fair, convenient and diligent service to aid taxpayer compliance” (SARS, 2017a, b).

In Fig. 3, the process map of the SARS 2016/17 five-year strategic plan and a typical BSC plan downloaded from the Balanced Scorecard Institute prepared for a not-for-profit organization (Balanced Scorecard Institute, 2022) are given.

The comparison shows that while the SARS strategic plans revolve around five outcomes, the BSC is based on four perspectives. Applying latent content analysis, the five outcomes can be fit in the four perspectives of BSC, as shown in Table 2.

Thus, the five outcomes reflect at least three out of the four perspectives of the BSC – Customer/Stakeholder, Internal Process, and Financial. The one not addressed is Organizational capacity (as per the sample BSC provided by the BSC Institute for not-for-profit organizations). Barring this difference, all other elements of the BSC approach are traceable in the strategic plan of SARS for the years 2017/18, 2018/19, and 2019/20 (base year five-year plan prepared in the year 2016/17).

Plans for 2020/21, and 2021/22

In 2020/21, SARS changed its strategic planning structure and came out with a five-year strategic plan for 2020/21 to 2024/25. This plan, too, has a vision, mission, a set of

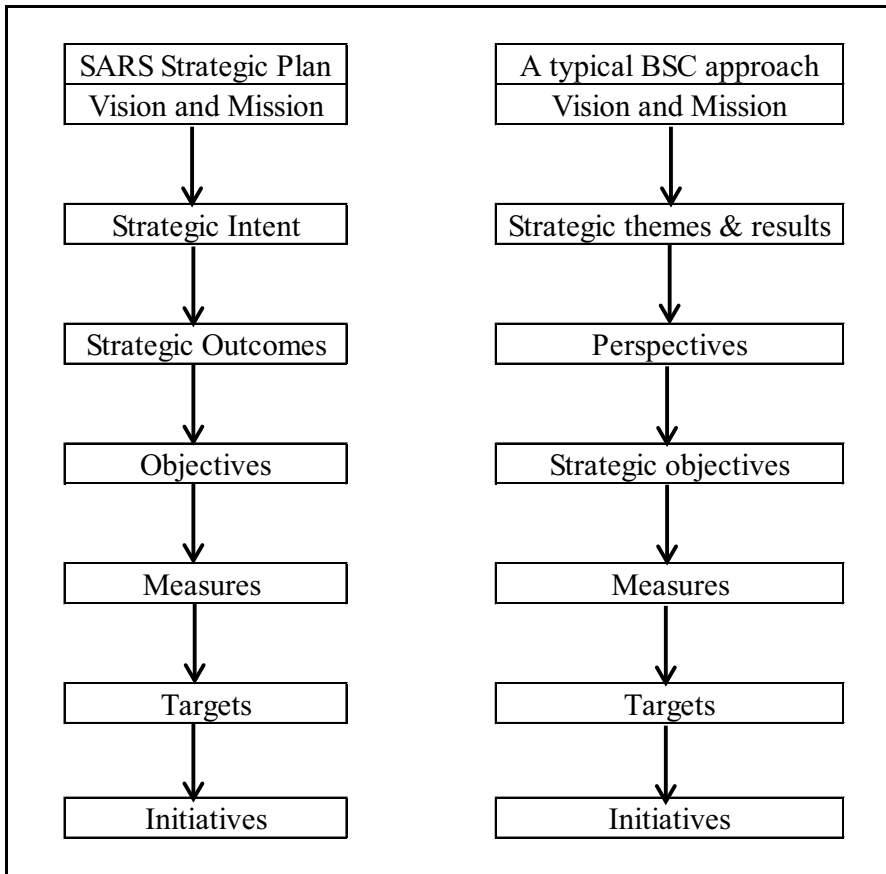


Fig. 3 Comparison of SARS strategic planning and BSC approach (Source: SARS, 2016 and Balanced Scorecard Institute, 2022)

values, and a strategy. A major change was the replacement of the five outcomes with nine strategic objectives. For each strategic objective, sub-objectives have been set, measures have been defined, targets have been set, and initiatives have been outlined (South African Revenue Service, 2021).

Applying latent content analysis, the nine strategic objectives can be fit in the four perspectives of BSC, as shown in Table 3.

The nine strategic objectives adequately cover all the four perspectives of the BSC. Hence, the new strategic plan developed in the year 2020/21 has all the elements of a BSC framework, including all four perspectives. The new approach of performance measurement reflects a BSC pattern.

Table 2 Fitment of five SARS outcomes into four BSC perspectives

| Sr. No. | SARS Outcome | BSC Perspective | Explanation |
|---------|---|--------------------------------|---|
| 1 | Increased Customs and Excise Compliance | Stakeholder | The outcome is beneficial for the Government which is an important stakeholder in SARS. |
| 2 | Increased Tax Compliance | Stakeholder | The outcome is beneficial for the Government which is an important stakeholder in SARS. |
| 3 | Increased Ease and Fairness of Doing Business with SARS | Customer and Stakeholders | There are measures like customer satisfaction under this outcome hence Customer perspective and timely payment to vendors hence Stakeholder perspective. |
| 4 | Increased Cost Effectiveness and Internal Efficiencies | Financial and Internal Process | Cost effectiveness is shown under Financial perspective in the sample BSC by the BSC Institute and internal efficiencies are related to Internal Process perspective. |
| 5 | Increased Public Trust and Credibility | Stakeholders | Trust and credibility are relateable to stakeholders. |

Table 3 Fitment of nine SARS strategic objectives into four BSC perspectives

| Sr. No. | SARS Strategic Objective | BSC Perspective | Explanation |
|---------|---|-------------------------|---|
| 1 | Provide CLARITY and CERTAINTY for taxpayers and traders of their obligations | Customer | Taxpayers and traders are the customers of SARS who are providing revenue. |
| 2 | Make it EASY for taxpayers and traders to comply with their obligation | Customer | Taxpayers and traders are the customers of SARS who are providing revenue. |
| 3 | DETECT taxpayers and traders who do not comply, making non-compliance HARD and COSTLY | Customer | Non-compliant taxpayers are also customers and it is in their own interest that they comply with the law. |
| 4 | Develop a HIGH performing, DIVERSE , AGILE , ENGAGED and EVOLVED workforce | Organizational Capacity | Improving talent management (workforce) relates to improving organizational capacity (as stated in the sample BSC by the BSC Institute). |
| 5 | Increase and expand the use of DATA within a comprehensive knowledge management framework to ensure integrity, derive insight and improve outcomes | Internal process | Knowledge management is shown as a part of Internal process perspective in the sample BSC by the BSC Institute. |
| 6 | Modernize our systems to provide DIGITAL and STREAM-LINED online service | Organizational Capacity | System improvement is relateable to improvement of structures and practices which comes under Organizational practices perspective as per the sample BSC. |
| 7 | Demonstrate effective stewardship of our resources to ensure efficiency and effectiveness in the delivery of quality outcomes and performance excellence | Financial Stewardship | This is relateable with ease with the Financial Stewardship perspective as per the sample BSC. |
| 8 | Work with and through Stakeholders to improve the tax ecosystem. | Stakeholders | The objective focuses on stakeholders. |
| 9 | Build PUBLIC TRUST and CONFIDENCE in the tax administration system | Stakeholders | Trust and credibility are relateable to stakeholders. |

Performance Growth Trajectory

Annual report of SARS for the year 2016/17 shows the following performance highlights (Fig. 4):

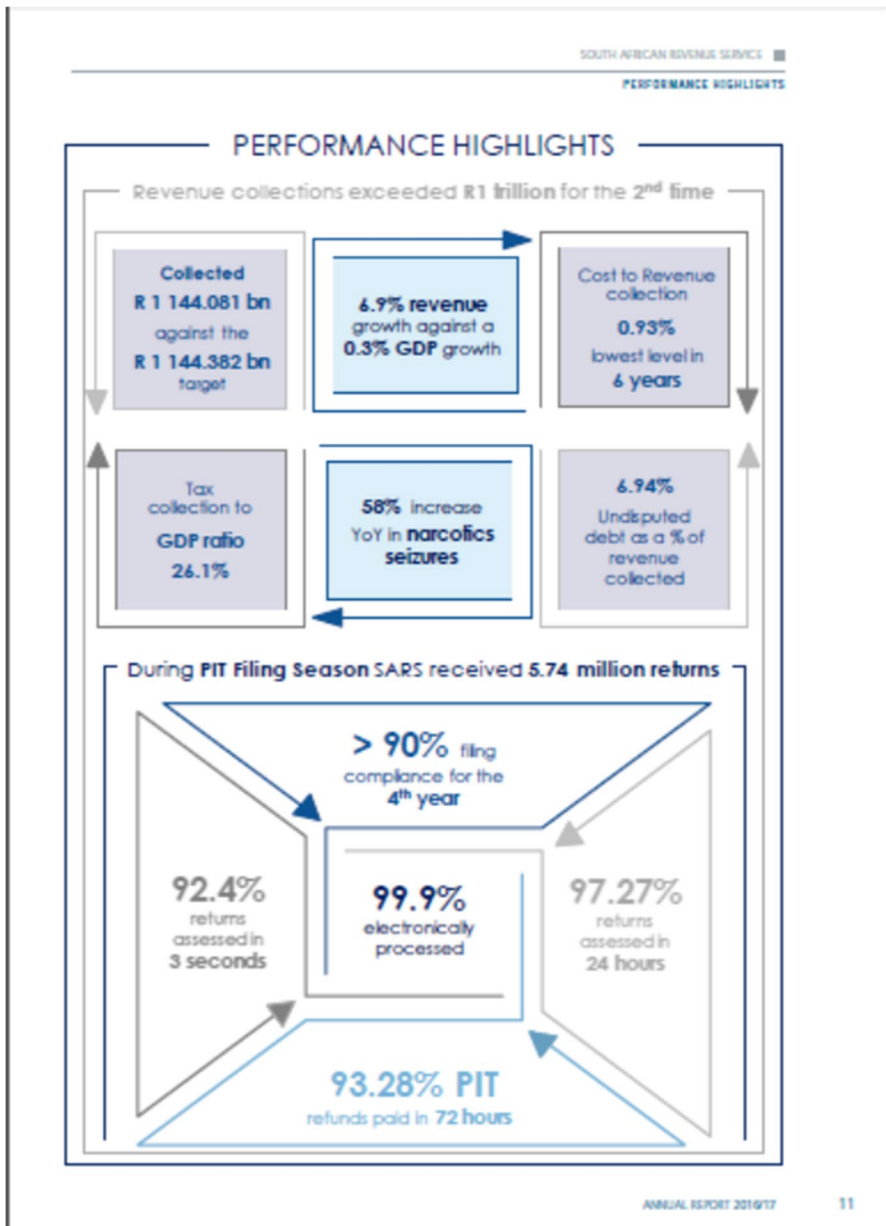


Fig. 4 SARS performance highlights 2016/17 (Source: SARS Annual Report, 2016/17, pg.11)

The focus was on select areas like tax collection; revenue growth; narcotics seizures; tax return filing, processing, and refunds. Other areas like increased cost-effectiveness and internal efficiencies; and increased public trust and credibility were also measured but have not been highlighted with prominence, unlike tax collection and tax compliance. Moreover, the perspective of organizational capacity was missing in the strategic plan of this period.

Annual report of SARS for the year 2020/21 shows the following performance highlights (Fig. 5):

Compared to the 2016/17 performance highlights, the 2020/21 framework is much more comprehensive, encompassing a wide range of performance areas and achieving a balanced approach toward performance measurement. Worth noting are some measures and achievements like an employee engagement rate of 76%, runner-up employer of the year award, deployment of machine learning models, and improvement in automated risk engine yields by 20%. Such measures were unheard of in the earlier plans. Results of the year 2020/21 are broad-based. They reflect concern for human resources.

Additionally, they also show efforts of SARS in leveraging technology to enhance organizational capacity. Importantly, all these measures are well directed towards the strategic objectives for the year 2024. In switching over to a full-fledged BSC, SARS has significantly improved performance over the last five years. This development is proof of the success of a balanced approach to planning by a public organization. The success is more remarkable since it comes in difficult times due to the COVID-19 pandemic.



Fig. 5 SARS performance highlights 2020/21 (Source: SARS, 2022d, pg.11)

Discussion

The SARS strategic plans for the years 2017/18, 2018/19, and 2019/20 (base year five-year plan prepared in 2016/17) reflect a BSC approach except for non-inclusion of the Organizational Capacity perspective as per the BSC. Otherwise, all other elements as per the sample BSC for not-for-profit organizations developed by the BSC institutes are found in the strategic plans. They can be matched one-on-one with the components of the BSC framework. It would be worthwhile to mention here that the SARS strategic planning considers environmental and risk analysis as a basis for fixing its strategies. A comparative evaluation of the five outcome approach (as per the 2016/17 plan) and the nine strategic objectives approach (as per the 2020/21 plan) shows that the former was more tilted towards the stakeholders and that too towards the government of South Africa. The outcome-based approach sounds more like a result-oriented approach. As against this, the nine strategic objectives approach is broad-based and focuses on processes, people, systems, and organizational capacities. It is to be understood that the BSC perspectives are not water-tight compartments. They are interdependent. The study does not intend to go into those intricacies as the main intention is to identify on an overall basis if the SARS strategic planning reflects a BSC approach. Two five-year strategic plans of SARS have been reviewed. However, none of them explicitly mention the adoption of the BSC approach or framework. This is because SARS has to follow the government's performance measurement system, as stated in the 2016/17 document, while adopting the outcome-based approach. As long as the Government of South Africa will not officially adopt a BSC approach, SARS too will be silent on the same.

Notwithstanding this, BSCs presence in the strategic planning of SARS is overwhelmingly seen. Whatever marginal gap was there in the plan of 2016/17 has been eliminated in 2020/21, whose nine strategic objectives perfectly fit into all the four perspectives of the BSC. The third strategic objective from the 2020/21 plan related to tax evasion is fitted in the customer perspective (as the punishment is in their interest) based on literature which suggests that BSC is flexible in its approach and can be customized to fit the organizational needs (Soysa et al., 2019; Dillon, 2012; Somers, 2005; Anjomshoae et al., 2017; Brui, 2018). The fitment exercise of the SARS strategic plan shows that the four perspectives of the BSC are quite comprehensive and can cover almost every strategic objective or outcome or anything that the organization may like to call otherwise. Alternatively, a fifth perspective can be added, as suggested by some researchers (Kalender & Vayvay, 2016; Senarath & Patabendige, 2015). What is important is a measurement of the things that matter. BSC holds a tremendous value proposition in this area. It makes an organization identify things that carry significance and also makes them measure, monitor, and improve those.

The second research question is answered - What lessons can be learned from the SARS strategic plan? BSC is such a dynamic tool that it can fit with other planning approaches that organizations might require adopting due to their parent organizations doing so. SARS had to go with the outcome-based approach.

Yet BSC framework could easily fit into the outcome-based model. Compatibility is BSC's biggest strength, and government organizations and public authorities should leverage it to the maximum extent possible. What is important is identifying the focus areas and measuring the performance of parameters that closely reflect these areas.

Another important lesson is that any government organization can adopt the BSC approach to improve its performance management. BSC's all-pervasiveness can be understood from the case of SARS, which has fixed targets of "Clean audit reports" for a measure related to good governance. BSC goes much beyond the conventional select financial measures and leads to the organization's all-around and comprehensive development. The review of the two SARS strategic planning also suggests that BSC can be introduced in phases. From a five outcome plan of 2016/17, SARS shifted to a nine strategic objective framework in 2020/21. Thus organizations can take some initial time to settle down, gain experience, and then adopt broader versions of the plans. They become more balanced and do better as they put more areas in perspective. SARS is a good example of all this. Despite being a public organization, it has been a runner-up employer of the year for 2020/21. At the same time, it has done remarkably well with advances in technology, thereby enhancing organizational capabilities. The best part is that all its actions reflect its strategic intent, which makes it a strong, healthy, and fit organization even in times of turbulence.

Conclusions

Strategic planning of SARS reflects the adoption of the BSC approach even though the same is not formally and explicitly acknowledged. This is by no means a problem. On the other hand, SARS has done a commendable job in creating an excellent performance measurement framework by whatever name it is called. By identifying the BSC approach in the strategic planning framework of SARS, there is a lesson for other government and public authorities that BSC can work wonders in a non-profit organization, including a revenue collecting agency. Results of this study are in line with other studies like Papenhausen and Einstein (2006); Ekmekçi (2014); Somers (2005); Wisniewski and Olafsson (2004); Sordo et al. (2012); Pham et al. (2020). Vision, mission, and strategy can be systematically translated into strategic objectives which can fit into the four perspectives of the BSC. Clear measures can be set for each of these objectives. Against each measure, targets can be set monthly, quarterly, or annual. Initiatives can be planned to achieve these targets. Thus, seamless integration of all the elements is possible, and things can move with clarity, determination, and purpose. Subjectivity and ad hoc measures can be replaced by objective and professional planning and executing things. The SARS strategic planning documents provide clear answers to questions like – What is to be done? Why is it to be done? How is it to be done? When is it to be done? There is no room for any ambiguity or confusion. On the other hand, there is a good amount of cohesion and collaboration. All these are the benefits of the BSC approach. Organizations have limited resources at their disposal, and government authorities are not an exception. If they have to operate efficiently and effectively, there has to be accountability and

responsibility, which comes through adopting the BSC approach to planning and control. Perspectives of BSC like internal processes and organizational capacity can dramatically improve the organizational efficiency levels. The biggest advantage of BSC is that it translates vision and mission into action systematically. Government organizations and public authorities can no more be inefficient, complacent, and ineffective as things have drastically changed over the past couple of years due to the Corona pandemic. They are required to respond strategically. And the best way to do it is by adopting the BSC approach like SARS has done. More than letters, the spirit of BSC is important. Terms and jargon can differ. But the ideology and core philosophy remains the same – measure it to manage it. Implementation of BSC can be phased out. In the initial phases, fewer focus areas may be taken to gain experience and settle down. Later the planning horizons can be expanded and made more comprehensive and sophisticated. Other peer nations from the BRICS can consider adopting of a similar approach for its revenue collecting and other government agencies.

Declarations

No financial interest or benefit has arisen from the applications of our research.

Conflict of Interest The authors declare that they do not have any conflicting/competing interest arising out of this paper.

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