

A Review of the Implementation of Public Service Reforms by Zimbabwe Revenue Authority (2011)

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ABSTRACT Since 1980, the Zimbabwean government has instituted several measures which were meant to improve public service delivery in the country. Despite the tremendous effort and resources allocated to the reforms, some public sectors in Zimbabwe are still under performing. This study focused on the experiences of Zimbabwe Revenue Authority (ZIMRA) in the implementation of performance management (PM) and public finance management (PFM) reforms. The paper is based on four UNDP principles of good governance; namely participation and involvement, efficiency and effectiveness, responsiveness, and accountability and transparency. 400 people participated in the study. The main instruments for data collection were semi-structured questionnaires and interviews. The study concludes that there is still room for the ZIMRA to improve from its current operational levels.

INTRODUCTION

At independence in April 1980, Zimbabwe inherited a racially-segregated public service, catering mainly for the White minority population. The service had 45,000 personnel (Zvobgo 1986), and the majority in senior positions were White. Then Prime Minister Mugabe committed in 1981 to reform the public service and create a society without racial discrimination. In 1987, Kavran was commissioned to undertake an in-depth study of the public service system and his findings triggered major changes in the public service. The current study investigates the implementation of the reforms by the Zimbabwe Revenue Authority (ZIMRA). The Authority was established in 2001 when the Departments of Taxes and Customs were amalgamated under the Ministry of Finance. The ZIMRA has an autonomous status and is responsible for assessing, collecting and accounting for revenue as specified by the Revenue Authority Act, 2002. Revenues include income tax, pay as you earn, value added tax, withholding taxes, excise duty, capital gains tax, carbon tax, road tolls, surtax, stamp duty, customs duty and presumptive tax. The ZIMRA also monitors trade and all port traffic, including human beings. The Revenues Act empowers the authority to advise the legislature on new revenue streams. In 2004, the authority spearheaded the transition of Sales Tax to VAT.

Subsequently it has endorsed use of Ascudaworld software, presumptive tax and road tolls (see also Annexure 1, the Client Charter of ZIMRA).

Objective of the Study

To investigate the performance of the ZIMRA in implementing the performance management (PM) and public finance management (PFM) reforms. Attention is given to practices, public participation, accountability and transparency and responsiveness of the ZIMRA in the implementation of the reforms.

Significance of the Study

The study stimulates debate on public service reforms by the ZIMRA. The paper is significant to policy makers in that it informs them of the strengths and weaknesses of the ZIMRA. The study is important to academia, researchers and students of public administration in that it contributes valuable information on revenue collection for the state. The study is timely in that it is carried out at a time when the country is trying to recover from the 2000 to 2009 economic recession.

Conceptual Framework

The literature indicates that reform in Performance Management (PM) involves a systematic

ic process of evaluating employees to help them achieve organizational goals. According to Bititci et al. (1997) and Edis (1995), it integrates performance with corporate strategies and objectives. PM is used to address efficiency problems. Inherent in good PM practices is an organization's ability to undertake performance planning, auditing, measurement and reward. According to Parry (2010), PFM reform includes, among other things, aggregate financial management (fiscal sustainability, resource mobilization and allocation); operational Management (performance, value for money and budget management); and governance (accountability and transparency). PFM also deals with the comprehensiveness and transparency of budgets (in terms of oversight and public access to information) and external scrutiny and audits (whether there are effective arrangements for scrutiny of public finances and follow up by the executive). Both PM and PFM reforms influence each other in a positive, unilinear relationship.

Theoretical Framework

The theoretical framework of the paper is the New Public Management (NPM) theory. Public service reforms have been driven by both internal and external forces in many countries of the world. It evolved in three waves. The first began in the mid-1980s and focused on structural reform through IMF and World Bank SAPs. The second, in the mid-1990s, focused on capacity building, improving staff skills, the work environment and management systems. The third wave has been witnessed since the new millennium, emphasizing improvement in public service delivery. NPM has emerged as a powerful critique of the traditional philosophy of public administration articulated by Marx Weber and Charles Taylor, who believed that bureaucracy made public administration more efficient. A main hypothesis of NPM is that more market orientation in the public sector will lead to greater efficiency in state services; another is that effective provision of public services contributes to state legitimacy. Weaknesses in public administration which gave rise to NPM were identified as: expensive, low-quality service, too far removed from citizens to be able to cater to their interests, corruption, inefficient and ineffective (wasting financial and human resources) (Teehanke 2003). Critics of NPM, argue that the the-

ory focuses solely on the economy, efficiency and effectiveness of administrative systems and neglects variables including probity, gender, process orientation and accountability (Painter 2000; Gregory 2002).

Reform Phases in Zimbabwe

In 1987, the Kavran Public Service Review Commission was appointed to review the structure and functioning of the public service. Its report was presented to Prime Minister Mugabe in 1989 with major findings that:

- ♦ The services had become too large, cumbersome and wasteful,
- ♦ Scarce resources were being wasted through overlap and replication of functions,
- ♦ The service was secretive, inaccessible and lacked transparency,
- ♦ Services to the public were poor, shoddy and unresponsive,
- ♦ The management system had become antiquated, complex, and burdensome to the heads of ministries, and
- ♦ There was a substantial number of inexperienced cadres.

(Kavran Public Service Review Commission 1989).

The adoption and implementation of the Kavran Report recommendations were phased. The first phase (1991 to 1996) was dominated by the United Nations Development Programme (UNDP) scheme for improving government efficiency and effectiveness. The outcomes of the project were that:

- ♦ Performance management training was conducted in some ministries,
- ♦ Job evaluation was conducted and compensation levels reviewed,
- ♦ PSC regulations and procedures were redesigned to support performance management
- ♦ A training policy for civil servants was developed, and
- ♦ Client charters and mission statements were developed in all ministries.

The implementation of the first phase coincided with the implementation of the first major economic reforms in post-independent Zimbabwe in 1991. By 1996, ESAP's austerity measures - such as cost cutting and cost recovery - led to many adjustments in the public administration; not least, the overall public service pay-

roll was reduced by 25,000. The second phase (1998 to 2004) marked the beginning of a march towards the attainment of Vision 2020, through the goals of the Zimbabwe Programme for Economic and Social Transformation (ZIMPREST). In 1999, the Public Finance Management (PFM) system was introduced in the ZIMRA. Strict performance standards in the form of Key Result Areas (KRA) were introduced. The new appraisal system required employees to set objectives with clear measurability. Financial rewards and promotion were linked to performance. Seemingly, many employees did not readily accept the new KRA appraisal system. During phase III (2004 to date), the government approved the introduction and implementation of the RBM system in the public sector, given effect by General Letter Number 6 of 2005 to all Heads of Ministries. This phase coincided with the worst economic and political recession in the country since independence from Britain in 1980.

Reform Principles

The implementation of the reforms by the ZIMRA was to be based on the UNDP's principles of good governance, which had been introduced in the country in 1993 in a bid to improve public service efficiency and effectiveness in the country. The principles are;

1. *Strategic Vision*: Leaders should have a broad and long-term perspective on human development, along with a sense of strategic directions for such development.
2. *Participation and Involvement*: All men and women should have a voice in decision-making. Such broad participation is built on freedom of association and speech, as well as capacities to participate constructively.
3. *Consensus Orientation*: Good governance system mediates differing interests to reach a broad consensus on what is in the best interests of the group.
4. *Rule of Law*: Legal frameworks pertaining to service delivery should be fair and enforced impartially.
5. *Accountability and Transparency*: Transparency is built on the free flow of information for all public service delivery matters. Processes, institutions and information should be directly accessible to those concerned with them, and enough information should be provided to understand and monitor service delivery.
6. *Responsiveness*: Institutions and processes should try to serve all stakeholders to ensure that the policies and programmes are responsive to the needs of its users.
7. *Equity and Inclusiveness*: All men and women should have opportunities to participate, improve or maintain the service delivery levels.
8. *Effectiveness and Efficiency*: Processes and institutions should produce results that meet population needs while making the best use of resources.

RESEARCH METHOD

The study is mostly a transcendental/psychological phenomenology. It was sponsored by a non-governmental organization in Africa. The study collected both textual data and structural data from a sample of 400 respondents in Zimbabwe. Individuals from the ZIMRA interviewed included eight provincial managers, eight line managers and twenty-four operatives. Secondary data were collected through documentary review of literature on public service reform. Non-probability sampling techniques were used in coming up with a list of respondents. The study collected lived experiences of the respondents on implementation of PFM and PM reforms by the ZIMRA. Quantitative data were also collected to compliment the narratives from the respondents. The study is based on four of the principles above. The principles are: participation and involvement, efficiency and effectiveness, accountability and transparency, and responsiveness. According to Chimhowu et al. (2010), the four principles form the foundation of all other principles. For each of the elements of the study, five indicators were used. The indicators were rated on a five-point Likert scale. The Scale measures the extent to which respondents agree with each of the indicators. The mode for each indicator was established and interpreted as: 5 "Very Good"; 4 "Good"; 3 "Fair"; 2 "Poor"; and 1 "Very Poor." The use of mode is influenced by the fact that the study focused on discrete variables and not continuous variables.

Research Ethics

Research Ethics were observed. First, the potential benefit of the study was disclosed to

all the respondents. Second, respondents' identities were not disclosed; pseudonyms were used in place of real names. No attempt was made to deceive the respondents. The respondents were informed of their right to withdraw from the study as they wished. All interviews were conducted at venues and time slots that were deemed appropriate by both the respondents and the researchers.

RESEARCH FINDINGS AND DISCUSSION

The effectiveness and efficiency of PFM and PM reforms rely on consensus orientation of the public sector, the private sector and the community. A good reform relies on explicit processes and rules. According to Kavran Report (1987), rules and processes should interact to produce and distribute public services in ways that are transparent, accountable, equitable, and responsive to the needs of the people. The study collected data on four main principles; the first is participation and involvement which claims that the public sector, the private sector and the community should contribute in identifying overall strategy for the reforms. The second principle is efficiency and effectiveness; it is concerned with whether institutions produce results that meet the needs of society while making the best use of resources at their disposal. The third principle is accountability and transparency; it claims that successful services for the public emerge from institutional relationships in which the actors are accountable to each other. The fourth principle is responsiveness; it claims that public servants must be responsive to citizens' demands and establish mechanisms to address, and act on public complaints in the implementation of public services reforms. This section presents data on the four main principles of public service reforms in the ZIMRA.

Participation and Involvement

According to the Kavran Report (1987), all individuals and communities are entitled to active and informed participation in public service reforms in the country. This includes participation and involvement in identifying overall strategy, policy-making, implementation and accountability (Table 1). Participation and involvement means taking part and having a say in decisions

on PM and PFM reforms by the organization. the ZIMRA has a human rights responsibility to establish institutional arrangements for this. The reform policy of Zimbabwe identifies the state, the private sector, NGOs, and civil society as key stakeholders. The policy encourages partnerships and their participation and involvement of stakeholders in public service delivery in the country. Unfortunately, the public is of the opinion that the organization is ruthless, and harasses them when collecting revenue for the state.

Table1: Participation and involvement in the implementation of the reforms (N=400)

<i>Indicators</i>	<i>Mode</i>
Existing practices and policies encourage participation of the private sector and the civil societies for improved PFM reforms.	4
Situation of the organisation and the civil society/private sector partnership programmes for improved PFM reforms.	3
Extent of civil society involvement in the establishment of policies, plans and budgets for PFM reforms.	4
Extent of private sector involvement in the establishment of policies, plans and budgets for PFM reforms.	5
Level of public mobilisation for their priorities, service efficiency, service quality, and resource utilization.	4
Overall Mode	4

Source: Field Study 2011

Participation and involvement of stakeholders in the implementation of the reforms is rated "good" in the ZIMRA. Total participation and involvement is necessary to build an effective and efficient public service system in a country. However, significant statements from the respondents show that the ZIMRA uses cohesive power to get people to participate in its programmes. In this regard one of the respondents said, "... the ZIMRA does not work for us but for the Government." The overall impression is that there is a need for the ZIMRA to improve its levels of participation and involvement to 5 in all the indicators. This could be achieved if the public is made to understand that ZIMRA works for them indirectly.

Interviews of 20 officials shows participation and involvement is constrained by capacity; the degrees of skills, knowledge, resources and motivation levels of employees. The ZIMRA uses computerized financial accounting

packages at every site, and the proportion of their operators who have at least an accounting certificate is high. According to ACCA (2010), computerized financial accounting is ideal in dealing with public funds. The other challenge is that Zimbabwe does not have an Organic Budget Law (OBL), which might define the roles and responsibilities of civil society in the national budgeting process. The Minister may consult the public but is not obliged to heed their views and cannot be held accountable. Questionnaire responses (260 out of 400 (65%)) agreed that with or without OBL, the ZIMRA involved the public in strategizing the implementation of reforms. Methods cited included the print and electronic media, interactive programmes on the internet, and consultative sessions in both rural and urban areas. The ZIMRA is the first public organisation in Africa to use state-of-the-art software such as Ascudaworld in the implementation of PFM reforms (Berejena 2011).

Accountability and Transparency

Accountability and transparency are fundamentally important to implementation of PM and PFM reforms in Zimbabwe. According to World Bank (2004), successful services for the public emerge from institutional relationships in which the actors are accountable to each other. Accountability means the obligation of an organization to account for its activities and accept responsibility for them. Transparency implies openness and communication in the implementation of reforms. Accountability and transparency implies that information is readily accessible and is easily understandable by people who will be affected by such decisions and that organizations deliver services that are consistent with citizens' needs and preferences (Table 2). In theory, accountability and transparency would also assume that there is a free flow of accurate information between the providers of services and the general public.

The overall rating with regard to accountability and transparency is "fair" in the ZIMRA. There is a need for the organization to improve its performance to a rating of 5.

Efficiency and Effectiveness

Improving efficiency and effectiveness is one of the major goals of the public service reforms in Zimbabwe. Efficiency and effectiveness measures whether institutions produce results that

Table 2: Accountability and transparency (N=400)

<i>Indicators</i>	<i>Mode</i>
The extent to which organisation employees realize that they are accountable for the consequences of their actions in the implementation of the reforms.	3
Whether systems exist for reporting, investigating and adjudicating misallocation and misuse of resources.	3
Whether civil society organizations and community render oversight of ZIMRA	2
The extent to which a sanctioning mechanism is operational, which penalizes misbehaviour by organizational staff.	3
The extent to which a public feedback mechanism related to the implementations reforms exists (such as complaint offices and procedures, citizen suggestion box and procedures for public petitioning, etc)	2
Overall Mode	3

Source: Field Study 2011

meet the needs of society while making the best use of resources at their disposal. It also measures the efficacy of policy formulation and implementation, and the credibility of stakeholders' (government, public, organizations and non-Governmental Organisations) commitment to such policies. Table 3 shows the responses on efficiency and effectiveness of the ZIMRA in implementing PM and PFM reforms.

Table 3: Efficiency and effectiveness (N=400)

<i>Indicators</i>	<i>Mode</i>
The organisation reaches decisions about resource allocation for reforms implementation on the basis of evidence regarding needs and effectiveness of services and in conformity with policies.	4
Service providers regularly review and update the mix of services they deliver on the basis of evidence about the effectiveness of the reforms and client needs.	4
The existence of mechanisms to ascertain the ever changing needs of the general public.	5
The existence of mechanisms to hear, address, and act on public complaints and views related to PM and PFM reforms'	3
Extent to which priority is given to PM and PFM reforms in the country.	5
Overall Mode	4 and 5 (bi-modal)

Source: Field Study 2011

The overall efficiency and effectiveness rating for the ZIMRA is “very good” and “good”. Put differently, the ZIMRA’s case is bimodal. The above finding suggests that the ZIMRA is efficient and effective in the implementation of the two reforms.

Responsiveness

Public servants must be responsive to citizens’ demands and establish mechanisms to hear, address, and act on public complaints and views related to the implementation of public services reforms (ADB 2007). Responsiveness refers to ability to respondent to suggestions, influences, appeals or efforts from the public. Responsiveness allows the ZIMRA to keep informed of the changing demands of the public.

Table 4: Responsiveness of ZIMRA (N=400)

<i>Indicators</i>	<i>Mode</i>
Whether the public makes contributes decisions about resource allocation for effective implementation of the reforms on the basis of evidence regarding needs and effectiveness of services and in conformity with policies.	2
Whether service providers regularly review and update the mix of services they deliver on the basis of evidence about the effectiveness of PM and PFM reforms and client needs.	4
The existence of mechanisms to ascertain the needs and aspirations of the public on the implementation of the two reforms.	4
The existence of mechanisms to hear, address, and act on public complaints and views related to the implementation of the two reforms.	4
The extent to which priority is given to the two reforms in the organisation.	3
Overall Mode	4

Source: Field Study 2011

The overall responsiveness rating of the ZIMRA is “good”. The ratings suggest the need for improvement in the organization. For the ZIMRA, much improvement is required in involvement the public in decisions about resource allocation for effective implementation of the reforms on the basis of evidence regarding needs and effectiveness of services and in conformity with policies. Interviews with 20 (50%) of the responses from officials revealed that skills flight is not high in the ZIMRA (Table 4). One of the respondents noted, “In the past

ten years, the ZIMRA was not severely affected by the unprecedented brain-drain both in terms of numbers and quality of human resources. Significantly, the ZIMRA switched to the US dollar in 2009; employees were paid in foreign currency. The organisation was able to retain staff and operations did not come to a halt.

CONCLUSION

This study results show that the ZIMRA implements the reforms fairly. The organization benefited more from use of computerized financial accounting packages at every site. The study result confirms positive policy and programmes that encourage stakeholder participation and involvement in PM and PFM reforms. In this regard, the ZIMRA was rated “good”. On accountability and transparency, the overall result with regard to this principle ranges from “good” to “very good”. The study noted that participation and involvement in the ZIMRA is constrained by capacity; the degrees of skills, knowledge, resources and motivation levels of employees. However, the ZIMRA is fairly responsive to clients’ needs and expectations. It was evident that the public sees the ZIMRA as working for the State and not for the people of Zimbabwe. Establishing of community based the ZIMRA advocates would help to improve dissemination of information about the ZIMRA to the grassroots. The overall conclusion is that the ZIMRA needs to improve its rating on public image, and efficiency and effectiveness in the reforms implementation.

RECOMMENDATIONS

There is a need for the ZIMRA to turn around its public image for the purpose winning voluntary support of the general public. Training and re-training of the ZIMRA personnel on public management is likely to improve the public image of the organization. The organization should desist from applying cohesive means to ensure compliance in revenue collection by the public. Instead, the public must be made to understand that revenue collection is part of their citizen responsibility. It is through education from primary school level that the citizens of Zimbabwe will be able to appreciate the need for them to meet their state revenue dues as they come due. Adoption of e-government tools in revenue

collection is likely to improve the ZIMRA's efficiency in revenue collection.

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ANNEXURE 1

Client Charter of the Zimbabwe Revenue Authority Our core values are Integrity, Transparency and Fairness. Service Delivery

We commit ourselves to meet the following minimum standards in our service delivery:

- Answer the telephone within three (3) rings.
- Correspondence to be replied to within 14 days of receipt.
- All objections will be determined and the decision communicated to the clients within 60 days from the date of receipt of the letter of objection.
- All members of the public who call at our inland offices will be attended to within 15 minutes of arrival. · Upon meeting requirements for VAT or PAYE, clients will be registered within one working day of submission of correct and complete documents.
- Clearing commercial consignments within three hours from the submission unless selected for physical examination. This is with correct and complete documentation.
- Issue Income Tax assessments within four months from date the return is submitted.

ZIMRA's obligations to you

- We are accountable to the Nation of Zimbabwe.
- We shall conduct our business within the confines of the law.
- We do not tolerate corruption, favouritism and discrimination.
- We are here to serve you and we are open to your suggestions, criticisms and advice.
- We shall carry our duties professionally, diligently and courteously.
- We promise to handle your information with strict confidence and to maintain your privacy.
- We are committed to minimising your compliance costs.
- It is your right to speak to the next senior member of staff or the head of station.

Information

We are committed to providing proactive client education which includes:

- Making relevant information available to clients, orally and in the print/electronic media.
- Making available pamphlets, posters and relevant materials.
- Access to a Client Care staff member at any station.

Client's Obligations

In return, the Zimbabwe Revenue Authority requires you to comply with all relevant laws, by providing accurate and complete information. More specifically:

- To submit statutory returns and make payments due within the required time.
- To be open and honest in providing any additional information that may be requested for.
- To be honest and co-operative in all business dealings with the Zimbabwe Revenue Authority.
- To report and refrain from corrupt tendencies in all dealings with the Zimbabwe Revenue Authority.

Remember, it is your right to see the next senior staff member on duty or the head of the station if you are not satisfied with the level of service delivery from any Authority's staff member.