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**Degree of Master of International Studies**

**(International Area Studies)**

**Enhancing the Performance of Federal Board of  
Revenue, Pakistan through Innovative  
Administrative Measures**

August, 2018

Development Cooperation Policy Program

Graduate School of International Studies

Seoul National University

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**Enhancing the Performance of Federal Board of  
Revenue, Pakistan through Innovative  
Administrative Measures**

A thesis presented

by

**Shahid Ijaz Tarar**

A dissertation submitted in partial fulfillment

of the requirements for the degree of

Master of International Studies

**Graduate School of International Studies**

**Seoul National University**

**Seoul, Korea**

August, 2018

## **PROCLAMATION**

Upon the submission of this thesis, I solemnly verify that this thesis is hinged upon my own research except the parts which have been duly identified and properly referenced in due sections. In relation to the submission of this transcript, I also duly acknowledge that I have complied with the subjective norms, rules, regulations and code of conduct as stipulated in the guidelines of DCP Program.

Signed: **Shahid Ijaz Tarar**

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## **Abstract**

Pakistan is a federation of provinces and in this federation revenue is a federal subject, the Federal Board of Revenue (FBR) Pakistan is the prime revenue collection federal agency. During the last three decades, FBR has been facing severe administrative problems which have resulted in shortfall regarding collection of assigned budgetary revenue targets. There has been numerous studies on the administrative problems of FBR, but most of the studies within the organization and from the outside of the organization which on most accounts have relied on stereotyped outdated strategies, but the need of the hour is to look for innovative administrative measures to choke the shortfalls regarding collection of taxes. In this regard, FBR needs to point out and further its innovative strengths by opting for a participatory approach involving the top leadership as well as the employees. In this regard, the leadership of FBR needs to play a proactive and visionary role to come up with innovative administrative measures to change the culture of the organization and for launching of responsive IT systems which will resultantly boost the morale of employees on one hand and incite a tax culture in the country on the other hand as the culture of paying taxes is not the order of the day in Pakistani society because eligible taxpayers lack trust on FBR.

This research is hinged on the premise of taking into consideration the ideals of the leadership as well as employees of the FBR to unearth the problems faced by the organization and how to tackle these problems through innovative administrative measures and for this reason the involvement of the leadership and employees of the FBR is made sure through a participatory questionnaire which has given a deep insight into the administrative problems and their innovative remedies.

**Keywords:** FBR, administrative problem, innovation, Administrative measures, IT Systems

**Student number:** 2016-23388



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# **CHAPTER ONE: INTRODUCTION, STRUCTURE AND OBJECTIVES**

## **1.1 Introduction:**

The Federal Board of Revenue(Pakistan) commonly known as FBR is the only federal revenue collection agency. This organization is part of Ministry of Finance(MOF), Pakistan and is responsible for the enforcement of fiscal laws and revenue collection. FBR comprises of two main collection arms: the Inland Revenue Service of Pakistan(IRS) and Pakistan Customs Service (PCS). The average annual revenue collection of FBR in the last five years has been around \$29 billion<sup>1</sup>. As far as the potential of the organization is concerned, it has been highly underutilized because of numerous administrative failures on the part of leadership as well as employees, as according to the year book of FBR, the total annual potential of revenue generation is around \$80 billion<sup>2</sup> and because of this underutilization the country has been facing consecutive budget deficits as there has been a huge difference between revenue collection and government expenditures. Over many past years, the tax base has been moving around less than

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<sup>1</sup> FBR Year Book, 2014.

<sup>2</sup> Tax Administrations Reform Project (TARP) Report. World Bank. 2013.

1% of the total population and tax to GDP ratio is around nine percent because of factors like obsolete and lethargic administrative culture of the tax machinery, existing use of unresponsive IT systems which have resulted in the revenue shortfalls and narrow tax base. The Federal Board of Revenue (FBR), Pakistan is the prime revenue collection agency of Pakistan. This organization is the only federal revenue collection agency in the country. Federal Board of Revenue (FBR) is facing severe problems in overcoming its inefficiency and is lagging far behind in achieving the assigned budgetary targets. In order to take the organization out of this quagmire the need of the hour is to focus more on innovative administrative measures instead of sticking to outdated stereotyped strategies because such strategies have failed to capitulate the dynamics of the organization and in this failure these measures have overlooked the importance of innovation. In the wake of this scenario, for inculcation of innovative administrative practices, the administration of FBR should show resolve and committed efforts to achieve this organizational goal. The fundamental premise behind conducting this research is to have a deep insight into the weaknesses and strengths of the administrative structure of FBR and how these aspects can be helpful in materializing the dream of an innovative administrative structure which would be helpful in enhancing the

performance of the organization to achieve the assigned goals, the research will also try to find the role of senior managers in making innovation happen in FBR. This general background information on the project is an effort to put forward the importance of the thesis for bringing forward concrete measures in innovative administrative streams through the active participation of senior managers as well as employees to devise some strategic recommendations and guidelines for future policy decisions, so as to bring the economy back on track on one hand and also to inculcate a tax culture in the country on the other hand . As being part of the Federal Board of Revenue, from last five years, the intention to conduct a research is to bring about a visible change in the organization so to make it more professional and efficient.

## **1.2 Personal Motivation for Choosing the Project**

As a part of this highly important organization of my country, the personal motivation behind choosing this project and carrying out this research is to come up with a workable policy framework for the visionary leadership of the Federal Board of Revenue, Pakistan, for making apt and innovative use of administrative measures to enhance the performance of the organization so as to cope with the

financial crunch and such kind of framework will also be helpful in streamlining the administrative culture of the organization on pragmatic basis which is pivotal for boosting the confidence of existing taxpayers and eradicating the trust-deficit of non-taxpayers. Being a part of the organization, I feel myself in a better position to identify the barriers to administrative innovation, the first and foremost barrier to innovation is ‘resistance to change’ that is very common to the public sector. In a major survey study during the Bush era reforms, it was found that the characteristics of the managers involved (e.g. age, tenure, and education) influence the process of adopting the innovative ideas. It is found to be totally true in particular context of FBR as being a government organization. It has also been argued that some public sector organizations aim to maintain service performance rather than striving to innovate or improve on administrative grounds. This is because, “many public-sector organizations are monopolies lacking competitive pressure to innovate and are characterized as large bureaucratic structures that seek stability and resist change and disruption.” These administrative barriers can be overcome by improving the culture of the organization through opening it to new ideas and enabling it to have a risk taking, forward looking and pro-active culture. Secondly, the barriers can be overcome by excellent management practices by



removing communication barriers plus using a systematic approach and responsive IT systems. In the light of these problems, the objective behind choosing this topic is to look at the glaring administrative issues of FBR through qualitative tools and come up with recommendations to overcome these shortcomings. Since the country is facing severe financial crunch and the role of tax collection is pivotal in this context.

### **1.3 Theoretical Rationale**

Theoretical rationale is premised on the "Federal Board of Revenue Year Book" which is an annual feature and "Implementation Completion Report (ICR) Review" which is based on the project regarding reforms in tax administration funded by the World Bank as these two documents provide a clear picture of relationship between the role of technological and innovative measures and the culture of FBR.

### **1.4 The Research Problem**

As the domain of a research problem is to come up with a clear statement on the area of research and keeping in view this domain, in this project the research problem revolves around the changing of stereotyped organizational culture and the administrative measures which are an outcome of such culture of the organization.

Keeping in view this research problem, the study will focus on overcoming the problems and barriers to innovative administrative measures through involving the employees of the organization.

### **1.5 Purpose of the Study**

The purpose of the study is to analyze how Federal Board of Revenue's leadership can play an important part by maximizing the revenues through innovative use of techniques like inculcating an efficient administrative organizational culture, use of responsive IT systems and enhancing the tax base. On the basis of above discussion, the purpose of the study is to obtain following objectives:

- Identification of the employee characteristics (attitudes, skills, abilities) and behaviours that can contribute to innovative working
- Assessment of the effect of the organisational context and culture in enabling or inhibiting innovative capability and behaviour among individuals
- Assessment of the existing extent and role of technology in employee performance

- Identification of the possible ways in which technology could be used to support innovations by individual employees
- Determination of the capacity of change among the employees
- Identifying creative methods to stimulate efficiency within the organisation

## **1.6 Major Deliverables**

The anticipated major deliverables will be:

- Cogitation of a practical and capacious outline relating to the innovative plausibility of the workforce of Federal Board of Revenue in intrinsic context of role of technology.
- Formulation of a framework to assess the technological potential of the workforce and mitigation of the risks involved in their exposure to new technologies.
- Schematic designing of a comprehensive training program aiming the capacity building of the workforce of Federal Board of Revenue.

These aimed deliverables will be attained through my learning of different analytical skills during the tenure of this degree.

## **1.7 The Research Questions**

The Key research questions for this thesis were:

- Taking into account the experience, how the employees' define innovation? How do they perceive about the concept of FBR as an innovative organization?
- Does the structure and design of the organization support innovative administrative measures or it opposes such disposition?
- Taking into consideration the enthusiasm and impression about the FBR what is the thinking of leadership and employees regarding the adjustment of FBR's administrative culture and IT systems with innovation?
- What kind of innovative administrative measures are required in the perspective of organizational culture and use of technology to enhance the performance of FBR?

## **1.8 Scope of the Study**

The scope of the study is to locate the barriers to innovation in Federal Board of Revenue (FBR) and how to overcome these barriers. Through the use of qualitative

as well as quantitative data, the upper as well as lower borders for defining innovative administrative measures and the barriers in implementation of such measures will be put to the test of a theoretical framework to come up with concrete measures and recommendations.

### **1.9 Research Beneficiaries**

The major beneficiaries of the research include policy making level senior management, executing level mid-career officers of the organization and different policy level forums working in this realm. In my personal capacity, the main motive is to bring forward pivotal innovative administrative measures which can be helpful in enhancing the efficiency, capacity and performance of the workforce of FBR.

### **1.10 Definition of Key Terms**

The most used term in the research is innovation, though the question regarding definition of innovation has been made part of the questionnaire but on a general spectrum innovation can be defined as:

- Generation of new ideas to meet new challenges

- Process of bringing constant changes to keep pace with new requirements and developments
- New ideas for getting better results from old systems and practices
- Novel practicable techniques/ methods of achieving the aim.

### **1.11 Implementation and Analysis of the Results/ Testing**

In my personal capacity as part of the organization the analysis of the results of this thesis will be properly shared with the policy makers and on my part there will be a proper quest to implement the results as policy choices which will be a contribution and a step in right direction.

### **1.12 Structure of Thesis**

This is a qualitative research project, which is aimed at having a deep insight into the role of innovation in the FBR with particular focus on the organization's leadership and employees. The research will be conducted in four phases:

### **Step I: Literature Review**

In this part, an inclusive study of contemporary literature and prevailing innovative administrative practices within the public sector organizations will be carried out with an aim of coming up with strong foundation for contouring a theoretical framework for the thesis.

### **Step II: Organizational Survey**

In pursuance of getting the first hand veritable evidence regarding innovative practices in the public sector organization will be materialized by Innovative Administrative Measures Questionnaire (IAMQ). The stakeholders from different tiers of Federal Board of Revenue (FBR) will be made part of this exercise to have a deep insight into the administrative intricacies and cultural as well as technical barriers to the innovative administrative measures within the organization

### **Step III: Evaluating the Findings**

In the third stage of the thesis, the response of employees and leadership will be analysed which will help in evaluating the findings of the questionnaire. These findings will help in concluding the recommendations for the organization

on one hand and on the other hand in devising practical steps which can be implemented under the guise of innovative administrative measures.

### **1.13 Chapter Summary**

As a crux, Chapter encompasses an abstract view of the thesis, background of the motivation behind choosing the research topic with a detailed introduction of the organization, it also sheds light on the purpose and scope of the study, major deliverables, the research questions, definition of key terms and structural scheme of the thesis.



## **CHAPTER 2: LITERATURE REVIEW**

### **2.1 Introduction**

The articulated aim of this research is to instill and encourage the spirit of working under an innovative administrative setup among the leadership and employees of the Federal Board of Revenue. The premise of the research is based on enhancing the performance of the workforce of FBR through the implementation of innovative administrative measures. In this regard, the current chapter elaborates the extensive literature review which has been carried out to contour the core dimensions of innovative administration in the existing literature. Firstly, the existing literature regarding administrative innovation in the public sector has been comprehensively taken into consideration which has given an insight into different aspects of implementing administrative innovation in the public sector. Secondly, the rationale behind innovation in public sector has been taken into consideration while also going through the current use of technology in the Federal Board of Revenue on one hand and cultural aspects of the administrative realm of the organization on the other hand. Thirdly, existing literature has been viewed in special perspective of innovative administration to design a questionnaire while

keeping into mind the barriers which can be faced by such innovation under the current use of technology and cultural dimensions of the organization.

## **2.2 Administrative Innovation in Public Sector:**

The concept of administering public sector has gone through a paradigm shift in the wake of financial crisis, increasingly complex coupled by pluralistic domestic challenges and overwhelming changes in the global environment, as a result the abilities of governments regarding provision of public services have been marginalized and this trend has grossly effected the stereotyped administrative practices especially regarding revenue generating agencies. In case of developing countries, the problems brought by financial meltdown have been aggravated by the obsolete administrative measures which has widened the schism between the revenue generation and developmental as well as non-developmental governmental expenses. These administrative problems have influenced the quality as well as availability of the public sector services, which has given birth to the rise of need for administrative innovation as a key policy choice for enhancing and improving public services.

Generally, public sector innovation has been an integral part of the "New Public Management" but "The NPM has been heavily criticized for its one-size-fits-all feature as the solution to the public problems (Hood & Peter, 2004). There are two streams of researchers regarding innovative administrative measures in the public sector organizations having two broad interpretations of a systems approach for enhancing the performance of tax administration namely the 'Open' and 'Closed' systems (Muzainah & Tayib, 2013)<sup>3</sup>. Open systems theory proposes that an organization transforms inputs into outputs within the environment( both internal and external) upon which it is dependent (Miller & Rice, 1967). The premise of open system theory is the opposite of traditional organizational theories, which viewed organizations as closed systems which are independent of external environment in which they exist (Katz and Kahn, 1978). On the basis of systems approach, the theoretical framework for the thesis will be based on the "Innovative model for enhancing tax administration performance" as it highlights the components of performance management at strategic, operational and individual

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<sup>3</sup> Mansoor, M.; Tayab, M.; The public sector innovation journal , Volume 18(3), article 3, (2013)Integrated and open system model: An innovative approach to Tax Administration performance management

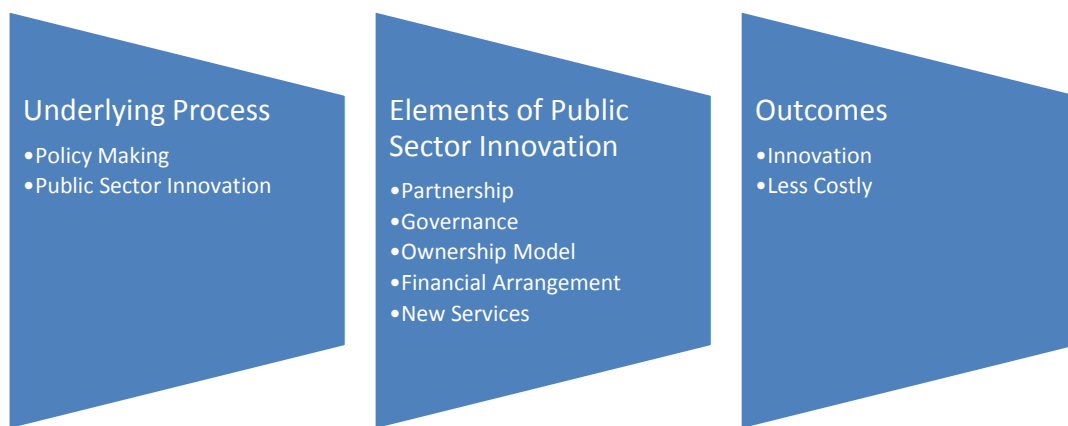
levels as it will create a holistic picture of areas where the need for innovative administrative measures is required in the tax machinery.

In 2006, Division for Public Administration and Development Management (DPADM) which is a part of United Nations Department of Economic and Social Affairs (UNDESA)<sup>4</sup> published a paper based on the concept of administrative innovation in public sector and in this paper, the experts identified that different types of administrative innovations can be adopted which include 'Institutional Innovations' whose focus is primarily overhauling of established institutions or creation of new ones, 'Organizational Institutions' which are focused on introduction of new technical and managerial measures, 'Process Innovation' whose focus is on improving the quality of services delivered by public sector and lastly, 'Conceptual Innovation' which is premised on the introduction of new governance forms including an interactive process of policy making, participatory governance, permissive budgetary forms and horizontal networks. The paper has also identified different areas of administrative innovation which can be exploited in public sector, these areas include human resource management and development, delivery of public service and Information and Communication Technologies (ICT). The

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<sup>4</sup> Replicating Innovations in Governance: An Overview Adriana Alberti and Guido Bertucci, DESA (United Nations). 2006

agency has also stipulated means to achieve innovation which include improvement and integration of services, decentralization, horizontal integration and networking, utilization of partnerships, sharing and networking, financial monitoring and arrangement, effective leadership, organizational structure, changes in regulations, effective transformation of the services and emphasizing the teamwork.



**Figure 1 : A framework of public service innovation (Goffin, K. and Mitchell, R. (2010)<sup>5</sup>**

As it is evident from the Figure 1 that administrative innovation is premised on cardinal processes and elemental features which gives birth to positive outcomes.

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<sup>5</sup> Goffin, K. and Mitchell, R. (2010). Innovation Management: Strategy and Implementation Using the Pentathlon Framework, 2nd edition, Palgrave Macmillan, Basingstoke, UK: Organizational Framework.

The policy making initiatives based on permissive, extended and committed features bring up different dimensions of administrative innovation in public sector and inter-organizational relationships generate novel combinations which encourage the hatching of new administrative assets which resultantly produce innovative services and enhance the capacity of governments and help them out in facing the complex public sector issues in ever changing and demanding domestic as well as global scenarios.

Taking into consideration the case of FBR as a public sector organization, we face gradual improvement which is premised on slight deviation from the status quo. In public sector organization, there is normally a general trend among the leadership that it is better to stick to the existing state with few makeup changes, but such kind of policy decisions result in an organizational culture which discourages innovation, repels change and safeguards the existing state of affairs.

### **2.3 Rationale for Administrative Innovation in Public Sector Organization**

The literature of administrative innovation has become an important part of research in the realms of public administration, public policy, governance and behavior sciences as it is aptly pointed out in the third edition of ' Diffusion of

Innovation' (1983, p.xv)<sup>6</sup> that "there is no other field of behavior science that represents more effort by more scholars in more nations."

Taking into account the existing literature regarding rationale for administrative innovation, according to the OECD Paris Conference Report 2014 in lieu of "Innovating the Public Sector: from Ideas to Impact"<sup>7</sup>, the potential motivations behind administrative innovation include, Firstly service efficiency is a motivation in the policy making circles because application of innovative measures acts as a catalyst to enhance the efficiency of service. In this regard, it is normally attributed that bureaucracies in the public sector tend to be risk avoider but reduction in cost through an innovative administrative measure can be a motivation for such reluctant elements to look for innovative ways while affirming the administrative measures. Secondly, experimentation of governments with new ideas, institutional arrangements, policies, technologies and management tools is motivated to generate public value and bring positive change. Thirdly, opening up of opportunities for governments for the incorporation of new approaches and tools

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<sup>6</sup> Rogers, E., M. (1987) Diffusion of Innovations (3<sup>rd</sup> Edition)

<sup>7</sup>Daglio, M.; Gerson D.; Kitchen H. (forthcoming, 2015), 'Building Organizational Capacity for Public Sector Innovation', Background Paper prepared for the OECD Conference "Innovating the Public Sector: from Ideas to Impact", Paris, 12-13 November 2014

motivates them to quest for innovation. Fourthly, the potential motivation is to build the capacity of the governments to deal with complex, pluralistic and interconnected problems in the public sector. Last but not the least, in the wake of global financial crisis, governments are tempted to steer themselves out of severe economic and financial shock.

#### **2.4 Current Scenario of Tax Base in Pakistan**

Currently, the tax base scenario of Pakistan portrays a very bleak picture. During the last one decade, the tax base has been hanging below 1% of the total population of the country. Many researches at organizational as well as individual level has been conducted and many factors have been brought forward to define this bleak state of affairs. Firstly, the largest sector of Pakistan's economy, i.e. Agriculture which is contributing 22%<sup>8</sup> to the GDP and is being occupied by almost 50% of the total population mostly living in rural areas is exempt from incidence of Income Tax. Secondly, undocumented economy and existence of a huge 'informal sector' which contributes from 35 to 55 % of GDP is out of tax net. Thirdly, there is inequality in the distribution of income which has resulted in producing more have-nots who are below the threshold level of taxation. So, these plethora of problems

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<sup>8</sup> [www.mof.gov.pk](http://www.mof.gov.pk)



are needed to be addressed by the government in order to enhance the efficiency of tax culture and organization related to tax collection. For this purpose there has been conducted research by two different major organizational platforms which are Tax Reforms Commission and Tax Administration Reform Project. According to Tax Reforms Commission report in 2012, there is need to overhaul the structure of FBR and build its capacity with HR specifically trained for Tax and related services. In medium to long term, the Commission suggested a separate cadre service for FBR and severe accountability for FBR officials through making financial transactions transparent, eliminating money power and corrupt administrative structure and change in the organizational culture with focus on capacity building of employees backed by an effective IT system. On the other hand, Implementation Completion Report (ICR) of Tax Administrative Reform Project in 2012<sup>9</sup> focused on administrative reforms aimed at transforming income tax organization on functional lines to reduce face to face contact between taxpayers and tax collectors, increasing emphasis on integrity of workforce and

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<sup>9</sup> Pakistan Tax Administration Reform Project Document. (2012) [online] Available at: <http://www.worldbank.org/projects/P077306/pakistan-tax-administration-reforms-project?lang=en>

facilitation of taxpayers. As it is evident from these two major projects run by the IMF and World Bank in collaboration with the Government of Pakistan, that the focus is on administrative reforms. So, these organizational level reforms provide a general overview of establishing a theoretical framework for conducting this research but to dig further into the tax administrative reforms arena, focus is being put on individual level researches on the administrative aspects of the tax related organizations as the thesis is aimed at infusing a new spirit among the leadership and employees of the Federal Board of Revenue by encouraging innovative working through the implementation of innovative working administrative measures.

## **2.5 Specific Topics Directly Relating to the Issue Under Investigation**

On the basis of recommendations of previous projects, the Federal Board of Revenue has made adequate use of technology under the ‘Automation Reform Initiative’ which was proposed by Tax Reforms Commission as well as by Tax Administration Reforms Project for smooth interconnectivity, functioning of different organizational tiers in a coherent manner, choking leakages and ensuring due tax collection in a smooth manner. In this particular context, literature relevant

to various applications being used by FBR, is examined for taking into consideration an overview of the measures opted as a result of different policy decisions. In this backdrop, the three core systems, relating to the three main taxes namely; Sales Tax, Income Tax and Customs Duty have been examined at greater length in the following discussion. As a crux, it can be said that the FBR is inclined to utilize its potential to some extent and there is enough room for applying 'Innovative use of technology' to maximize revenues in general and broadening of tax base in particular.

#### **2.5.1 Sales Tax Real Time Invoice Verification (STRIVE)**

STRIVE is a locally designed system by Pakistan Revenue Automation Limited (PRAL) and it is basic IT tool to help the FBR in recording the invoices related to input and output taxes and it has played pivotal role in choking the problem of illegal input tax adjustments, alongside it has also made the process of verification of sales tax invoices transparent and accountable. It has also helped FBR in ascertaining the genuineness of refund claims and also on keeping an eye on the sales to unregistered person. Though this system has replaced earlier software under the auspices of "Computerized Risk Based Evaluation of Sales Tax

(CREST)". This system basically points out discrepancies in the sales tax returns and transfers these discrepancies electronically to the registered person as well as to the official account of the officer of the relevant jurisdiction, there is an inbuilt capacity of the system which verifies the veracity of the response of the registered person. This system has many new features which include the manual entries of invoices of the unregistered person, intimation to the buyer if all suppliers have filed their returns, electronically generated message to the buyer for allowing input adjustment, equipped with e-enrollment, e-filing and e-registration and making of declaration and invoices easy to submit, provision of real time status of submitted invoices. There is an inbuilt feedback mechanism and submission of responses by the users for improvement of system. The main premise behind the development of this IT system is to look into the areas of purchases, zero rated sales, input tax credit, commercial imports and exports, so it provides a comprehensive information about different important areas of business transactions. Though it is a new system but it has been helpful in detecting huge evasions, stopping the issuance of illegal refunds, unearthing of un-registered persons which has resulted in enhancing the tax base.

### **2.5.2 Web based One Customs (WeBOC)**

The WeBOC is a homegrown software developed by Pakistan Revenue Automation Ltd. (PRAL) based on the premise of one window and paperless customs. The main aims to launch this project was to enhance the efficiency of customs through proper allocation of resources, reduction in processing time, paperless and one window environment first at the level of customs and then taking it to national level, reduction in dwell time, minimize the interaction between the custom officials and client, check on the discretionary powers of the custom officials and procedural simplification. The WeBOC has many feathers in its cap as it has achieved an online and paperless custom procedures, evolution of ownership for the development of the procedures, enforcement of uniformity across all the customs collectorate, implementation of a mechanism for container security which is tightly monitored through a joint body of US customs and Pakistan Customs, enhancing of ICT measures. An overall feedback of the system reveals that it has not only helped in uplifting the trust of exporters and importers but it has also been instrumental in documenting the economy which is a key factor for broadening the tax base in the country.

### **2.5.3 Iris**

The iris is a software launched in October, 2014 to overhaul the regime of Income Tax including direct as well as indirect taxes. It is an integrated, highly configurable, end to end and highly customizable software. The name Iris itself is taken from a flower which is considered as a symbol of wisdom. It has been made user friendly by making it accessible through different latest browsers. Every citizens Computerized National Identity Card (CNIC) is used as a user ID to make the access easy and convenient. This system is specifically designed for filling of Income Tax returns, withholding statement and wealth statements. This system has replaced an earlier inter-connected system of Integrated Tax Management System (ITMS). This software is also designed by PRAL and in the initial stages though it has been facing problems because of uneducated taxpayers and lengthy procedural problems but in due course of time the administration of FBR has brought many positive changes in the software which has helped in smooth functioning of the software. This software has been helpful in making the process of tax audit and issuance of different notices from one portal more smooth and streamlined. This system has also provided an opportunity to the taxpayers for completing all the steps from registration as a taxpayer till payment of taxes due on them. This system

has also been instrumental in rationalizing the integration regarding working out of taxes, unearthing many tax evasion scams and broadening of tax base by giving the facility of cross matching the data available on the portal with the data available with the warehouse.

## **2.6 Barriers to Administrative Innovation**

There has been found a number of barriers regarding introduction of innovative administrative measures in public sector while going through the literature review. The most glaring and much touted barrier is 'reluctance to change' which is found very common in the public institutions. According to a US government survey study regarding innovation in administration, it has been found that the traits of the managerial staff involved (e.g. tenure, age and education ) are the most influential factors in adopting the innovative measures. This finding of survey fits in the context of Federal Board of Revenue as being a public sector organization. The survey also reveals that most of the government organizations are aiming at maintaining their service performance and are less inclined to strive for bringing in innovative practices in administrative realm. It has been observed that this inclination in the public sector organizations is because of their monopolistic

character as they lack competition so resultantly there is less pressures for adopting innovative measures and they are characterized as lethargically huge bureaucratic structures which align for stability and show reluctance for any change or disruption. These characters are an integral part of the bureaucratic culture of FBR, as the greater chunk of leadership as well as employees is reluctant to change and have severe inclination for the preservation of status quo. This tendency has given birth to a workforce which is safeguarding its own interest and sacrificing the interest of the revenues which has given birth to corruption and malpractices within the organization. As mentioned earlier about the introduction of innovative responsive IT systems like STRIVE, WeBOC and Iris but the workforce within the organization have showed dissenting views regarding the working of these systems as there ulterior motives are best served by the unresponsive IT system working under a culture of resistance to change.

In this regard, UK Cabinet Office has identified that risk avoidance or aversion is the most striking inbuilt character in the culture of a government organization which hinders the quest for opting innovative administrative measures, because it is a normal perception that innovation can be detrimental for the interests of bureaucracies and politicians. In the particular context of Australia, it has been



observed that if a new administrative approach or policy fails, different segments will go for a lot of criticism for such kind of misadventure but if the same approach or policy clicks, there will be a criticism regarding why the incumbents wasted so much time to adopt such a good policy. So, there are a lot of internal as well as external pressures which bar the incumbents from adopting a policy or being hesitant and reluctant to an innovative measure.

As in the context of bureaucracy in Pakistan, the foundations are built on the British Colonial rule style civil service model which is more hierarchal in structure and the mid career officers look towards the leadership at the helm of affairs and consider them as the prime source of taking initiative regarding innovation in the public sector. According to the research carried out by Tax Reforms Commission, the field formations mostly rely on the policy frameworks laid out by the headquarters and follow them blindly, while on the other hand the officers working the field formations who conducted daily business with the actual taxpayer are either not properly able to come out with novel idea because of lacking capacity or if even they dare to come up with a different approach, the leadership at the level of FBR headquarter tend to shun their innovative approach. So, it can be aptly observed that bureaucratic structure of Federal Board of Revenue (FBR),Pakistanis

most often the main actor in being a barrier to innovative administrative measures. The officers at the mid career level or officials in the field formations are not given a chance for being taken on board while devising the policies, so it can be deduced that there is an imminent and dire of need of unshackling the frontline and putting more emphasis on the decentralization to give an impetus to the process of innovation.

## **2.7 Removing the Barriers**

After discussing the barriers to innovation at a greater length, the literature review regarding overcoming these hampering barriers reveal many researches in this direction. The research conducted by Professor Sanford Borins explains about different measures which can be taken into consideration while overcoming these barriers. The findings of Borrins and some other scholars are being brought together to for formulating a framework to remove these barriers.

- Through generation of a culture in public sector which is accommodative to the novel ideas which strengthen citizens, staff and societies to support learning process. Such kind of cultures should have the additional qualities of being risk taker, progressive, entrepreneurial and dynamic.

- Through evolution of superior management best practices which should include clarity of communication channels coupled by a robust process of implementation which should be supported by a responsive systematic approach and IT.
- Through generation of workable ideas, having clarity of motives supplemented by lucrative incentives.
- Through participatory process of stakeholders including civil society, trade organizations, chambers of commerce and industry, private sector and voluntary segments of society.

## **2.8 Chapter Summary**

The main focus of this chapter is on an extensive literature review which is being carried out for the development of a clear insight into the subject of innovative administration in the public sector. The insight into the literature reveals that bureaucratic monopolistic character of public organizations is a hindrance in the way of innovating administration, while on the other hand it is also found that mid career lot in an organization and the front liner tend to give an impetus to innovation. In the literature review, it has been made possible to dilate upon

different motivations behind public sector innovation. Alongside, a framework has been brought forward to feature underlying processes, elements and outcomes of innovation in the administrative spheres of public sector. Through literature review, it has also been tried to feature the significance of motivations behind innovation through unveiling the importance of decision making, professionalism, service enhancement and productivity. Alongside all these dimensions, a clear picture of dismal scenario of FBR has also been depicted with putting emphasis on the undocumented economic sector, role of non-taxation of agricultural sector which has been key factors in narrowing the tax base in the country. In addition the role of existing technologies and culture has also been discussed to give a picture of the prevalent situation. Finally, the barriers to innovative administration has also been dilated upon by giving some remedial measures to overcome these barriers in the organization.

## **CHAPTER 3: METHODOLOGY**

### **3.1 Introduction:**

This chapter elaborates the rationale in lieu of opting the qualitative method for this research to find the views of leadership as well as employees of the FBR regarding use of existing technological measures, broadening of tax base, ways for improving the culture of the organization and instilling the spirit of innovative style of working in the FBR. Through the devised methodology, the employees were inquired about their understanding of the concept of innovation in special perspective of administrative measures. This chapter also provide the idea behind choosing officers from multi-managerial levels, so to have a deep insight of different tiers of the organization. In this chapter, the tools for entire research process have been dilated upon to give an overall outlook of the measures adopted to conduct the research so it can be more comprehensive and can give a clear idea of diverse and multi-tiered response of leadership and employees. This chapter also sheds light on the basic structure of the questionnaire devised to get the candid views of respondents.

### **3.2 Reason Behind Choice of Qualitative Method**

The convoluted nature of analytical study of enhancing the innovative administrative measures has pushed me to use qualitative method to apprise the employees about the importance and intentions of the research and to have their candid opinion through questionnaires so the data collected in this manner which is purely based on the views of insiders can be used for proper framing of the strategies for enhancing the performance of the organization.

The intended questionnaire is going to help in bringing forth the responses of employees through few open ended questions on one hand and on the other hand it is going to prove helpful in providing a comprehensive understanding of the research on a wider spectrum. The protocols of the questionnaire are kept exploratory as well as participatory to achieve a panoramic view of the problems and solutions from inside of the organization. The mixing of close as well as open ended questions is framed for the reason to have a frank and outspoken preview of the leadership as well as employees. The open ended questions will also be helpful in measuring the capabilities of the employees about the intended innovative

administrative measures. So, through this framework of questionnaire it will be easy to analyze the data and put a comprehensive plan for future actions.

### **3.3 Multi-Tiered Method**

The collection of responses from different tiers of the organization has not only been helpful in having an idea of top to bottom hierarchical thinking but also has given an opening to the workforce performing at different levels to express their understanding regarding leadership, organization, enhanced innovative working measures and innovative administration itself within the FBR. There has also been found following additional advantages of this method.

- Collection of input from different levels of management
- Collection of data in less time, otherwise in case of interviews it would have been more time consuming
- Development of an understanding among the employees regarding understanding of the key objectives and deliverables of the project
- Gathering of multi dimensional views about the understanding of the innovation through open ended questions regarding definition of innovation

- Collecting the response from the high ups to look for the concept of leadership about the topic of research
- Gathering of more data within less time
- An overwhelming participation of different key stakeholders
- Bringing different levels of organization on the same page to discuss the administrative realm

In this regard, my own rapport with the officers of organization has been the most helping factor in getting their responses for the intended research and the interaction with them regarding the collection of data has made the research process smooth and participatory.

### **3.4 Merits of the Adopted Method**

The use of the qualitative method for the research in the form of questionnaire has been made a choice while keeping into mind the following merits of such methodology.

- Electronic availability of the data which makes analysis part easier
- It is simple to administer data
- Transcript errors can be eliminated easily



- Ample time was provided to the participants, so it gave them proper time to ponder over and come up with a concrete answer
- It is straightforward to analyze
- Standardized collection of information
- At a very low cost, a bigger sample of the workforce was approached
- Analyzing the data based on a qualitative method is relatively easy

### **3.5 Innovative Administrative Measure Questionnaire (IAMQ)**

The designing of Innovative Administrative Measure Questionnaire (IAMQ)<sup>10</sup> has been based on the premise of psychological creativity for solving problems through innovative measures. Through this questionnaire given on Appendix 1, an approach for searching of solutions through innovative measures have been brought forward while keeping into account the innovative repellent culture of the organization to dig deep into the point of view of the workforce including leadership as well as employees by putting a special focus to cover all the aspects and dimensions of

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<sup>10</sup> Phyllis. (2012) Dissertation Questionnaire Design. [online] Available at: <http://www.dissertationwritingservice.org/dissertation-questionnaire-design>

working of the organization and the impacts of the working on the performance of the organization.

### **3.5.1 Alignment of Organizational Strategy with Innovative Administrative Measures**

The rationale behind this segment is to judge the point of view of employees regarding working of FBR on an innovation scale.

- What is the understanding of employees in lieu of innovation
- What kind of innovative administrative measures are being followed by organization
- Is there any strategic plan for innovative administration
- Has organization allocated resources for pursuing innovative administration

### **3.5.2 Alignment of Culture of Organization with Innovative Administrative Measures**

This part focuses on the alignment of culture of organization with the adoption of innovative administrative measures.

- Is the innovation a part of core values of FBR

- To what extent the norms and practices are revolutionary in FBR
- What is the view of employees regarding taking of risk
- Does the vision of employees for innovative working is participatory

### **3.5.3 Leadership**

The questions relevant to this part give an insight into the understanding of leadership regarding innovative administrative measures and how they perceive that these measures can enhance the performance of the organization.

- What is the reaction of leadership to innovative administrative measures
- Does the leadership has the capacity to handle change
- Does the selection procedure of leadership follow principles of merit
- Do the leaders have courage and quest to opt for innovative administrative measures

### **3.5.4 Workforce/Employees**

The intention in this part is to gauge the understanding and role of workforce in the pursuit of innovative administrative measures

- Does the capacity of employees is up to the mark to work in an innovative environment
- Do the present skills of employees have the relative capacity
- Are employees selected on the basis of their innovative working skills
- How the employees perceive about the innovative reputation of the organization

### **3.5.5 Structure of Organization and Working Contours**

The structure of an organization and working dimensions of an organization are the most vital aspects regarding opting for innovative administrative measures for enhancing the performance. So, this part take a view of the workforce regarding the organizational structure and work designs that either they are friendly or repulsive to the innovative measures.

- What is the role of structure of organization in adopting innovative measures
- Innovative working styles like job rotation and workload distribution have any role in the administrative realm of the organization

- Is the organizational structure encouraging for innovation in administrative decisions
- Does the organization provide conducive working design

### **3.5.6 Performance Management Measures**

The measures in lieu of performance management play a key role in the working and performance of an agency. The level of satisfaction of leadership as well as employees with these performance management measures is a pivotal feature of success of any organization. Through this part of IAMQ, it has been tried to work out the role of performance management measures in the development of an innovative administrative environment and how these measures can further the idea of taking the innovative administrative measures.

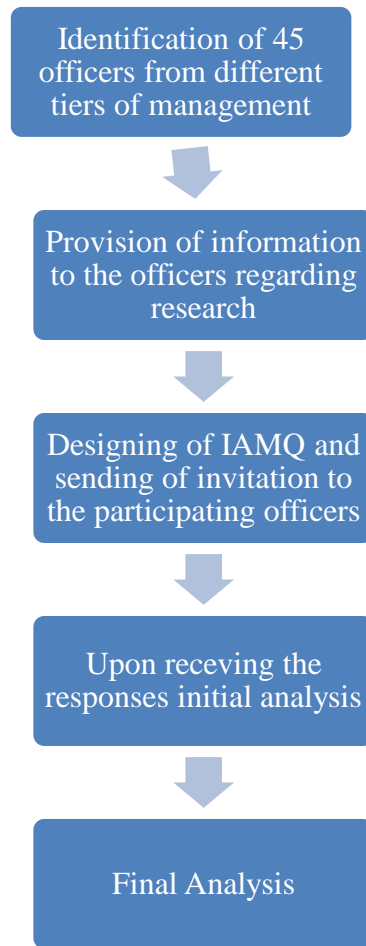
- Is the setting of goals in FBR carry the idea of innovation
- How realistic is the system of performance management
- What is the extent of innovative skills while measuring Key Performance Indicators of the workforce
- What is the reward and incentive mechanism for innovative working style
- To what extent innovative skills are made part of a training manual

### **3.5.7 Networking and Teamwork**

The concepts of networking and teamwork have become essential part of the new regimes of public administration. In this part of the questionnaire, it has been tried to take the account of these measures in the particular context of FBR.

- What is the role of organization in provision of avenues for participatory working
- Does the organization have networking culture
- What is the extent of diversity in team formulation
- To what extent employees are collocated while performing a task

### 3.6 The Process of Research



**Figure 2: The Vertical Aligning of the Process of Research**

In the first phase of the process of research, 45 officers were identified on a rational basis from the Federal Board of Revenue (FBR), Pakistan headquarters and from

the field formations especially from the Regional Tax Office, Islamabad and Regional Tax Office, Rawalpindi which are revenue collection wise model establishments. In the second phase of the research, the officers were apprised of the intricacies of the research. In the third stage , the officers were invited for fulfilling the questionnaire and the same was sent to them through email. In the fourth stage, the received data was analyzed on the basis of responses gathered from the respondents. In the final stage, the data was finally analyzed on the basis of responses from the officers. It is pertinent to mention over here that the choice of officers was not random, they were properly contacted and they showed their willingness for answering the questions and on the basis of their keen interests they were made part of this research to have a candid primary source data. Lastly, the bigger number of officers opened the avenue for having more choices and development of analysis based on rationale and broader choices.

### **3.7 Analysis of Data**

The responses to IAMQ were examined and the responses from the leadership and employees give adequate data on many counts including the definition of the innovation, carrying out evaluation and bringing forth the recommendations.



The data gathered from each respondent was examined and a detailed analysis of each response was carried out to look for the areas of common interest of the employees. As it was found that there was an inter-linking of replies as many of them were coming up with same kind of ideas, so these ideas and recommendations were sifted out. Another glaring feature was that ideas proposed by different tiers of management were found in coherence, which shows the problems being faced at each level though the dimension and severity of issues can be different. Another important aspect which came up was that almost every respondent favored change in the working culture and technological realm of the organization.

### **3.8 Achievements**

In the beginning, the process appeared to be a daunting task, it was found difficult to bring on board forty five officers from headquarter and field formations. But the introduction of the project to the officers proved helpful in having a favorable response from their side as it was tried to send an elaborative invitation to the officers regarding the IAMQ. During the process of research, it was also keep in mind to give a proper and continuous follow-up to the respondents and finally out

of forty five, thirty six responses were received. Alongside, it was specially taken care of to be in touch with the senior management of the organization to apprise them of the importance of the project. The active participation of the identified officers resulted in successful completion of the process and it also helped in bringing forth valuable suggestions for enhancing the performance of FBR through innovative administrative measures.

### **3.9 Chapter Summary**

This chapter elaborates on a greater length about the choice of using the qualitative tool and also explains the benefit of using primary source data for conducting this research. In this chapter, the entire research process has been dilated upon in the perspective of the chosen questionnaire and responses to this questionnaire from different tiers of organization, while the special focus is also put on the analysis of the data and achievements which has been gained through the process.

## **CHAPTER 4: RESULTS /**

### **DISCUSSIONS/RECOMMENDATIONS**

#### **4.1 Introduction**

This chapter elucidates the results of the laborious research process and put forth the outcomes. In lieu of the analysis, the results were compiled to further the process for attaining the key deliverables of the research. In this particular context, the results compiled on the basis of responses of officers to IAMQ questionnaire will be discussed in a full length over here.

#### **4.2 Results of Innovative Administrative Measures Questionnaire (IAMQ)/Findings**

The IAMQ has been very helpful tool in acquiring the qualitative analysis of the agency in the particular context of leadership, employees and culture. It has been instrumental on many grounds and it has given not only been helpful in defining the concept of innovation as the respondents gave their own understanding of the term 'innovation' but also in finding the grey areas which are being taken as the

most prioritized actionable areas for recommending the policy choices to enhance the performance of Federal Board of Revenue.

#### **4.2.1 Definitions of Innovation**

As taking into account the research questions, the first question was posed to the respondents about their respective definition and understanding of the innovation and it was put as an open-ended question to know about their perspective of innovation. The responses gathered from the respondents helped in bringing forth the definition of innovation because the ideals of employees about the basic understanding of the concept are necessary to come up with the policy measures in perspective of innovative administration to inculcate the basic rationale behind the role of innovation in enhancing the performance of Federal Board of Revenue. While going through the responses to questionnaire, some noticeable definition of innovation propped up which are enlisted below while the overall responses are attached in appendix.

- Innovative ways of providing quality service to the clients and setting the proper communication channels with them

- The art of bringing out of the box solutions, bringing forth new solutions for old and acute problems and these solutions should be focused on effectiveness and efficiency
- The innovation can be termed as something new and original, not a continuity of old
- The scope of innovation revolves around new solutions in the persistent situations and the premise behind any innovation is to find novel means to achieve the goals agreed by the organization
- Novel methods and technologies to achieve the desired results
- Innovation means weaving of new methods while keeping into consideration the organizational goals and requirements to the organizational culture because innovation is a change from inside while working within the environment
- Innovation rotates around taking up the informed policy decisions to meet the inadequacies of the existing processes and techniques
- New ideals for achieving the organizational objectives in a better way by relying on the old practices
- Searching for new ideas to cope with the novel challenges

- A cycle of bringing constant and positive changes to meet administrative, financial and other managerial developments within an organization

#### **4.2.2 Policy Recommendations**

Upon receiving the response from the employees and while going through their replies, the results were clustered on the premise of commonness of the desired action and thereafter the paired comparison analysis was carried out to find five most actionable areas which appeared as common innovative administrative measures opted by the officers while replying open-ended questions and these areas were taken as prioritized policy choices and recommendation to address the core objective of innovative administrative measures to enhance the performance of Federal Board of Revenue.

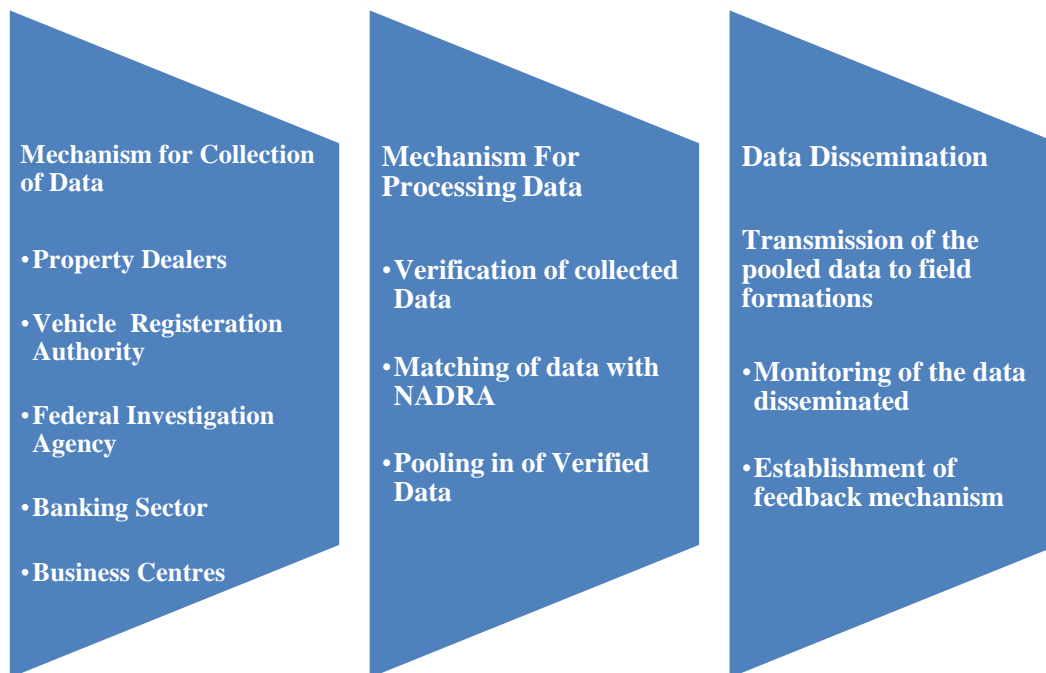
- **Broadening of Tax Base**

One of the major key area which has been pointed out by the respondents is the broadening of tax base. As it has been discussed regarding the plight of narrow tax base scenario<sup>11</sup> in Pakistan, the responses were also gathered through the IAMQ from the workforce regarding enhancing the tax base and broadening it by

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<sup>11</sup> [www.fbr.gov.pk/docs/BTB-Policy-Documents/598](http://www.fbr.gov.pk/docs/BTB-Policy-Documents/598)

including more sectors and by putting emphasis on the integration and collection of data of potential taxpayers. For this purpose, a concerted plan is being proposed for broadening of tax base which contours the effective use of technology for the collection of data from different agencies and then processing of data and in the third stage to disseminate the data to the field formations and this dissemination of the data is being linked with the feedback and evaluation of the working of the field offices on the data. The modular framework is being recommended for this purpose:



**Figure 3: Modular Framework for Broadening of Tax Base**

- **Training Programs for Capacity Building**

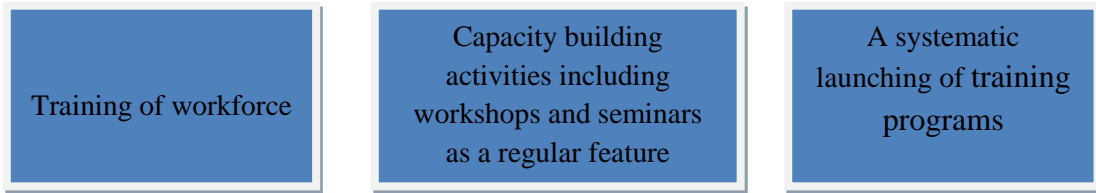
The emphasis of the respondents have been on the capacity building of the workforce as one of the innovative administrative measures. The respondents have pointed out a focused approach for devising a training program along with the seminars and workshops to enhance the capacity of leadership and employees for innovative working style<sup>12</sup>. The respondents have also particularized the need for bringing the change in the administrative culture of the organization through such capacity building training programs, there has been a proposal to outline a training program in this direction which is contoured at Appendix II, so the capacity issues can be addressed phase wise. Many officers have linked the training programs with the in sighting of capacity of workforce to think out of box and to have a coherence with the innovative administrative measures. while taking into account the responses, some of them with innovative style of thinking are being presented which give an idea about the perception of the workforce.

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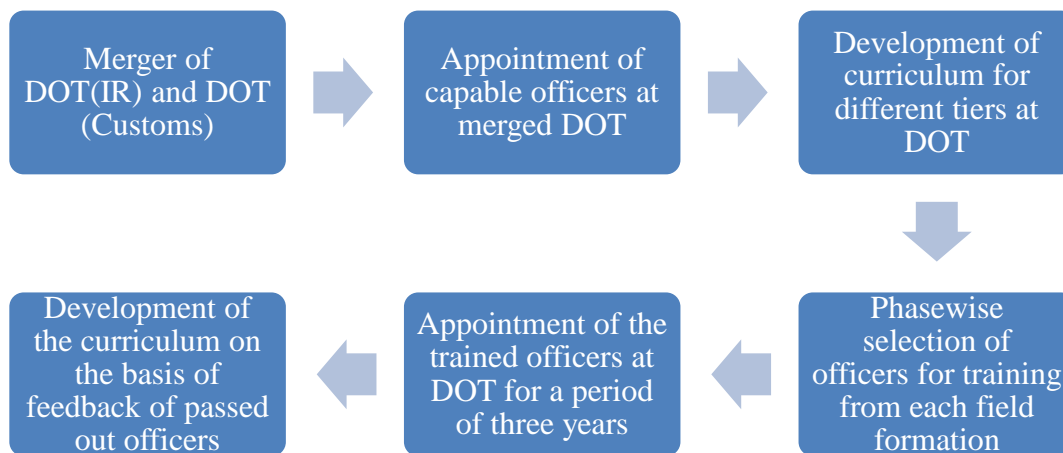
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On the basis of these evaluations, the focus of such programs should be carried out in a phased manner at the already established training institutes like Directorate of Training and Research (DOT) Islamabad, Lahore and Karachi on a stipulated path for the leadership and employees of the FBR to make it more efficient capacity building approach, a training framework for the procedural matters is being laid out which is based on the responses and is being recommended specifically for the organization which is as follows:



**Figure 4: Capacity Building Framework for FBR**

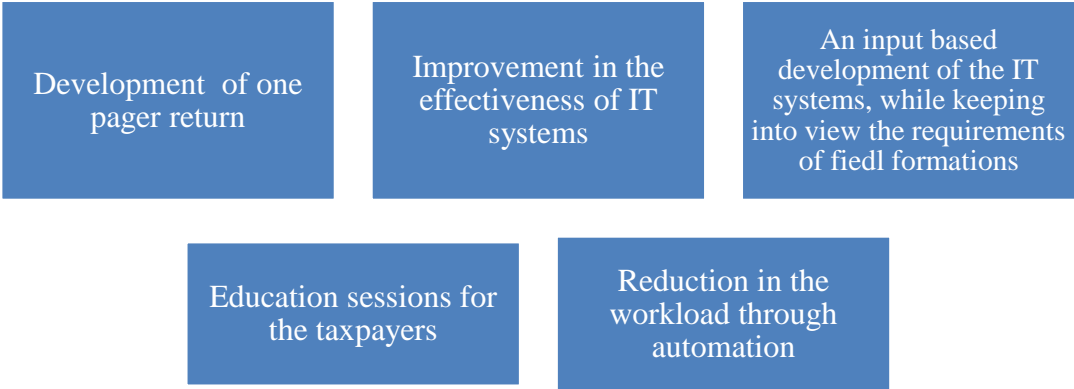
- **Development of Responsive IT Systems**

At the moment Federal Board of Revenue is going through the process of automation, though there has been development of homegrown IT systems by the FBR, but these systems are developed by Pakistan Revenue Automation Ltd. which is an organization working under the ambit of FBR, the organization has many technical deficiencies which has hindered its progress on the development of effective IT systems. So, the respondents have shown their concerns about the effectiveness and integration of the working IT systems like STRIVE, WeBOC and

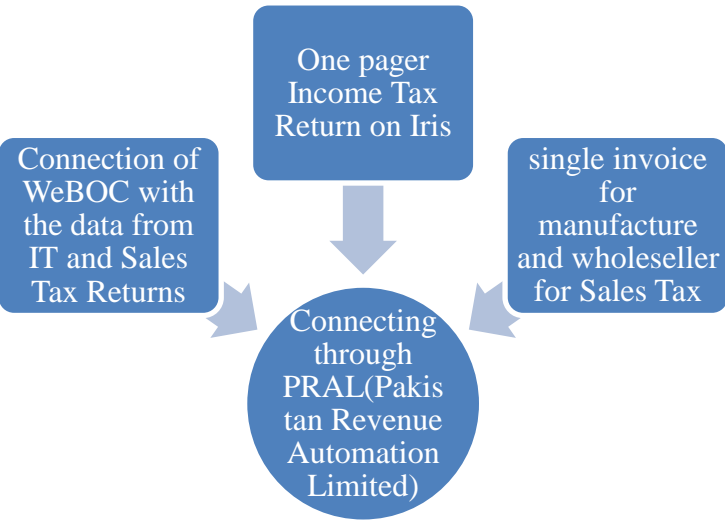
Iris<sup>13</sup>. Furthermore, the respondents have also dilated upon the effectiveness of an integrated IT system which will be more helpful in bringing a revolutionized change in the organization and can be a right step in making the organization, a paperless entity which will enhance the efficiency and will help in capitalizing the financial resources. Some officers also pointed out that the IT system should be developed while keeping in view the problems faced by the field formations not only considering the vested interests of a few who are sitting at the level of headquarters and the need was opined to play headquarter as a coordinating agency in the development of such effective IT systems and these systems should also have the sessions to enhance the knowhow of the taxpayers about the systems, there should be a dual purpose of such effective IT systems. Some of the point of views of the officers are being presented below which can be cross matched with the answers in the questionnaire.

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<sup>13</sup> <https://www.pakistantoday.com.pk/tag/federal-board-of-revenue/>



On the basis of these responses, the following framework for responsive IT systems through putting Pakistan Revenue Automation Limited (PRAL) at the centre is being recommended in the particular context of Federal Board of Revenue.

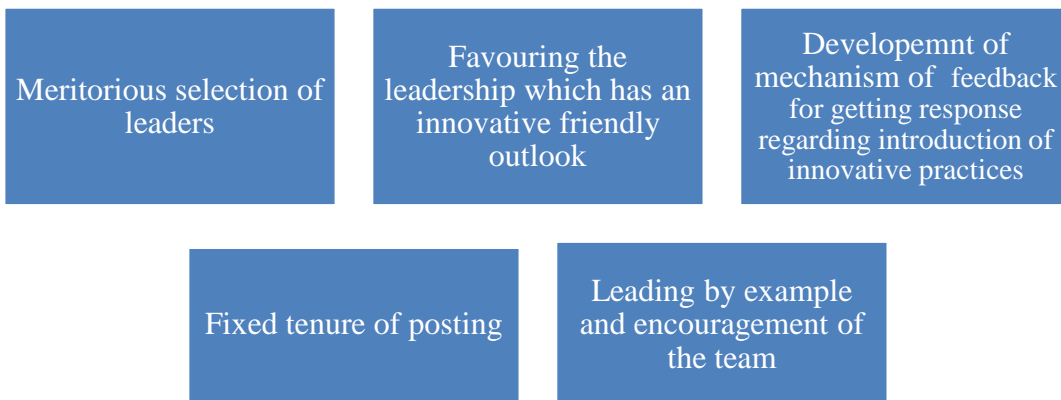


**Figure 5: Framework for Interconnected Responsive IT Systems**

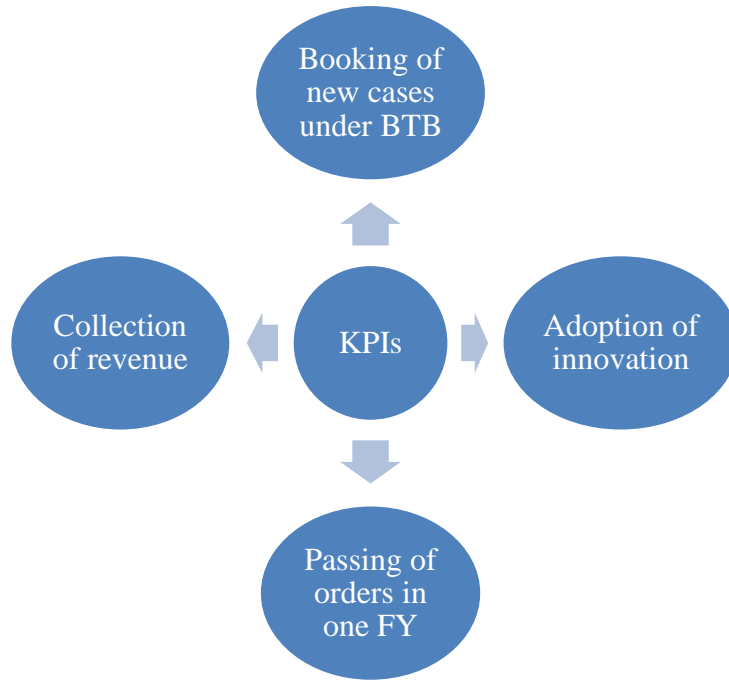
- **Development of KPIs in Particular Context of FBR**

On the basis of the response, the third area of the policy formulation in the administrative realm has been come forward as the development of Key Performance Indicators (KPIs). According to the contemporary, KPIs' procedures, most of the performance indicators are irrelevant to the job of field officers and many of them are overlapping. The officers at the headquarter level are mostly involved in the coordination work, while the officers at field level are involved in the collection of revenue, while there is no differentiation among the KPIs. While considering the replies of the employees, it has been commonly proposed, that the KPIs should be developed while keeping in mind the meritorious selection of the team leaders, bringing forth the leaders who are courageous enough to implement it at different managerial level, clear contouring of performance measures, giving of confidence and free hand to the teams while achieving the target and building up of a team to review these KPIs with time to time to bring the necessary changes. The respondents also opined for a novel idea of building up of a team which can keep a track of the feedback and evaluation of the process of implementation of innovative administrative measures, so the measures evolving positively and resulting in the performance of the officers should be made part of the KPIs on permanent basis, so

they can be used as standardizing the performance management of the officers. A few of the ideas on this sector coined by the different tiers of the management in response to the Innovative Administrative Measures Questionnaire (IAMQ) are being presented into the following manner and are being reproduced.



On the basis of these responses, a novel approach for the introduction of KPIs is being recommended:



**Figure 6 : Framework for FBR Specific Development of KPIs**

- **Introduction of Rewards and Incentives**

The fourth innovative area for prioritizing in enhancing the performance of FBR, has been pointed out by respondents as introduction of a mechanism of rewards and incentives which will be helpful in not only inculcating the spirit of the innovation in the organization but will also help encourage them to perform better.

For this purpose, the employees have put much focus on the creation of an environment which gives encouragement for heading towards the organizational goals. Such kind of environment should be based on the rewards and incentives for the outperformers<sup>14</sup>. Most of the employees have taken it as one of the driving force for the employees of a revenue generating agency. Some of the inputs are being mentioned below from the responses.

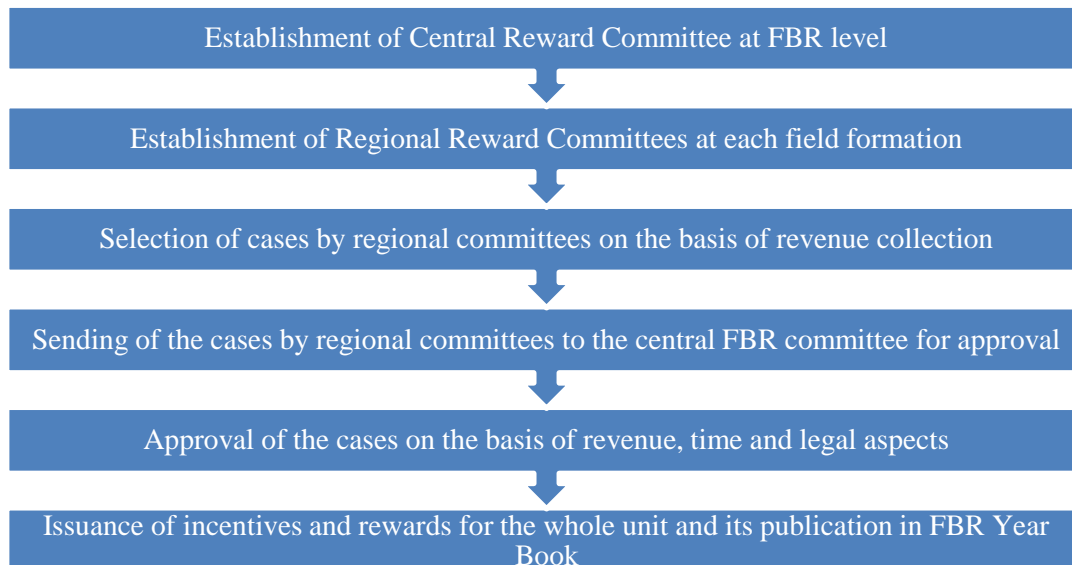


On the basis of responses from the employees, a framework for rewards and incentives is being devised as under:

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<sup>14</sup> [www.fbr.gov.pk/ShowDocument.aspx?type=Doc&Actionid=14594](http://www.fbr.gov.pk/ShowDocument.aspx?type=Doc&Actionid=14594)

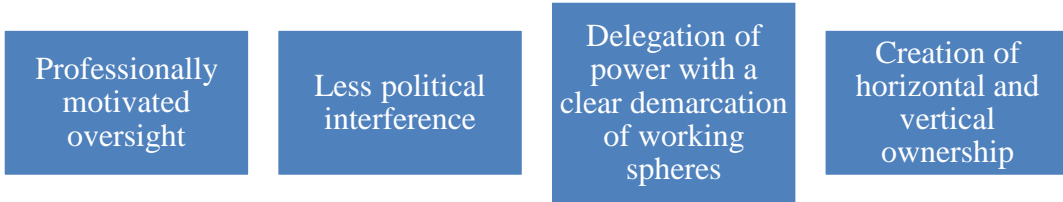




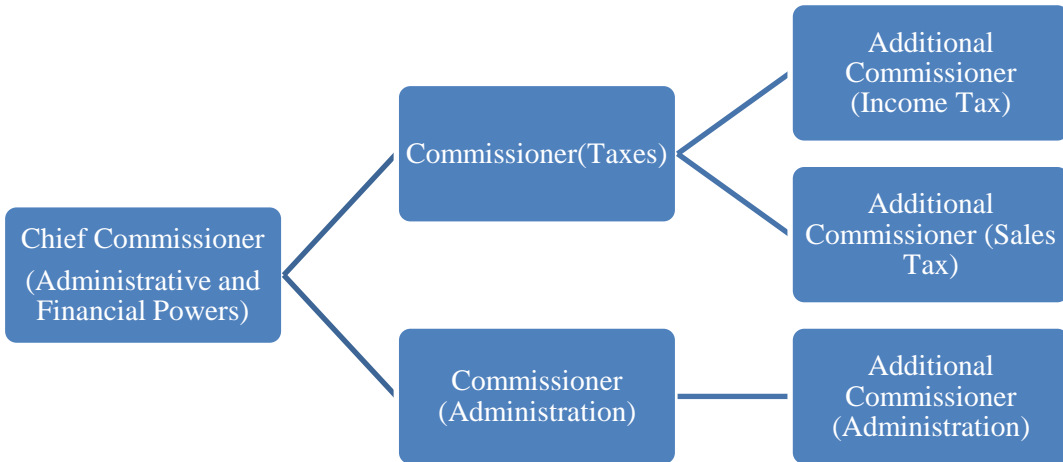
**Figure 7: Skeleton of Rewards and Incentives Mechanism**

- **Focusing Decentralization**

On the basis of responses from the officers, another prioritized area which needs innovative administrative measures for enhancing the performance came up in the form of focusing on decentralization and giving away the concepts of centralized authoritarian system. The participants opined to bring all the stakeholders on board in this matter and to come up with new models of decentralization. Some of the views are being reproduced here.



On the basis of the responses, a new decentralized model of field formations is being recommended at the Regional Tax Office level as being the functional organ.



**Figure 8 : Organogram of a Decentralized Regional Tax Office**

### **4.3 Chapter Summary**

This chapter elaborates a comprehensive perspective of results gathered from Innovative Administrative Measures Questionnaire (IAMQ). The multidimensional approach of this questionnaire has helped in gathering the concept of employees in lieu of innovation on one hand and the innovative administrative measures on the other hand which can be helpful in enhancing the performance of Federal Board of Revenue. In the later part of this chapter, a comprehensive model for broadening of tax base has been framed along with development of training module for enhancing the capacity of the workforce of Federal Board of Revenue to brush up their abilities to work in an innovative organizational culture and play their role in enhancing the performance of FBR.

## **CHAPTER 5: Reflections/Evaluation/Conclusion**

### **5.1 Introduction**

This part of the thesis revolves around giving an overall recap of the research process and elaborating the holistic role played by the inputs of the respondents from different managerial levels of FBR. The chapter is also aimed at giving an overall view of the research project by touching the goals, research question outcomes in the form of fulfilling the research objectives. In this chapter the perusal of literature review will also be discussed along with a brief review of the methodology. At the end of this chapter, the lessons learnt will also be discussed in the perspective of this research.

### **5.2 Precise of Research**

As during the course of this research, the workforce of FBR including employees and leadership has been taken on board, so the most important message of this research process was that it gave an impetus to the soul searching among the employees and leadership that their efforts on grounds of formulating and practicing innovative administrative measures have been very negligible and there is need to do a lot on this. In my analysis, this has been a watershed in lieu of a

bigger vision. The purpose of selecting qualitative technique was also similar that will be discussed in later part of this chapter. An overview of research also reveals that the workforce has also acknowledged both at the level of leadership and employees that risk taking is not encouraged at all and it can be replicated as that innovation is not given due encouragement. Another glaring consensus among all the managerial levels is that the obsolete working styles with stereotyped thinking have made it more difficult for the leadership and employees to think out of box and that was the reason to come up with a training module based on lectures and group discussions to come up with inbuilt solutions which can help for enhancing the performance of FBR because no one is more abreast with the administrative problems than the insiders. The responses of employees also elucidated that most of them are very capable of taking initiatives in right direction but because of organizational culture and design, any kind of such measures are shunned and discouraged. Out of all responses, the actionable areas have been pointed out which were observed most commonly by many senior as well middle level officers and they were portrayed in the form of recommendations. As a crux, the intention through this research has been to bring up a document which will

work as a policy document for the leadership of FBR for stimulating the innovative administrative measures for enhancing the performance of FBR.

### **5.3 Contribution Statement**

The eagerness and interest of the tiers involved in the process of research clearly revealed that they are very optimistic about the topic and research and they are also eagerly waiting for the results of the research. The special kindness and guidance of the senior officers and their valuable contributions in the form of responses has given a stimulus to come up with the innovative administrative measures which would be taken as policy alternatives while formulating the policy and will be taken as choices for future policy. The enthusiastic involvement of all the officers have paved the way for bringing up the major deliverables of the research.

### **5.4 Reflections on the Research**

In the above paragraphs, the precise summary of the research and the contribution from different tiers of management have been discussed, now in the preceding lines, the focus has been put on reflecting each stage of the project.

#### **5.4.1 Objectives of the Project**

The objectives of the project have been dilated upon in the first chapter and it has been taken care to remain within the paradigm of objectives and to achieve the major deliverables and answer the research questions on the basis of qualitative methodology as stipulated in the second chapter. It has also been taken care of that the objectives should be more focused on enhancing the performance of FBR and come up with concrete recommendations in this direction.

#### **5.4.2 Literature Review**

During the course of research, it has been properly taken care of to consult the literature review in this dimension especially focusing on the literature concerning to the innovation in public sector for enhancing the performance and the literature has been gone through at the level of individual research as well as the research carried out by the organization itself and the third parties like IMF and World Bank. The year book of FBR has also been thoroughly examined to have a deep insight into the ongoing technological as well as administrative measures in the organization and their impact on the performance of the agency.

The process of going through different relevant literatures has also helped me in enriching myself on the ideas of public sector innovation and its impacts on the performance of an organization on one hand and on the other hand it has also helped in giving a direction to my research.

### **5.4.3 Application of Methodology**

At the start of the research, the intention was to process the research by applying quantitative as well as qualitative analysis, but in due course of time and sheer guidance of seniors, it was decided to dilate upon the process through qualitative research so as to make it more purposeful and organization focused by involving the different tiers of management and to have a proper feedback from them on different administrative aspects and to know what they actually feel about the ongoing administrative setup of the organization in its own particular context. So, the pinpointed primary source based methodology was more helpful in bringing forth the true essence of problems and their solutions as open ended questions were made part of IAMQ, so the different managerial levels can answer them according to their own experience and it was perceived that it would be helpful in acquiring a panoramic view of the insiders. The perception in this regard was up to the



expectations and it helped in attaining the major deliverables of the research and answering the research questions.

As being part of the organization and especially working in the field offices, it was quite fruitful to orchestrate the open ended questions to get a candid view of the employees and the questionnaire was designed in a way to not to be time consuming as otherwise the respondents may lose their interest, so a very few descriptive questions were made part of the questionnaire.

Another glaring feature of the adopted methodology is that each respondent was contacted individually and at the very outset was told about the perspectives of the research which created their interest and compelled them to give an honest opinion of the prevailing situation.

#### **5.4.4 Research Process**

The carrying out of the research process was aligned with coherence and in an organized manner. A rapport in the organization and timely contact with the leadership and employees helped in collection of enough data to work on for framing the policy recommendations. It has been specially taken care of to conduct the research in a very professional manner in view of the guidelines stipulated by

the school and clubbing them with the organizational needs of the agency. The response from the workforce was timely, so it helped in framing the innovative administrative measures in the form of recommendations for enhancing the performance of FBR through which is an outcome of carrying out the research process in an efficient and systematic manner.

#### **5.4.5 Lessons Learnt**

In the vague of going through this research process, many lessons regarding handling of literature review, data and an extensive analysis of data has been learnt. Alongside, the research has taught me steadfastness and perseverance. The research has stimulated an urge for learning more in the sphere of advanced policy making and allot more time to design and plan the methodologies for collection and analysis of data because during the research process paucity of time has been an instrumental factor.

#### **5.5 Conclusion**

In the nut shell, the entire process of research has been very motivating, interesting and challenging for me. In my personal capacity, it has been a unique experience of learning the intricacies of carrying out a research at such a level. The thesis has

also helped me in having a better understanding of different managerial tools and point of views which persist at different tiers of the organization. It has also helped me in bringing forth some radical changes, especially a training program and special steps to broaden the tax base in the country which is one of the most glaring issues of FBR<sup>15</sup> on its basis, the agency is lagging far behind in achieving its assigned budgetary targets. This unique experience of carrying out this research at this prestigious institute has helped in building my own confidence which will not only be helpful in my personal capacity building but will also help me in playing an important role in my own organization.

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<sup>15</sup> [www.fbr.gov.pk](http://www.fbr.gov.pk)

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## **Appendix 1**

### **Innovative Administrative Measure Questionnaire (IAMQ)**

**Q.1.** What is your definition of innovation?

**A.**

**Q.2.** Is your organization having clear perception and understanding of innovation?

**A.**

**Q.3.** Does the organization have a set strategic plan for innovative working?

**A.**

**Q.4.** Is there any resource allocation for pursuit of innovation?

**A.**

**Q.5.** Does the organization provide you an opportunity to take initiatives?

**A.**

**Q.6.** Is innovation component of FBR's values?

**A.**

**Q.7.** Do you think the values of FBR are evolutionary?

**A.**

**Q.8.** Do you feel your proud of being part of FBR? If so, why?

**A.**

**Q.9.** Does innovative working encouraged in the organisation?

**A.**

**Q.10.** Are the employees capable of innovative working?

**A.**

**Q.11.** Do the employees possess requisite skill sets for innovation?

**A.**

**Q.12.** Is innovation taken as a goal in FBR?

**A.**

**Q.13.** Does innovation work in the backdrop of selection and development procedures?

**A.**

**Q.14.** Is FBR known as an innovative organisation?

**A.**

**Q.15.** Is leadership innovation friendly or innovation repellent?



**A.**

**Q.16.** Is leadership capable of handling innovation pursuit?

**A.**

**Q.17.** Is leadership capable of guiding and supervising the innovative employees?

**A.**

**Q.18.** Is leadership selection process fair?

**A.**

**Q.19.** Do leaders spend enough time with innovative teams?

**A.**

**Q.20.** Is the organizational structure innovation supportive?

**A.**

**Q.21.** Is there any policy of job rotation across different functional divisions in place?

**A.**

**Q.22.** Is work distribution fair?

**A.**

**Q.23.** Do employees have enough time to determine their priorities in managing workload?

**A.**

**Q.24.** Does FBR provides a conducive work environment?

**A.**

**Q.25.** What are the best features of work environment you think are innovation supportive?

**A.**

**Q.26.** What factors deter innovative working?

**A.**

**Q.27.** Does the performance management system measures innovation potential?

**A.**

**Q.28.** Is there any system of rewards and incentive for innovative working in place?

**A.**

**Q.29.** Have you received any training for innovative working?

**A.**

**Q.30.** Does the organization encourage team work and networking?

**A.**

**Supplementary Questions:**

**Q.** What in your opinion is the competitive advantage of your organization?

**A.**

**Q.** If you are asked to enhance or transform the innovative working in the organization what three things you will do?

**A.**    **i)**

**ii)**

**iii)**

## 국문초록

파키스탄은 지방의 연방이며 이 연맹수익은 연방주체이며, 파키스탄 연방국세청 (Federal Board of Revenue, FBR)은 주요수익수집연방기관이다. 지난 30 년 동안 FBR 은 심각한 행정문제에 직면하여 예산할당수익목표를 달성하지 못하는 결과를 초래하였다. 이미 FBR 의 여러 행정문제에 대한 많은 연구들이 있었지만 대부분 조직 내에서와 조직 밖에서 이루어진 연구들은 대부분 오래되고 고착화된 설명에 의존해 있다. 이러한 점에서 세금징수와 관련하여 부족한 부분을 막을 수 있는 혁신적인 행정조치를 찾아야 할 것이다. FBR 은 최고 리더십뿐 만 아니라 직원을 포함한 참여적 접근방식을 선택함으로써 혁신적인 강점을 지적해야 할 것이다. 또한 조직의 리더십들은 조직의 문화를 변화시키고 결과적으로 직원들의 사기를 높이고, FBR 에 대한 신뢰가 부족한 납세자들로부터 세금을 내는 것을 선동할 수 있는 호응적인 IT 시스템을 시작하기 위한 혁신적인 행정조치를 마련하기 위해 능동적이고 비전 있는 역할을 수행해야 한다.

본 연구는 FBR 조직이 직면한 문제를 발견하고 혁신적인 행정조치를 통해 문제를 해결할 수 있는 방법이 이상적인 리더십과 직원들에게 달려있다고 전제한다. 따라서 리더십과 직원들의 참여는 행정문제와 혁신적인 해결책에 대한 깊은 통찰력을 제공하는 참여설문을 통해 확인할 수 있다.

**주요어:** 연방국세청, 행정문제, 혁신, 행정조치, IT 시스템

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