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# Service quality framework for the South African Revenue Service from the perspective of the tax practitioner

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ABSTRACT

The objective of the present research was to propose a service quality framework regarding the service quality of the South African Revenue Service (SARS) from the perspective of the tax practitioner. In order to develop the specific "lens of the tax practitioner" regarding the service quality of SARS, an in-depth, qualitative approach was required to identify a comprehensive range of determinants that potentially drive service quality in the revenue service industry and setting. One such qualitative method is the critical incident technique, which relies on a set of procedures to collect comments on service experiences, to perform a content analysis and to classify the observations of service experiences. A process of natural language argument was used to convert the data analysis results and the relevant elements of the theory from the literature survey into the service determinants. This "lens of the tax practitioner" can be used as a basis for developing a service quality measuring instrument that could measure the service quality of SARS from the perspective of the tax practitioner.



## 1. Introduction

Calls for businesses to pay attention to the quality of the service(s) they deliver to their customers have increased in the last few decades (Schneider & White, 2004; Zeithaml, Bitner, & Gremler, 2012). As the community's expectations regarding the service(s) received from private sector organisations have grown, there has been a corresponding increase in people's expectations regarding the service(s) provided by the public sector (Dhillon & Bouwer, 2005). Since the start of the 21st century, revenue agencies worldwide have typically been the first public sector institutions to redefine the relationship between the government and the community. Revenue agencies began to concentrate on improving external aspects – their relationship with clients and the service they provide to clients (Dhillon & Bouwer, 2005; Rettie, 2005). The Organisation for Economic Co-operation and Development (OECD) with 34 member countries that span the globe recently confirmed this move of revenue agencies to focus on client service. The OECD (2010a, 2011a, 2011b) stated that they are committed to improve taxpayer services and have reiterated their wish to see continuous improvement of these services in all their member countries.

The vision for the improvement of taxpayer services is also extended to tax practitioners as the OECD (2008) believes that more constructive relationships between revenue bodies and tax practitioners are the best way revenue agencies could respond to non-compliance encouragement activities of tax intermediaries. A revenue authority may also gain significant

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leverage in its compliance activities by building and sustaining relationships with tax practitioners (OECD, 2004, 2008, 2010b). Alliances with trusted intermediaries (for example tax practitioners) may be crucial to challenging community attitudes and influencing taxpayer behaviour and might allow for an integrated approach to addressing compliance issues and mutual support which greatly increase the chances of success of any given strategy (OECD, 2004). South Africa has been offered enhanced engagement with the OECD, but improved taxpayer (including tax practitioners) services would be one of the OECD standards that would be evaluated to determine whether South Africa would be eligible for future membership (OECD, 2011b).

As the new democracy birthed in 1994 in South Africa matured, the South African government adopted the "Batho Pele" principle ("Batho Pele" is the Sesotho term for "putting people first"). The South African Revenue Service (SARS) pioneered this shift towards a service ethic by adopting an enterprise-wide customer relationship management vision, the bastion of the reorganisation effort towards improving service delivery (Areff & Mabaso, 2005; Ensor & Temkin, 2002; Gordon, 2003).

In line with its new customer relationship management vision, SARS launched a specialised tax practitioners' unit during 2006 that specifically focuses on increased service delivery to one of their customer groups, namely tax practitioners. SARS (2007) also indicated that it wants to form a strategic alliance with advisors and tax practitioners to ensure that they are provided with a differentiated service. Magashula (2010), the former Commissioner of SARS also emphasised the importance of service quality in SARS interactions with tax practitioners and that SARS and the tax practitioners should be able to understand the world from each other's perspective.

Although SARS embarked on a service quality journey, it admits in its annual report (SARS, 2011, 2005) that detailed and reliable tracking methodologies to determine service standards of SARS still require a lot of refinement. Two individual interviews with employees at the SARS head office in Pretoria, Mr. Edward Kieswetter, the then General Manager: Operations (2006) and Ms. Tasneem Carrim, Head: Communications (2006), revealed that SARS is still only in the planning phase of developing a strategy to measure its actual service levels.

The objective of this study was to propose a service quality framework of the traditional services rendered by SARS from the perspective of the tax practitioner. When SARS knows the service quality framework relevant to the tax practitioners, it becomes possible to identify how to manage service quality and how to influence it in a desired direction (Gaster & Squires, 2003; Grönroos, 1988; Palfrey, Phillips, Thomas, & Edwards, 1992; Philip & Hazlett, 1997; Seth, Deshmukh, & Vrat, 2005).

To derive at the objective a review of relevant service quality literature is provided first (Section 2). Thereafter the research methodology followed in this study is explained (Section 3). Section 4 proposes the service quality framework from the perspective of the tax practitioner and the last section concludes this study.

## 2. Literature review

It is widely agreed that service quality depends on two variables: expected (desired) service and perceived service (Zeithaml et al., 2012). Perceived service quality is the outcome of an evaluation process where the expected service is compared with the service received. Parasuraman, Zeithaml, and Berry (1985) proposed a gaps model for service quality and identified five "gaps" within the organisation, namely the consumer expectation and management perception gap, the management perception and service quality specification gap, the service quality specifications and service delivery gap, the service delivery and external communications gap, and the expected service and perceived service gap. Speller and Ghobadian (1993) identified two additional internal gaps that might be relevant to the public sector, viz., the internal communication gap (the lack of empowerment and training of staff in delivering the service) and the contact staff perceptions gap (the failure to listen to contact staff about what the customers think of the service that has been delivered). The five gaps from Parasuraman et al. (1985) gaps model were refined by Zeithaml et al. (2012) as a customer gap and a provider gap. The customer gap is the difference between customer expectations and perceptions. To close the important customer gap Zeithaml et al. (2012) gaps model suggests that four other gaps – the provider gaps – needs to be closed. This article focuses on defining the customer gap – that is the gap between what tax practitioners expect from the services rendered by SARS and their perception of the services actually rendered.

Service quality was defined mainly by means of service quality models. Two schools of thought emerged in the definition of service quality, namely the Scandinavian and American schools. In comparing service quality models, it was found that several of the models are equally suitable for different service settings, both in the private and public sectors.

The Scandinavian school defined service quality using categorical terms and divided the construct into different dimensions. Originally Grönroos (1984) identified three dimensions: the technical dimension ("what"), the functional dimension ("how") and the corporate image. Gummesson (1992) listed software as a separate dimension, but for Grönroos (1984) software forms part of the technical, or even the functional dimension, depending on whether the software assists in performing the service (the technical dimension), or whether the software assists in delivering the service (the functional dimension). The importance of the use of software should not be ignored in defining or measuring service quality, but the user of a service who evaluates the technical dimension may not always be familiar with the methods used in deriving the end product of a service, whether these methods are manual or whether they involve the use of software applied in performing such a service – the result of the service is all that is visible to the user.

Rust and Olivier (1994) split the functional dimension into the service delivery (the sequence of events) and the service environment (the physical ambience of the service setting or tangibles). Brady and Cronin (2001) found empirical evidence in support of Rust and Olivier (1994) service quality dimensions. Kang and James (2004) found empirical evidence for Grönroos