

SARS'S IKM STRATEGY – AN EXTERNAL PERCEPTION THROUGH THE EYES OF THE MEDIA

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Assignment presented in partial fulfilment of the requirements for the degree of Master of
Philosophy (Information and Knowledge Management) at Stellenbosch University



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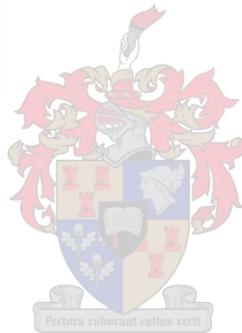
Declaration

I, Westonio Sarien Groepe hereby declare that this assignment is my own original work and that all sources have been accurately reported and acknowledged, and that this document has not previously in its entirety or in part been submitted at any university in order to obtain an academic qualification.



Westonio Sarien Groepe

5 November 2006

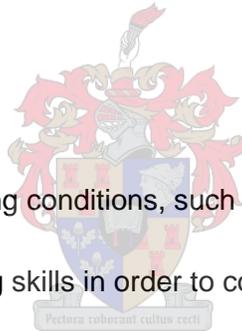


Abstract

South Africa held its first democratic election in 1994. At the moment, government has to address many injustices of the past. For this they need funds. The years before 1994 saw South Africa isolated from the rest of the world as a result of its human rights track record. As a result of this isolation, the government has not only inherited injustices that need to be addressed, but it also inherited debt, which needs to be repaid with interest. Therefore, the South African Revenue Service is tasked with the responsibility to ensure an inflow into government coffers.

The South African Revenue Service has been constituted as an autonomous body in 1997. Although the task of revenue collection seems mundane, its enormity cannot be over-emphasised. The revenue it collects is needed to address issues of inequality such as:

- equality of education;
- restoration of basic living conditions, such as shelter and health care; and
- upgrading and retaining skills in order to compete globally.

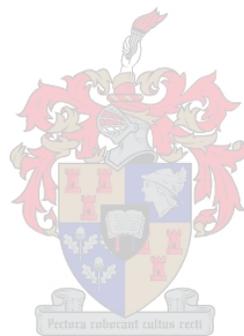


The general perception is that the South African Revenue Service has achieved much through transformation projects in a very short period. Furthermore, the President is embarking on a mission to unite the African continent through various initiatives. Currently, perception gained from the media is that Africa is corrupt and lacks the economic will to change. The current study was undertaken to establish whether the model used by the South African Revenue Service, as perceived by the media, is well received. A positive media perception could pave the way for other government organisations as well as South Africa's neighbours to enter into an information and knowledge sharing partnership with the South African Revenue Service to the benefit, not only of the country, but also of the continent as a whole.

The conclusion drawn is that the South African Revenue Service is indeed an example to be proud of. They seem to have formed partnerships with business,

professional bodies and foreign agents as well as with the ordinary man in the street to engage successfully in discussions, which will ultimately lead to the mutual benefit of all its stakeholders, internal and external.

Finally, from a media perspective, the organisation is perceived to have done South Africans proud; however, it is also clear from media reports that room for improvement exists.



Opsomming

Suid-Afrika het in 1994 sy eerste demokratiese verkiesing beleef. Op die oomblik is die regering besig met die herstel van heelwat ongeregtighede van die verlede. Hiervoor is fondse nodig. In die tydperk voor 1994 was Suid-Afrika weens die land se swak menseregterekord van die res van die wêreld geïsoleer. As gevolg van dié isolasie moet die regering nou nie slegs die oorgeërfde ongeregtighede regstel nie, maar daar is ook die oorgeërfde skuld wat met rente terugbetaal moet word. Die Suid-Afrikaanse Inkomstediens is gevolglik belas met die verantwoordelikheid om 'n invloed in die regering se skatkis te verseker.

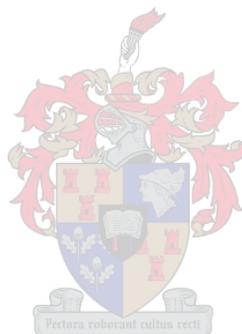
Die Suid-Afrikaanse Inkomstediens het in 1997 outonome status verkry. Alhoewel belastinginvordering baie gewoon en alledaags voorkom, kan die omvang daarvan nie oorbeklemtoon word nie. Die inkomste wat ingevorder word, is nodig ten einde aan kwessies van ongelykheid aandag te gee, byvoorbeeld:

- gelyke onderwys;
- herstel van basiese lewensomstandighede, byvoorbeeld skooling en gesondheidsorg; en
- opgradering en behoud van vaardighede ten einde wêreldwyd te kan meeding.

Die algemene opvatting is dat die Suid-Afrikaanse Inkomstediens in 'n baie kort tydjie met behulp van transformasieprojekte groot vordering gemaak het. Daarbenewens is die President besig met die uitleef van 'n ideaal om die Afrika-vasteland deur middel van verskeie inisiatiewe te verenig. Tans is die persepsie wat uit die media verkry word dat Afrika korrup is en dat die wil om ekonomies te verander, ontbreek. Die huidige studie is onderneem ten einde vas te stel of die model wat deur die Suid-Afrikaanse Inkomstediens gebruik word, soos waargeneem deur die media, goed ontvang word. 'n Positiewe opvatting in die media sou die weg kon baan vir ander regeringsorganisasies asook Suid-Afrika se buurlande om 'n vennootskap met die Suid-Afrikaanse Inkomstediens aan te gaan waardeur inligting en kennis gedeel kan word tot die voordeel van nie net die land nie, maar van die vasteland in sy geheel.

Die gevolgtrekking waartoe gekom word, is dat die Suid-Afrikaanse Inkomstediens werklik 'n trotse voorbeeld stel. Dit wil voorkom asof vennootskappe met besighede, professionele liggame en buitelandse agente asook met gewone burgers aangegaan is ten einde suksesvol by gesprekvoering betrokke te kan raak, wat uiteindelik tot die wedersydse voordeel van al sy belanghebbendes, intern en ekstern, sal lei.

Laastens blyk dit volgens mediapersepsie dat die organisasie heelwat gedoen het om Suid-Afrikaners trots te maak; tog is dit duidelik dat daar nog heelwat verbeter kan word.

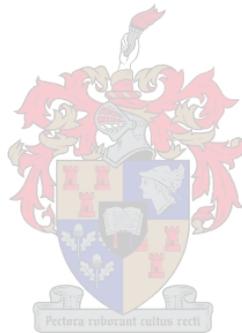


Dedication

Dedicated to Bertram Donald Groepe

(in memoriam)

“The artist works on canvas, the sculptor in marble, the potter in clay – all of which must some day fall to pieces. So, too, must be the fate of the worker in wood, and the worker in metal. But the teacher – his material is the living being fashioned in the image of his Maker. To help fill a mind with knowledge and a heart with understanding – that is to share creation with God.” (Attributed to a Barbados school teacher)



Acknowledgements

I wish to express my heartfelt thanks to the following persons and organisations:

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- my supervisor, Dr Van der Walt, for his guidance and patience;
- the academic and non-academic staff at the Department of Information Sciences at the University of Stellenbosch, for their assistance;
- my teachers – especially my matric teachers (1976) – who instilled in me a yearning for life-long learning by endorsing that one may be stripped of everything but your knowledge.

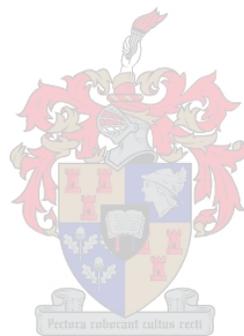
“The test and the use of man’s education is that he finds pleasure in the exercise of his mind.” (Jacque Barzun)



Table of contents

Declaration	i
Abstract	ii
Opsomming	iv
Dedication	vi
Acknowledgements	vii
Table of contents	viii
List of tables	x
List of figures	x
List of Abbreviations	xi
CHAPTER 1: INTRODUCTION AND PROBLEM STATEMENT	1
1.1 Introduction	1
1.2 Problem statement	1
1.3 Definition of terms	4
1.4 Theoretical design	8
1.5 Method of research	10
1.6 Overview of chapters	11
CHAPTER 2: IKM CONCEPT – AN OVERVIEW	13
2.1 Introduction	13
2.2 IKM – Approach and Key elements	14
2.3 Work ethos of an information and knowledge management concept	16
2.4 Conclusion	18
CHAPTER 3: OUTLINE OF AN IKM STRATEGY	19
3.1 Introduction and background	19
3.2 The role of leadership	20
3.3 The changed role of HR	21
3.4 The internal environment	23
3.5 IT as enabler	25
3.6 The importance of Feedback	27
3.7 Conclusion	28
CHAPTER 4: THE SARS IKM STRATEGY	30
4.1 Background and objectives	30
4.2 Leadership in the SARS IKM	31
4.3 HR in SARS IKM	31
4.4 Internal environment within SARS	32
4.5 Conclusion	33
CHAPTER 5 - EXTERNAL PERCEPTION OF THE SARS'S IKM STRATEGY	34
5.1 Background	34
5.2 External stakeholders – their role and importance	37
5.3 Who are SARS's external stakeholders?	39
5.4 Media and the SARS's external stakeholders	48
5.5 Media study	48
5.5.1 Leadership in SARS	48
5.5.2 Pledge of SARS's internal environment as perceived by the media	56
5.6 Challenges facing SARS as perceived by the media	61
CHAPTER 6 - CONCLUSION	63

6.1	Objectives.....	63
6.2	Leadership role.....	63
6.3	Changed face of HR.....	63
6.4	Internal environment conducive to IKM.....	64
6.5	IT as an enabler.....	64
6.6	The importance of feedback.....	65
6.7	Recommendations.....	65
6.8	Suggestions for further research.....	66
List of Sources.....		67
Appendix 1.....		88
Appendix 2.....		89
Appendix 3.....		94
Appendix 4.....		95
Appendix 5.....		96

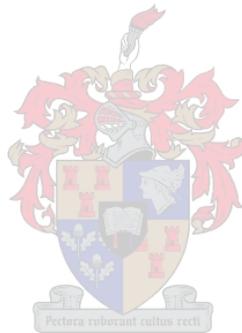


List of tables

Table 1: Revenue targets set and achieved from 2000/2001 to 2005/2006 tax period	3
Table 2: Number of articles published in South African media from 2000 to June 2006.....	35

List of figures

Figure 1: Critical elements for an IKM Strategy	47
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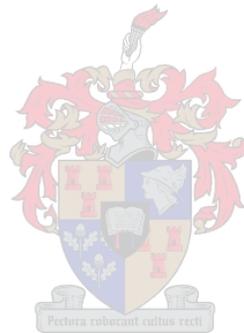


List of Abbreviations

AIDS	Acquired Immunodeficiency Syndrome
ANC	African National Congress
BEE	Black Economic Empowerment
BIU	Business Intelligence Unit
CEO	Chief Executive Officer
CIO	Chief Information Officer
CKO	Chief Knowledge Officer
COSATU	Congress of South African Trade Unions
CSI	Corporate Social Investment
DNA	Define, Nurture, Allocate
EQW	Educational Quality of the Workforce
GDP	Gross Domestic Product
GM	General Manager
HIV	Human Immunodeficiency Virus
HR	Human Resources
IKM	Information and Knowledge Management
IT	Information Technology
KMRM	Knowledge management Reference Model
MD	Managing Director
NAB	National Association of Broadcasters
NCRF	National Community Radio Forum
PASA	Payroll Association of South Africa
POEM	Plan, Organise, Execute, Measure
SA	South Africa
SABC	South African Broadcasting Corporation
SAFA	South African Football Association



SAICA	South African Institute for Chartered Accountants
SANEF	South African National Editors' Forum
SANTACO	South African national Taxi Council
SAPS	South African Police Services
SARS	South African Revenue Service
SARS	Severe Acute Respiratory Syndrome
US	United States
VAT	Value Added Tax
NEHAWU	National Education, Health and Allied Workers Union



CHAPTER 1: INTRODUCTION AND PROBLEM STATEMENT

1.1 Introduction

The field of information and knowledge management is relatively new. However, the underlying principles of this approach make sense of the void previously left by only considering capital, labour and land as factors of production. Information and knowledge management (IKM) theorists purport that the difference between an organisation's book value (its worth on paper as per the balance sheet) and its market value (its perceived value as gauged by both internal and external stakeholders) is a direct result of managing information and knowledge to the mutual benefit of all its stakeholders. Edvinsson (1997) goes one step further in advocating a revised accounting system capable of reporting on value added by the human element. The underlying principle of IKM thus advocates a holistic strategic approach. This approach suggests a leniency towards the human factor. Hence the importance of investigating the validity of relationships between an organisation and its stakeholders becomes unrivalled.

1.2 Problem statement

Knowledge generally resides with individuals Hislop (2005). This forces organisations to think of new ways and means of harvesting such knowledge to the benefit of both the organisation and its stakeholders. The stakeholders include both internal and external organisations, as pointed out by Nonaka (1998). The internal environment, thus the internal stakeholders, has to set the pace for implementation and lead with an IKM strategy for the external environment to buy into and engage in such a concept.

Because knowledge resides with individuals, strategists, noticeably top management, are forced to diffuse what is referred to as 'politics of knowledge'. To accomplish this feat, organisations need to embrace flexibility as well as to change the role of Human Resources (HR) to promote a culture of trust. A culture of trust could be cultivated by incentivizing information and knowledge sharing as echoed by Tuomi (2002). Furthermore, Badii and Sharif (2003) are of the opinion that integration of technology and the human element is a crucial facet in embracing a holistic approach associated with IKM. Harris (1998:29) echoes this sentiment by viewing technology and people as complimentary in an IKM environment and advocates the managing of those human conditions that would enhance information technology in dealing with knowledge.

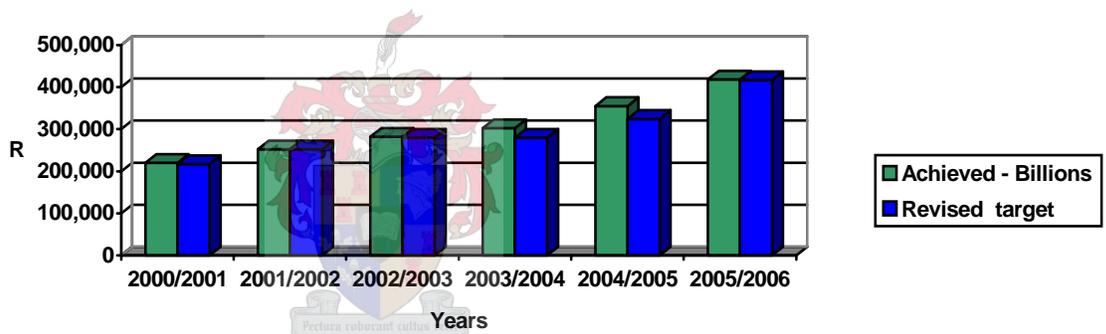
According to Spender (1999), knowledge sharing constitutes collective advantage, given that the emphasis on long-term sustainability necessitates a shift to customer orientation. The crux of IKM lies in developing distinctive competencies that would be difficult to replicate. Hall (1992) refers to these skills and competencies as 'know-how'.

Marchand, Kettinger and Rollins (2000) support the view of Information Technology (IT) as an enabler rather than a stand-alone strategy. According to them many firms were disillusioned when IT failed to yield the results expected and they attribute this failure to the absence of the human element.

The South African Revenue Service (SARS) is generally perceived to have thought of new ways of extracting and sharing knowledge in collecting revenue. This statement will be dealt with in greater detail in Chapter Four. SARS has benefited in the sense that they have grown in esteem by meeting targets as set by the Minister of Finance. The evidence suggests that the recognition given to SARS has prompted taxpayers to yield the call for compliance. Meeting revenue targets allowed the Minister of Finance to, amongst others, reduce personal income tax rates of individuals over several tax periods. It becomes apparent that SARS must have embarked on a strategy to get more taxpayers to be compliant. It is this strategy that will be investigated in terms of an IKM model in this study.

Revenue targets as set by the Minister of Finance, with specific reference to the tax periods 2000/2001–2005/2006, have not only been met by SARS, but have been consistently exceeded, summing the psychologically benchmarked threshold of R400 billion in the 2005/2006 tax year (see Table 1). The significance of this achievement must be considered given the volatility of the South African currency during the 2000 – 2002 period, known for the unprecedented depreciation of the currency, even warranting an investigation into the manipulation of foreign currency. The organisation is largely reliant on external stakeholders, heralding a strategy of transforming the tax culture in South Africa (SA) to one of voluntary compliance instead of the traditional hound-dog approach, justifying an investigation into SARS’s strategy in relation to its external stakeholders through the eyes of the media.

Table 1: Revenue targets set and achieved from 2000/2001 to 2005/2006 tax period



Source: SARS Annual Report (2005); Minister of Finance’s Budget Speech (2006).

Campbell, Martin and Fabus (2006) infer media literacy involves researching, engaging, analysing, interpreting and evaluating to uncover new facts and/or knowledge. They further argue that the media needs to report on these facts in an unbiased, yet accurate manner. Media literacy therefore fulfils a vital function of keeping the population well informed. Being well informed enables the population as one of the external stakeholders to make informed decisions. Informed decisions indirectly support one of the key principles of an information and knowledge strategy, namely timeous, accurate and objective dissemination of information.

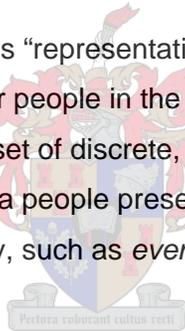
The main objective of this research is to gauge the external stakeholder perception as viewed by the media with regard to SARS, based on an IKM strategy concept, therefore, whether the organisation is:

- engaging in principles of information and knowledge management
- building partnerships with its external stakeholders
- flexible, thus enabling the organisation to adjust effortlessly to an ever changing environment in a pro-active manner.

1.3 Definition of terms

The subject of an IKM strategy addresses a multitude of terms, rendering it appropriate to explore some of these terms.

Sanchez (2001:3) defines **data** as “representations of the events that people notice and bring to the attention of other people in the organisation”. Webber (1998:2), on the other hand, says, “**Data** is a set of discrete, objective facts about events.” Both authors suggest and emphasise a people presence when using words indicative of the foundation of an IKM strategy, such as *events, people, attention, discrete* and *objective*.



Clarke and Clegg (1998:22) recapitulate **learning organisations** as “organisations where people continually expand their capacity to create the results they truly desire, where new and expansive patterns of thinking are nurtured, where collective aspiration is set free and where people are continually learning how to learn together”. This definition is symptomatic of the concept of life-long learning associated with an IKM strategy.

“**Core competencies** are the collective learning in the organisation, especially how to co-ordinate diverse production skills and integrate multiple streams of technologies ... Core competence is communication, involvement, and a deep commitment to working across organisation boundaries.” This description given by Clarke and Clegg (1998:35) reiterates integration across disciplines through the medium of communication. Communication cannot occur in a vacuum, but must be

done in partnership with all stakeholders as supported by an IKM strategy Clarke and Clegg (1998).

“**Strategy** is not monolithic nor can it be reduced to a series of steps, recipes or analytical tools. Strategy is a frame of mind, a thinking process concerned with long-term adaptation, therefore survival and well being” Clarke and Clegg (1998:208).

According to Clarke and Clegg (1998:221) “**empowerment** requires a redesign of structures and relationships to achieve sustainable improvements and it is not possible without fundamental changes in mindset”. “**Innovation** is the collateral of human creativity: it is the capacity to create options for the future” Clarke and Clegg (1998:225). The authors furthermore emphasise a paradigm shift in mindset, but more importantly equate strategy to the need for action in order to guarantee life-long sustainability. Life-long sustainability becomes crucial in an ever and fast changing global economic environment. In addition, the authors insinuate that the changing mindset needs to be achieved in partnership with internal and external stakeholders, asserting the importance of the human element.

Webber (1998:5) states that “**knowledge** is a fluid mix of framed experience, values, contextual information, and expert insight that provides a framework for evaluating and incorporating new experiences and information. It originates and is applied in the minds of knowers. In organisations, it often becomes embedded not only in documents or repositories but also in organisational routines, processes, practices, and norms.” The author then goes on to describe knowledge as an outcome, based on internalised (tacit) and acquired (explicit) information, which is converted into knowledge. The conversion is attained through processes of insight and continuous evaluation. Importantly, the author further highlights that the process starts with the individual. Therefore, the objective of the organisation is to extricate knowledge from individuals to the extent that it becomes entrenched in the culture of the organisation.

Choo (1995:5) asserts, “**Perception** is the recognition and development of descriptions of external events and entities using the knowledge that is available in memory”. This research hypothesis deals with media perception specifically. Therefore it is crucial to understand that perception is based on the experiences of

external stakeholders in relation to knowledge acquired and shared by the organisation to the mutual benefit of all stakeholders.

Choo (1995:5) says, “**Sensing** is collecting information about the external and internal environment”. “**Sense**, on the other hand, is a holistic construction of our own making as we weld different meanings into a coherent understanding of their purpose and base our actions upon this understanding”, according to Kinghorn (2002:317). Sanchez (2001:6) also alludes to the term when he says, “**Sensemaking** is the process of perceiving events, looking for similarities or differences between current events and past events, and forming expectations about significance of current events based on their similarities or differences with past events”.

It is clear that the environment, both internal and external, needs to understand the holistic approach of an IKM strategy by comparing past events to current events. These comparisons need to be made within the framework of a logical structure. The logical flow presented by some form of structure allows for growth from past mistakes and or experiences into excelling in future endeavours. A logical structure allows for revisiting the past and building processes into the current system with the future in mind. In essence, a logical flow signals activity. Activity signals movement, thus implying flexibility needed to adapt in an ever-changing environment.

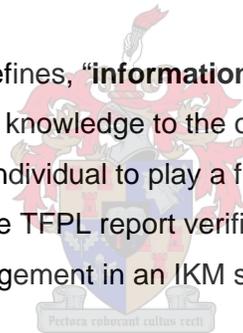
Stewart (1997:67) pertinently summarises: “**intelligence** becomes an asset when some useful order is created out of free-floating brain power ... when it is captured in a way that allows it to be described, shared, and exploited; and when it can be deployed to do something that could not be done if it remained scattered around like so many coins in a cutter. Intellectual capital is packaged useful knowledge.” According to Stewart (1997:78), **human capital** is the “capabilities of the individuals required to provide solutions to customers.” An IKM strategy promotes a shift from profit maximisation to customer focus. However, this paradigm shift can only be realised if the human capital is nurtured and grown into an asset. Methods applied to nurturing and growth could be exploitation, dissemination and reward for sharing, but more importantly, for creating knowledge. Constructive deployment of information

and knowledge reaped could be exchanged for rewards to the satisfaction of the internal, but more specifically the external environment to ensure sustainability.

Choo (1998:10) declares: “**Externalisation** is a process of converting tacit knowledge into explicit concepts through the use of metaphors, analogies, or models.” “**Knowledge networking** is a different way of working. It is about openness and collaboration across departmental, organisational and national boundaries. It’s about building multiple relationships for mutual benefit” Skyrme, (1999:37). Van Riel (1992:25) states, “**Corporate communication** is the total communication activity generated by a company to achieve its planned objectives”.

Externalisation or knowledge networking suggests the formation of partnerships through simulations, storyboard models, observation or forms of apprenticeships across the economic environment.

The TFPL¹ report (1999:11) defines, “**information literacy** combines an awareness of the value of information and knowledge to the organisation with the skills and competencies that enable an individual to play a full, effective and rewarding role in knowledge environments”. The TFPL report verifies that an educational drive is necessary for successful engagement in an IKM strategy.



The terms defined summarise the extent of an IKM strategy. In spite of diverse terms being defined; what stands out, is that action is required at every level of an IKM strategy. The organisation as well as its internal and external stakeholders has to cope with past and present experiences within logical structures to drive a customer-focused approach. This shift from profit maximisation of customer focus necessitates formation of collaborative partnerships in creating, sharing and disseminating valuable information and insights to the mutual benefit of the organisation and all its stakeholders.

The organisation has to take cognisance of the human factor. One way of doing this is to appropriately reward for innovative ideas generated and shared amongst staff to

¹ TFPL is an information and knowledge management company, specialising in information audits, mapping, recruitment, salary advice and assistance as well as information literacy training.

the mutual benefit of the organisation and its internal as well as its external stakeholders. The sharing of ideas could act as a conduit for investment in human capital.

Finally, by adhering to information and knowledge sharing an awareness of organisational competence and skill is heightened. The perception of competence and skill could lead to attracting staff with apt attitudes as well as give birth to appreciative external stakeholders to the shared benefit of all.

1.4 Theoretical design

This assignment involves a literature study that seeks to discover whether SARS is engaging in an IKM strategy based on inferences drawn from media reports. The media reports will be used as a tool and the literature as a yardstick to determine whether SARS is in fact employing an IKM strategy to reach its objective of getting taxpayers compliant.

The library catalogue was used as a search engine to source authors in the field of information and knowledge management. This search was conducted, using keywords, such as information and knowledge management to view whether relevant literature on the topic exists. The results were scrutinized to determine which authors' contributions specifically were relevant to the concept of an information and knowledge management strategy. The relevant literature was further dissected and narrowed down to literature most appropriate to the discussion. In addition the investigation purposely explored whether any South African authors had expressed views on the concept, given that the organisation researched is South African.

The topic specifically alludes to media perception; hence the search was extended to include communication. Information and knowledge need to be communicated, whether in written, face-to-face, mass media, Internet or storyboard form. South Africans come from diverse backgrounds with diverse cultures and diverse languages. In fact, eleven languages are recognised as official, hence it became important to investigate whether the forms of communication addressed this diversity. To this extent, the search explored what South African authors could bring

to the table in this regard. To this end, non-verbal communication was briefly introduced to highlight cultural differences.

According to Alsop (2004:47), the aftermath of 9/11 as well as the corporate accounting dishonour, have impelled stakeholders, internal as well as external, to know more about the organisations they invest in, work for and interact with. It therefore became fundamental to search for literature on public relations and also to ascertain whether or not the organisation indeed employs some form of public relations strategy. A public relations strategy would keep the general public informed while simultaneously fuelling positive occurrences and putting out fires of negativity, the ultimate goal being to cultivate and nurture a sound organisational reputation.

It is specifically the media perception of The South African Revenue Service (SARS) that would be judged. The reputation of an organisation ultimately determines the perception stakeholders have thereof; therefore, it became obligatory to search for literature on reputation.

The assignment specifically deals with media perception; hence an investigation into what the South African media had written about SARS was undertaken. To this extent, the vehicle most suited to source media reports, namely Sabinet Online (2006) was used. The search was conducted by specifying SARS in the search field. A publication date range, 20000101 – 20060630 was used to source relevant articles, as the investigation was initially limited to that period. However, at the time of writing the report, relevant articles up to and including the 31st August 2006 were included for discussion.

Mention should be made that great care had to be taken as the Sabinet Online catalogue did not distinguish between SARS (The South African Revenue Service) and the flu virus, SARS, (Severe Acute Respiratory Syndrome) that plagued the globe, especially during the 2003 period. This technical glitch inadvertently supports the notion that technology should be viewed as a tool, an enabler as the human intervention of the researcher was essential in distinguishing between the two acronyms used as well as eliminate the articles on Severe Acute Respiratory Syndrome in compiling the number of articles printed on The South African Revenue

Service. Attempts to systematically separate the two from each other proved fruitless.

Articles were first scanned to ascertain relevance to the concept of information and knowledge management, hence, issues of management or rather leadership, human resources, communication and reputation were sought. The media were most likely to report on these topics. An in-depth analysis was made to ascertain which articles best addressed the concepts and issues applicable to an information and knowledge management strategy. It is against this background that articles were chosen for inclusion into the discussion to determine whether SARS employs an information and management strategy. Other media forms, such as broadcasting networks, the Internet and scientific journals were also employed as sources in attempting to find relevant information on the topic under discussion.

1.5 Method of research

The research involved an extensive general literature study aligned to an information and knowledge strategy. In addition concepts such as *public relations*, *communication* and *reputation* were included in the general literature extracted on which to base arguments and assumptions made. Extensive use was made of articles, specifically within the South African realm of popular press as well as research publications issued by credible institutions.

A close view was taken regarding media reports, specifically the printed media as related to an IKM strategy. The method further involved a leniency towards daily, weekly and community published printed media. The rationale behind this method is that non-financial individuals priding themselves in staying abreast of current affairs are more likely to read the daily, weekly and community newspapers and not the financially technical printed periodic business media. In addition to this, the public in general is more likely to enter into debate through a forum of letter writing from which deductions could be made and conclusions come to. Furthermore, the articles sourced were applied to concepts pertaining to information and knowledge management, and then inferences were drawn on SARS's IKM strategy as viewed by the media. Furthermore, the daily television programmes from May to July 2006

were screened for any indication of actuality programmes or any other newsworthy reporting on SARS. The underlying reason for this screening is linked to the fact that it is during this period annually when individual taxpayers have to submit their tax returns for assessment. Finally, a decision was made to limit the media investigation to the periods 1 January 2000 to 31 August 2006. The research would specifically refer to the dissemination and acquisition of information and knowledge by SARS in relation to its external stakeholders. Furthermore, the investigation will attempt to discern whether SARS applies principles of leveraging in harnessing its strategic approach. These strategies will be reviewed and will form the basis of inferences drawn in terms of gauging the successful application of an IKM strategy.

1.6 Overview of chapters

The research report has been divided into six chapters. **Chapter 1** serves as an introduction and sets the scene for the unfolding arguments. Terminology as well as the research problem is defined. Furthermore, this chapter addresses the theoretical design and research methodology.

Chapter 2 renders a synopsis of the concept of Information and Knowledge Management. It reports on the approach of and elements indicative of an information and knowledge management concept.

Chapter 3 looks at what comprises an information and knowledge management strategy. It explores key areas relating to an information and knowledge management strategy for change to happen.

Chapter 4 investigates an information and knowledge management strategy in relation to the South African Revenue Service. In order to ascertain the organisation's strategy, their documents, as published on their website, were accessed to draw inferences with regard to the strategy they have embarked on.

Chapter 5 explores the media perception in general with regard to the organisation in relation to an information and knowledge management strategy. It reviews the

literature and uses the media to validate whether the organisation is applying an information and knowledge management strategy.

Chapter 6 summarises the findings and renders a conclusion. This chapter also suggests possible areas for further research.



CHAPTER 2: IKM CONCEPT – AN OVERVIEW

"An investment in knowledge pays the best interest" – Benjamin Franklin

2.1 Introduction

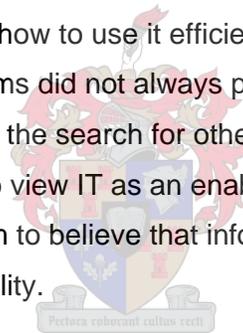
The field of information and knowledge management is relatively new. Academics and businesspersons alike are exploring the possibility that something other than the traditional factors of production is key to driving and maintaining long-term sustainability. Case studies conducted by academia and applied by businesspersons, that is, management specifically has come to the conclusion that innovative application of labour, land and capital by humans is what drives the concept of information and knowledge management (IKM). According to Stewart (1997, xi) "unlike the assets with which business people and accountants are familiar – land, factories, equipment, cash, - intellectual capital is intangible. It is the knowledge of a workforce: the training and intuition ..." validating that the intellectual capacity of humans is what is needed to convert the traditional factors of production into long-term sustainability for organisations. Edvinsson (1997) and Sveiby (1997) also acknowledge the need for and goal of achieving long-term sustainability, and that this is dependant on the human factor.

The exponential advancement of technology, in addition to 'creativity' or 'innovation' initiates the concept of life-long learning. Clarke and Clegg (1998), Grassian and Kaplowitz (2005) and Choo (2002), amongst others, emphasise the need for continued learning to:

- keep up with changes
- foresee or predict future changes
- use ideas and intellect to produce imitable products or services, thus guaranteeing that the organisation stays ahead in the industry.

2.2 IKM – Approach and Key elements

IKM was borne from the realisation that capital, land and labour, as factors of production no longer satisfied the need for sustainable financial growth and continued survival of organisations given an unprecedented technological advancement. Academia and business leaders started studying businesses that were perceived to be sustainable and grow in spite of restrictions in terms of capital, land and labour. Initially, business leaders employed information technology (IT) in an endeavour to grow and remain sustainable to the extent that the business obtains greater market share than its competitors. However, they soon came to realise that the huge investment in IT was not yielding the results they had hoped for. According to Clarke and Clegg (1998:161) “spending a lot of money on IT is not enough; businesses also have to learn how to use it efficiently... The fact that the implementation of these systems did not always provide the expected organisational benefits ...” giving credence to the search for other solutions. Tuomi (2002) as well as the TFPL report (1999) also view IT as an enabler rather than a solution. Further research and analysis led them to believe that information and knowledge was the key to guaranteeing sustainability.



This revelation identified the human element as key to sustainability. Information is conveyed and internalised by humans. Therefore, it is humans who convert information into useful knowledge. As a result, researchers also realised that knowledge per se resides in the human mind. In addition to the fact that knowledge resides in the human mind, organisations also have to take cognisance of the fact that knowledge has a residual value. The significance of this lies in the detail that dissatisfied staff take invaluable knowledge with them when they leave the organisation. It therefore becomes incumbent on organisations not to display any disabilities relating to staff retention. Sveiby (1997:34), in support of the previous statement, argues that humans ‘never forget everything’, therefore know much more than they might share. Skyrme (1999) supports the view of ‘knowing more than is said’. This led to the insight that knowledge can be clearly distinguished into two categories, namely, explicit and tacit (TFPL report 1999; Sveiby 1997; Groff and

Jones 2003). The challenge was to come up with innovative methods of getting employees to share not only information, but also more importantly, knowledge to the benefit of the organisation and its internal and external stakeholders. The solution to this challenge saw the introduction of restructured reward systems to stimulate the sharing of information and knowledge. It is important to note that the restructured reward system makes provision for monetary as well as non-monetary rewards. Various authors (Stewart 1997; Clarke and Clegg 1998; Blecker and Neumann 2000), amongst others, advocate appropriate restructured reward systems.

This revealed that for IKM to succeed, organisations had to embrace a holistic approach (Sanchez 2001). The organisation had to exchange information and knowledge with all its stakeholders in order to learn, understand and make sense of what it is the customer wanted and needed in terms of products and or service delivery.

Some writers address the concept of sense-making (Malhorta 2000; Choo 1998 and 2002), while others address customer focus (Clarke and Clegg 1998; Blecker and Neumann 2000; Stewart 1997). Based on this, business leaders realised that a paradigm shift from profit maximisation to customer focus became non-negotiable. However, in order to achieve such a feat, business leaders needed to change the mindsets of their employees and be mindful of the fact that 'knowledge is power' (Tuomi 2002; Choo 2002; Clarke and Clegg 1998; Stewart 1997; Sveiby 1997). To this extent, innovative systems of rewarding employees for sharing information and knowledge to the mutual benefit of all became unparalleled.

External stakeholders simultaneously need some form of reward to encourage participation beneficial to all. However, it is the internal environment that has to embrace the principles of an information and knowledge concept, set the pace and guide in exemplary fashion if it hopes to attract the external environment to follow suit.

The following key elements can therefore be associated with the IKM concept:

- changed mindsets

- innovative reward systems
- converting tacit knowledge into explicit knowledge to the benefit of all
- business leaders to drive the process of information and knowledge sharing
- a paradigm shift from management to leading
- a flat organogram to facilitate and encourage transparency and trust without fear of retribution
- partnerships between the organisation, its internal and external stakeholders, thus advocating holism
- making allowances for 'honest mistakes', but more importantly, learning from these mistakes
- affording staff decision-making powers, thus increase their self-worth
- continuous communication to allay fears, but more significantly, embed a culture of trust by keeping stakeholders informed
- a paradigm shift from profit maximisation to customer orientation
- learning and unlearning, thus campaigning some degree of flexibility
- taking responsibility for own growth and development.



2.3 Work ethos of an information and knowledge management concept

The working ethos of an information and knowledge management concept encourages and endorses teamwork (Roos 1997; Badaracco 1991; TFPL report 1999). However, teamwork is not restricted to cooperation within divisions, but extends to interdepartmental support, affording employees the opportunity of making sense of the organisation, its internal and external stakeholders (Clarke and Clegg 1998; Pitts and Lei 2000; Badaracco 1991; Choo 1998) amongst others. In addition, invaluable experience is gained. These gains could be applied elsewhere in the organisation where similar problems are experienced and could set the foundation for 'difficult to imitate' characteristics, according to Botha and Fouché (2002).

To successfully embrace teamwork to the extent it becomes embedded in the culture of the organisation, certain conditions have to be met. Therefore it becomes imperative that top management drives the process. Zack (1999) associates the role of leadership with that of architecture, but elevates the role to that of strategic importance. Humans are resistant to change, hence the leadership has to take great care in communicating, but more importantly explaining processes as or before they unfold (Fuld 1995; Newell 1999).

Leadership must encourage staff to contribute to the pool of ideas for improvement and impress upon them that all ideas would be treated equally, thus setting the stage for openness and transparency without trepidation of retribution. Such a situation could be achieved by replacing the traditional hierarchical systems of the organisational structure with a more flat structure. Heavy emphasis is placed on a flat organisational structure by various authors (Skyrme 1999; Groff and Jones 2003).

Because the emphasis is on human collaboration, the division of Human Resources (HR) must be elevated to the echelon of the top structure. HR would be tasked with keeping staff abreast of all initiatives, communicating changed reward structures, highlighting the benefits thereof, assisting staff with taking responsibility for own growth and development and introducing exchange programmes between divisions to the shared benefit of all. Knowledge specifically resides in the human mind; hence HR is tasked with exploring creative ways of retaining staff. In addition, new ways of extracting, sharing and using new knowledge, other than the traditional 'class room' method, such as on-the-job training and storyboard telling, among other should be employed to not only make the learning fun, but to create opportunities for converting tacit knowledge to explicit knowledge through observation.

The organisation is tasked with leveraging in order to create an environment conducive to IKM. It needs to be understood that these negotiations are not limited to monetary rewards only. The concept of IKM is clear that recognition and appreciation for excellent ideas and creativity weighs more in the minds of individuals compared to monetary rewards.

Allowances should be made for honest mistakes, but it is essential to stress the importance of the learning element. Mistakes could and should be made, but essentially should not be repeated (Badaracco 1991; Choo 1998; Beinhocker 2002; Sanchez 2001).

Finally, these entire elements would only work if the element of trust were omnipresent. Staff needs to know that they can trust the leadership and the leadership needs to know that staff takes pride in their work and is eager to participate within an environment where opportunities for development, growth and experimentation exists (Cai and Hung 2005).

2.4 Conclusion

The IKM concept favours a holistic approach and needs to be led by business leaders. Mindset change is mandatory for accomplishing paradigm shifts from profit maximisation to customer focus, hierarchical organogram to flat organogram, but most critical for success, inventive methods of leveraging and innovative ideas for restructured reward systems.

Finally, based on this synopsis, the decision for focussing the research on the leadership, Human Resources (HR), organisational structure and communication within SARS hinges on the fact that the media perception is sought. The investigation had to determine what the media reported on that could be used to infer whether or not SARS is employing an IKM strategy, hence the decision to limit the research to those elements only. Furthermore, the research into the media is restricted to the period 1 January 2000 – 31 August 2006.

CHAPTER 3: OUTLINE OF AN IKM STRATEGY

“The greater the difficulty, the more glory in surmounting it. Skilful pilots gain their reputation from storms and tempests.” – Attributed to the Greek philosopher Epicurus

3.1 Introduction and background

Aircraft are dependent on the pilot for flying it to safety amidst adverse weather conditions. However, the pilot is dependent on internal stakeholders, such as the cabin crew to assist in allaying fears of passengers during turbulent conditions. Internal stakeholders, by simply delivering outstanding service during flourishing times, would guarantee passengers choice of airline for future travel. Likewise, the pilot is dependent on external stakeholders, such as the aviation control team at the airport, for guidance during take-off, landing or turbulent conditions.

The only certainty business leaders across the globe are confronted with currently, is uncertainty. This uncertainty is the result of the shrinking global village as well as the exponential advancement of technology. Like the pilot, the business leader is ultimately responsible for decision making, in spite of reliance on both internal stakeholders (employees) as well as external stakeholders (customers, suppliers and government, amongst other) to encourage a mutually beneficial outcome.

Trust, transparency and ethics are innate to successful adoption of such relationships, heralding a shift from boss to collaborator. This paradigm shift gives birth to an organisational structure more conducive to a flat organogram versus the traditional hierarchical organogram. Such an environment advocates full participation by all without fear of retribution. Most importantly, an acknowledgement and appreciation for contributions mounts loyalty to the organisation in exchange for heightened self-worth of individuals, the ultimate goal for human fulfilment according to Maslow’s hierarchy of needs (Maslow’s hierarchy of needs, 2006).

Pitts and Lei (2000:103) accurately characterise the quintessence of an IKM strategy in acknowledging, “the product or service can also embody a distinctive design or offering that is hard to duplicate, thus conveying an image of unique quality”. Again, emphasis is placed on inimitable characteristics. Again, only humans are able to engage in, display and nurture such characteristics. Therefore, the assumption could be made that humans are core to an IKM strategy.

3.2 The role of leadership

The leadership role has grown exponentially in importance with specific reference to initiating, guiding, implementing and evaluating an IKM strategy. Leadership is elevated to the echelon of strategists, hence is responsible for vision. More importantly, leaders are charged with setting in motion vehicles to drive the process to successful implementation. Leadership has to bear in mind that the process is continuous. Hence, flexibility is mandatory for adaptation in an environment conducive to continuous paced changes. A natural outcome of flexibility would be embedding the concept of life-long learning as the ultimate outcome. The nature of life-long learning signals the uninterrupted practice of inter-changing the vision and mission of the organisation. These changes would necessitate executing visionary goals into missionary operations, as soon as or before visionary objectives have been met, motioning the need for new goals to be set and attained.

In terms of the analogy initially sketched, the pilot is ultimately solely responsible for decision-making, in spite of the input from ground traffic control, onboard staff and climatologists amongst other. By comparison, the chief executive officer (CEO) is held responsible and accountable for decision-making, irrespective of environmental input. The result thereof being the CEO should be attuned to conditions and actions necessary to guide the organisation safely through tumultuous times, ensuring the organisation escapes unscathed. The CEO’s awareness of economic surroundings will guarantee continued sustainable co-existence in spite of adverse circumstances.

Kotter (1990) and the TFPL report (1999) echo that one of the monumental concepts leadership has to embrace, is a paradigm shift from management to leadership. The TFPL report (1999:21) alludes to this phenomenon when stating, “it also requires a

new form of 'leadership' that engenders trust, encourages risk, accepts mistakes and motivates and rewards knowledge sharing and innovative use of information." Kotter (1990:4) echoes this sentiment when stating, "leadership is very different. It does not produce consistency and order, as the word itself implies; it produces movement". These sentiments sum up the totality of leadership; namely, leadership requires action as primary to successfully embracing an IKM strategy.

In summary, management or leadership's job description centres on the following acronyms:

- POEM - Plan, Organise, Execute, Measure
- DNA - Define, Nurture, Allocate (Stewart 1997:191)

These acronyms define the leadership role and are a synopsis of the elements discussed earlier. The verbs used indicate the need for action. The conclusion reached is that action and not inaction will ultimately determine the success leadership would have in implementing a strategy of information and knowledge management.

3.3 The changed role of HR

It is becoming abundantly clear that the role of human resources (HR) has to be elevated to the echelon of strategists. HR is to act as conduit between the leadership and the employees to create an environment of mutual trust. Mutual trust is paramount to introducing, embracing and sustaining an IKM strategy successfully to the extent that it becomes embedded in the organisational culture. This feat is only realisable when greater power is extended to the HR division. Clarke and Clegg (1998:33) state, "The network can be a mechanism for fast-tracking organisational learning about markets, applications and suppliers, through collaborative and open forms of decision-making that eliminate the inefficiency of traditional hierarchical styles". This shows that HR is charged with allaying fears of traditionalists in terms of loss of power, by functioning as a change agent. Hislop (2005:87) states that employees would be reluctant to share knowledge should they perceive their livelihood to be at risk. Organisations, through HR, have to encourage information

and knowledge sharing through leveraging by means of a changed reward structure. HR therefore needs to convince leadership of the beneficial outcomes associated with trust, empowerment, recognition and appreciation, amongst other, as imperative for the success of an IKM environment.

HR, in pursuing the strategic vision, is tasked with driving home the concept that the economy demands more than the basic factors of production to thrive in a climate of uncertainty. According to Clarke and Clegg (1998:155), "... the basic factors of production are no longer land, labour, and capital or even energy and matter at a more fundamental level. Ultimately, the only real factors of production and the only real limits to economic growth and prosperity are knowledge, creativity, imagination, and intelligence", thereby signalling the human element as crucial to sustainability in the new economic environment, thus professing knowledge a resource.

In removing red tape associated with bureaucracies, individuals are motivated to creativity, resulting in original ideas. Stewart (1997) declares ideas as a resource innate as a human trait. As such, ideas are not only in abundance, but also free. According to Stewart, the value of employees is often not realised and harvested to the benefit of the organisation, its internal and external environment. These ideas, once disseminated, could be embraced as organisational. This measure of autonomy results in an information and knowledge-sharing environment, described, as "from the viewpoint of knowledge creation such an organisation is more likely to maintain greater flexibility in acquiring, interpreting, and relating information" (Nonaka and Takeuchi 1995:75).

Barret (2004a:20) stresses the importance of HR preparing and setting the organisational environment stage when stating: "change management is the executive skill or art of leading or supervising people involved in the transformation of or in an organisation. People are at the heart of change management and communication is at the heart of people". It becomes clear frequently that an IKM strategy's propensity towards the human factor is indisputable. Humans therefore are responsible for adding value to achieve the objective of imitable products and or services.

Pitts and Lei (2000:64) epitomise the importance of the role of HR in declaring:

As with technology development, human resource development receives considerable attention from top management because of its strategic role in helping the firm learn and build new types of competitive skills. Human resource management activities thus affect every aspect of the firm's value-adding activities.

In conclusion; the paradigm shifts mentioned earlier, obliges HR to be established within the decision-making echelon of executives. As executive decision-makers, HR, in an attempt to create an embedded culture of information and knowledge sharing, needs to persuade other executives of the advantages of:

- hierarchal restructuring to accommodate a more flat structure, thus creating an environment of openness and trust, crucial to an information and knowledge management environment focussed on the customer
- continuous communication keeping stakeholders informed at all times, thus eradicating a suspicious environment en route to a united vision innate to an information and knowledge management environment
- staff retention, thus retaining crucial individual and organisational information and knowledge, ensuring experience, thus tacit knowledge is yielded into explicit knowledge
- a restructured reward system to encourage information and knowledge sharing, thus growing the pool and depths of ideas created
- accepting 'honest mistakes' as paramount to 'learning for growth', thus advocating and encouraging a culture of life-long learning
- encouraging staff to take responsibility for their own development, growth and training embedded in the concept of life-long learning

3.4 The internal environment

IKM as a management tool stipulates a holistic approach, namely a paradigm shift from an indoctrinated to a collaborative and participative approach with regard to information and knowledge sharing. This partnership approach has to be

accomplished to the mutual benefit of internal and external stakeholders. External stakeholders cannot be expected to participate enthusiastically in an IKM initiative if said initiative is not fully embraced by internal stakeholders. Internal stakeholders have to vend, guide and obtain buy-in and lead by exemplary action.

Choo (2002:25) provides insight into this statement by alluding to the importance of traditionally labelled lower ranking employees when conceding,

Information sharing also creates new insight and knowledge about difficult problems or situations. End-users should be given the best available information to perform their work, and the information should be delivered through channels and modes that dovetail well with users' work patterns.

De Montaigne (1998) argues that front-line employees dealing with the bulk of customers on a daily basis should be the custodians of relevant information and knowledge, thus enabling them to make informed decisions in delivering outstanding services to one of the most critical stakeholders. Front-line employees talk about problems encountered informally. Conversations around water coolers should be encouraged. These informal conversations are often centred on problems encountered to which solutions are applied. Such talks lead to an increased exchange and birthing of new ideas. These exchanged ideas lay the foundation for converting tacit knowledge into explicit knowledge (Bergson, 1998b).

Furthermore, the internal environment has to mirror trust as cardinal to the process of IKM before advocating an extension thereof to the external environment. Clough (1998:34) argues,

Trust can trump the other factors that positively affect the efficiency of knowledge markets. Without trust, knowledge initiatives will fail, regardless of how thoroughly they are supported by technology and rhetoric and even if the survival of the organisation depends on effective knowledge transfer.

Clough (1998:34–35) further purports the following criteria as essential ingredients for trust:

- “Trust must be visible” – commitment to trust on paper, such as corporate vision and mission statements proves insufficient, people must physically experience trust.
- “Trust must be ubiquitous” – thus articulating the omnipresence of trust.
- “Trustworthiness must start at the top” – the top echelon in an environment of openness and transparency must ingratiate the process.

3.5 IT as enabler

Previous discussions have led to the conclusion that IT should be deemed an enabler rather than the solution to long-term sustainability. According to Sveiby (1997) the knowledge organisation’s only resource of note, are its employees. Therefore, Sveiby (1997:168, 177) deems the human element as two-dimensional; both as minders of machines, but also as machines themselves.

Groff and Jones (2003) are perceived to share this sentiment. They maintain that information systems are powerful tools as repository and retrieval instruments while simultaneously serving as a wealth of research material or information. Yet, in spite of this seemingly bottomless pit of wealth or information that is available, the authors contend that the human brain is needed to convert available information into usable knowledge. Stewart (1997:xiii) summarises the statement when concluding: “First, too much of what passes for knowledge management is glorified data processing”. This statement suggests that organisations, today still, fallaciously put their faith in systems rather than in people, by inference, their staff.

Stewart (1997) reports on Taco, Inc. a manufacturing company whose investment in human capital is testimony of the importance of humans in relation to machines or systems. Taco’s increased spending on training and education has paid off in terms of changed mindsets and positive attitudes. It was for this reason that the organisation established what it terms a ‘Learning Centre’. Furthermore, the organisation employed leveraging effectively to the advantage of both the

organisation as well as the employees. This was accomplished by using the learning centre as a bargaining tool. In relation to Taco, Stewart (1997:81 - 83) writes:

It comes back in the form of attitude. People feel they're playing in the game, not being kicked around it in. ...to bet that human capital could do what financial capital couldn't. Success hung on employees' informed and full-hearted willingness to offer ideas, kibitz, and learn new tasks -. Taco's employees saw that their ideas could make a difference. ...As the economy turned around, Taco stuck to its end of the deal – *bringing in new equipment, but not automating people out of their jobs*. ...The number of employees – **and their names**, for Taco enjoys a turnover rate of less than 1 percent – remained unchanged.

Taco's work ethos confirms that organisations need to replace technology, given the exponential advancement thereof. However, it is clear that the technology should not enjoy priority status. The best strategy, it seems, is to strike a balance between technology and the human element. By embracing employees as valuable assets, the organisation enjoyed the loyalty² of staff.

According to Grassian and Kaplowits (2005), staff needs to be empowered to use IT by means of information literacy interventions. Various writers (Sveiby 1997; the TFPL report 1999; Clarke and Clegg 1998; Probst, Büchel and Raub 1998b) are but a few who favour a complimentary and supplementary application of IT in conjunction with human capital.

Finally, according to Stewart (1997:85) researchers at the National Centre on Educational Quality of the Workforce (EQW) conducted a study of relationships between education and productivity. The study was undertaken at more than 3 100 United States (U.S.) workplaces. The researchers established that:

... on average, a 10 percent increase in workforce education level led to an 8.6 percent gain in total factor productivity. By comparison, a 10 percent rise in capital stock – that is the value of equipment – increased productivity by 3.4 percent. Put another way: The marginal value of investing in human capital is about three times greater than the value of investing in machinery.

² This deduction is made based on the fact that Taco maintains a negligible rate of turnover of staff.

It becomes abundantly clear that organisations need to take stock of their investment in physical as well as human assets. However, it is unmistakable that the investment in human capital needs to be more vigorous to yield much-desired outcomes for continued long-term sustainability.

3.6 The importance of Feedback

IKM is a relatively new concept and was conceived from the fact that traditional factors of production no longer sufficed to meet the challenges presented by advanced technology and globalisation. Initially organisations perceived IT as the solution to grow, nurture and sustain long-term economic viability. However, leaders soon realised that the investment in IT, machinery or systems no longer met the objectives set and neither justified the investments made as such investments did not yield the expected results.

Because the concept is relatively new, most leaders embarked on a 'trial-and-error' experiment (Badaracco 1991; Choo 1998; Sveiby 1997; Grassian and Kaplowitz 2005). The very nature of 'trial-and-error' enforces the need for continuous assessment to ascertain whether the actions introduced are beneficial, or alternatively, where actions prove to be successful; those actions could be refined and or improved. The nature of assessments requires some feedback structure. Feedback could be viewed as an integrative mechanism within the communication discipline and as such necessitates that great care be taken when giving or receiving feedback. To this end, leaders should ensure that when feedback is given, it is done in a constructive manner, bearing in mind cultural differences as well as the all-important facts that:

- meaning could be lost in translation (Groff and Jones 2003)
- non-verbal communication, given diverse cultural backgrounds, should be handled with sensitivity (Groff and Jones 2003)
- it is ultimately the receiver of communication (feedback) in this case who converts the message into meaning (Mersham and Skinner 1999).

Some authors favour a multi-dimensional feedback system (TFPL report 1999; Clarke and Clegg 1998; Grassian and Kaplowitz 2005). These authors suggest that peer evaluation and external evaluation, in addition to the superior's evaluation, ensures that the feedback, when given, is not subject to subjectivity, thus guaranteeing a greater degree of objectivity and fairness.

3.7 Conclusion

It is evident that IKM involves a paradigm shift from management to leadership. Action is used as intrinsic to the functionality of the leadership. Leadership is tasked with the role of acting by changing the environment from dogmatic to collaborative and participative. Initiating, implementing, nurturing and sustaining an IKM environment to the mutual benefit of the organisation as well as its stakeholders, both internal and external, is assigned this action.

To succeed in this venture, the role of HR needs to be elevated to cultivate an environment of trust, crucial to an IKM strategy. HR needs to promote a culture of trust by creating an atmosphere conducive to IKM. One manner of accomplishing this, would be advocating a flat organisational structure versus the traditional hierarchical structure. A flat structure promotes openness and transparency as a result of autonomy. Autonomy allows persons to contribute and generate ideas without fear of retribution. Ultimately, the open and transparent environment is a necessary ingredient for trust. To this extent, HR needs to ensure that a restructured reward system is visible, omnipresent, but most importantly, driven by top management.

The internal environment needs a revamp, allowing front-line staff, which deals with the external environment on a daily basis, access to information previously only reserved for top management. The prerogative would be to instil skills indispensable for decision-making based on observations and problem solving. These experiences could be gained from the external environment as well as from discussions with colleagues. These newly acquired skills afford the internal environment the benefit of increased self-worth, resulting from acknowledgement of innovative ideas.

The integration of IT with the human element is perceived as crucial to balance the need for modernised equipment without losing the most valuable machine that is the 'human brain'. The need for IT cannot be discarded; neither can the need for people with positive attitudes, who are willing to risk chances by generating simple, yet novel ideas that are not easily replicated. Leaders, in consultation with staff, or through the principle of leveraging, should find innovative methods of getting staff technologically literate while simultaneously valuing the human characteristics of staff.

Finally, like all else in life, some form of assessment is necessary to determine where you are, where you are heading and whether you are on course to meeting your objectives. It is for this reason that feedback becomes paramount to staying on course or deciding on different vehicles of action. It should be borne in mind that feedback is dependent on some form of communication, hence care should be taken when giving or receiving feedback. Because humans are all individuals in their own right, it might be good practice to expand the feedback to a broader spectrum of relevant persons to ensure objectivity and fairness.



CHAPTER 4: THE SARS IKM STRATEGY

“We can be knowledgeable with other men’s knowledge, but we cannot be wise with other men’s wisdom” – Michel de Montaigne

4.1 Background and objectives

The strategy, based on media perception (see Chapter 5) is concerned with compliance; therefore, the organisation envisages driving home the criteria³ of customer focus through:

- integrating IT with the human elements;
- affording HR a decision-making voice to attract and retain staff with a positive attitude that are flexible to accept changes;
- creating an environment conducive to information and knowledge management through continuous communication;
- working towards staff unifying and sharing in the vision of the leader and top management;
- valuing and acting on input from both internal and external stakeholders, thus rewarding stakeholders with recognition and appreciation for contributions made, however insignificant these might seem; and
- encouraging staff to take responsibility for own growth and development, thus gaining experience, knowledge, skill and competency to meet the expectation of the customer, both internally as well as externally.

³ These criteria are a synopsis as spelt out by SARS and were obtained from the SARS website, specifically, the SARS Annual Report (2005).

4.2 Leadership in the SARS IKM

The leadership in SARS currently favours the traditional hierarchical structure (see Annexure 1). The organisation as an established autonomous structure is relatively new. Autonomy was established when SARS was constituted as an autonomous entity in 1997, establishing the organisation as “an organ of state within the public administration, but as an institution outside the public service” (South Africa, 1997). The hierarchical structure suggests the Minister of Finance heads SARS; hence the autonomous status of SARS is open to debate. Furthermore, the organisation’s website domain is given as www.gov.za (2006), indicating that the autonomous status is debatable.

According to Clough (1998), the organisation as a collective in partnership with its environment is responsible for finding solutions to complexities, uncertainty and change prevalent in today’s economic climate. Clough (1998), in spite of the preference for a less hierarchical structure for the organisation, expresses the sentiment that management is in the driving seat of such an initiative and contends that teamwork or any collaborative action requires a willingness and flexibility to make decisions. Decision-making, in the traditional sense, is not afforded front-line employees, signalling an involvement, albeit initially from the top structure. It might be for this reason that the organisation during its infancy stage is perceived to be opting for the hierarchical organisational structure versus the flat structure, whilst aligning the organisation through transformational processes for a fully functional information and knowledge management environment.

4.3 HR in SARS IKM

SARS, as a South African organisation, would have to comply with employment equity requirements. Sadly, after twelve years into the new democracy, and in spite of government’s call for accelerated reform of management structures, the top structure of SARS is still predominantly male (see annexure 5). Therefore, the role of HR becomes more crucial in advocating an IKM environment. IKM strongly encourages investment in vigorous training and skilling of persons, hence the inference could be drawn that SARS has to strategise and equip women to be

promoted to the top structure as competent, value adding individuals through investing in their training and development. The organisation would have to apply a balancing act so as not to lose years of experience and as such HR in SARS has to allay fears of job losses that could be associated with employment equity. This is necessary as perceptions that employment equity converts into staff reduction could easily be created. HR would be tasked with harnessing the information and knowledge of informed, knowledgeable and experienced staff to the mutual benefit of the organisation and its stakeholders. Likewise, HR also has to find innovative ways of ensuring that the previously advantaged does not use information and knowledge as a power tool, thus not engaging in information and knowledge sharing and creation.

The Internet is regarded as a medium used in an IKM environment. A search of SARS's website (see Annexure 1), reveals Human Resources, together with Finance, Technology and Communications and Corporate Relations is a subdivision of Corporate Support. Corporate Support, in turn reports directly to the Commissioner (SARS Annual Report, 2005). By placing HR directly below Corporate Support, the medium of the World Wide Web creates the perception that HR indeed forms part of the top echelon of strategists and hence meets the HR criteria in terms of an IKM approach.



4.4 Internal environment within SARS

The organisation is perceived to lead rather than manage as becomes evident in later discussions with specific reference to the printed media. The organisation's website indicates that it has set wheels of transformation in motion through the Siyakha transformation programme. "The Siyakha⁴ transformation programme was launched in 2000 to fundamentally reshape SARS into a 21st century organisation able to collect revenues in a sustainable way and to fulfil its responsibilities with optimum efficiency" (SARS Annual Report, 2005).

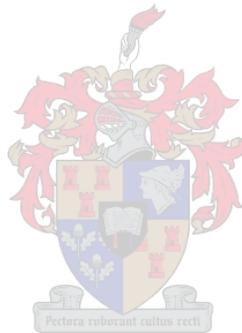
The programme is perceived to address issues relating to bureaucracy, indicating that the organisation recognises that a flat structure, in all probability, would result in

⁴ *Siyakha* means, "We are building".

creating an open, transparent and transformed environment. The flat structure would go a long way in promoting a culture of trust in the long term. Other issues SARS indicates it wants to address directly allude to service delivery and employment equity amongst others.

4.5 Conclusion

Through the World Wide Web as a medium, the perception is created that the organisation is earnestly making inroads in functioning through a process of transformation within an IKM environment. However, the next chapter indicates that the media is clear that there is room for improvement.



CHAPTER 5 - EXTERNAL PERCEPTION OF THE SARS'S IKM STRATEGY

"The illiterate of the future are not those who can't read or write but those who cannot learn, unlearn, and re-learn" – Alvin Toffler

5.1 Background

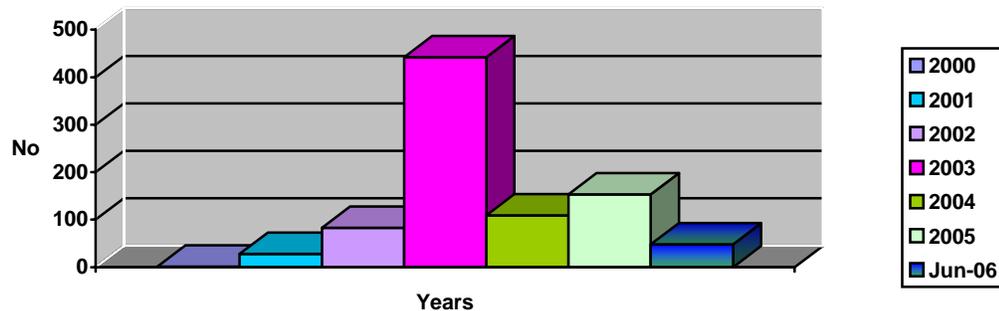
SARS has not only consistently met but exceeded budget targets as proposed by the Minister of Finance (see Table 1). This justifies research to ascertain whether the strategy employed is one of information and knowledge management (IKM).

The hypothesis here is aimed at investigating the media perception of SARS, thus warranting an investigation into the mass media per se.

The mass media's perception would be more representative of the views of the population as the media covers daily, community and weekly publications. Media coverage also extends to printed media specialising in financial matters, television and the World Wide Web. The choice of using mass media outweighs the option of surveys, which might not yield adequate representative samples of the population to warrant the drawing of inferences.

A total of 864 articles relating to SARS have been published in South African Media from 1 January 2000 to 30 June 2006. During the 2000 calendar year, only 1 article was published, followed by 28 during 2001, 83 during 2002, 442 during 2003, 109 during 2004, 153 during 2005, and up to and including 30 June 2006, a total of 48 articles (see Table 2).

Table 2: Number of articles published in South African media from 2000 to June 2006



Source: Sabinetonline.co.za (2006)

The number of articles had increased up until 2003 after which it seems to be declining. The following inferences could possibly be drawn from these statistics:

- SARS's strategies have merited reporting on;
- the media perception is more favourable, hence criticism levelled against the organisation is decreasing;
- the communications division within SARS is resting on its laurels; and
- the general public is deemed to perceive the culture of the organisation as transformed to demonstrate competence.

According to Mersham and Skinner (1999), the recipient converts the information received through the media, whether printed, electronic or audiovisual through interpretation into meaning, but above all present the media role as paramount to decoding. According to Mersham and Skinner (1999), the process of decoding should be viewed as a two-way action.

This insight infers that the communications manager should be incorporated in the echelon of strategists, namely top management structure. The duty of the communication manager therefore extends to harmonise the internal and external environment into a unified voice. A unified voice signals singularity of a shared vision. The unification would be accomplished through empowerment as well as motivating employees into trusting the organisational leadership. The

communication manager is tasked with ensuring that employees speak with one voice. To achieve this feat, a considerable amount of time has to be spent training employees in the art of responding to questions from outside stakeholders, but more importantly ensuring that employees at all levels have relevant information and knowledge at their disposal. Jacobs (2004:281) aptly summarises these thoughts, as “unity of command will belong to the people trained as members of special emergency communication and continuity planning teams”.

This statement becomes profound when considering the enormity of the power of mass media (McQuail 2005). Alsop (2004) affirms this phenomenon when citing the devastating consequences experienced by the Starbucks coffee shop when a decision taken by a front line employee irreparably scarred the organisation's reputation in the aftermath of 9/11 in America. The employee had charged patrons for bottled water during the chaos that ensued. The public was more outraged at management's inability to act quickly in terms of issuing a media statement during a highly charged emotional situation than at the indiscretion of the employee. What further compounded the situation was the strategy employed by management to shift the responsibility by blaming the media for demoralising staff. Van Riel (1992) also cites similar experiences by two Dutch companies – Vendex, a chain store, and BAT, a tobacco company where contradictory press releases led to disastrous consequences – reiterating the sentiments that decoding is a two-way process (Mersham & Skinner, 1999).

Likewise, SARS has been faulted for its silence on the Brett Kebble case as well as for contradictory press statements pertaining to the case of Irwin Khoza, the soccer heavyweight of Orlando Pirates (Cokayne 2004a; Temkin, Ngqiyaza & Katzenellenbogen 2001; Benjamin 2003). In another incident, the media had faulted SARS for issuing contradictory statements with regard to the joint venture with a BEE company relating to leasing of office space, effective 2006 in Alberton, Johannesburg (Cokayne 2004b).

The above articles specifically questioned SARS's bias in reference to 'well-connected' or 'well known' individuals. Pillay (2002) and Tomasek (2004), both senior persons within SARS, issued a communiqué to the effect that 'SARS conducts

business in a fair and just manner' without prejudice. The fact that the media had reported on these issues, as well as the fact that two senior SARS officials responded, reaffirms the notion that communication is deemed a 'two-way' decoding system.

According to Williams (2005), communication as a key factor should be deemed a continuous process requiring attention in a creative manner and in so doing affirm a corporate identity. Careful planning of operational presentations by the organisation must be based on an agreed-upon philosophy. The philosophy, if shared by both internal and external stakeholders, creates a perception of a corporate identity (Van Riel 1992).

Hall (2005) expresses the view that organisations should be concerned with meaning. Mersham and Skinner (1999) give credence to this sentiment when arguing how important agenda setting becomes at press conferences. They argue that setting agendas for press conferences prevents the organisation from being caught off guard, while simultaneously ensuring the focus of the conference remains in the mind of the listeners.

Finally, McQuail (2005) categorically states that the creation of mass media has large leadership in mind. The author warns that organisations should take cognisance of the immense power of mass media when contemplating the role of communication within the organisation. The notion of action necessary from the top echelon is once again evident when considering terms such as *two-way process*, *decoding* and *agenda setting*.

5.2 External stakeholders – their role and importance

The global village is shrinking at an alarming rate; hence consumers as end-users have to be kept in mind when making decisions, as these would affect, in the case of SARS, compliance (Skyrme 1999; Clarke and Clegg 1998; Edvinsson 1997; Stewart 1997 and Sveiby 1997). The organisation as an end-user has the same rights and choices available in terms of expectations when it comes to procurement and suppliers. The rights of the organisation reiterate the role and importance of external

stakeholders and most importantly recognises that it becomes imperative to view the external environment holistically. By implication, amongst others, external stakeholders include government, who has legislative powers, the mass media and business specific press.

Various authors (Potoker 2005; Alsop 2004 and Larkin 2003) have identified a further intangible asset in relation to an IKM strategy, namely reputation. The perception of external stakeholders could positively or adversely affect the reputation of the organisation. Reputation thus could be viewed as an inference to the quality as perceived in the mind of external stakeholders. This mutually beneficial mindset clearly advocates actively protecting, nurturing and growing this intangible asset through:

- creating an environment of trust borne out of successful relationships as a result of exchange and dissemination of quality information (Cai & Hung 2005);
- creating a culture of openness and transparency (Barrett 2004a);
- evolving from a culture of suspicion to a culture of trust (Tourish & Hargie 2004);
- creating a code for good behaviour (Barrett 2004b); and
- eroding a culture of traditional authority to participative collaboration and partnership to the benefit of all (Dhir 2004; Newell 1999).

This phenomenon of a paradigm shift from management to leadership prompts management to control the reputation of the organisation by becoming a listening organisation. Reputation indirectly obliges organisations to treat their most important stakeholders (employees and their customers) intelligently in an environment of transparency. An article, "PC tender cancelled after Sars staff threats" (2003) highlights SARS's commitment to employees, creating the perception that the organisation cares for its intangible assets. Openness becomes mandatory for creating and nurturing trust amongst and between all, keeping in mind that organisations today are victim to increased scrutiny by the media (Potoker 2005; Alsop 2004; and Kanter 2001).

Finally, reputation is one of the vehicles employed to drive intangible assets, such as positive attitude and competency, components of human capital (Potoker 2005, Alsop 2004 and Kanter 2001). Of paramount importance is that the powers that be should realise that building a reputation is a process, not a destination.

5.3 Who are SARS's external stakeholders?

For the purpose of this research, SARS's external stakeholders were identified based on media reports. The rationale for using this method is based on the fact that the research specifically examines the media perception. It is for this reason that stakeholders were not exclusively identified as per legislation pertaining to SARS. The organogram of SARS indicates that the Minister of Finance heads the organisation. However, parliament is responsible for promulgating legislation. Hence for purposes of this research, government will be deemed one of the external stakeholders and the Minister of Finance would be deemed a figurehead of the organisation.

Government is reliant on revenue collected to ensure it meets its objectives, such as its land restitution project. According to the *South Coast Fever* (Construction a major winner 2006), land restitution claims at a total cost of R2.2 billion have been met thus far, driving home the concept of the mutually beneficial relationship of an IKM strategy. Cabinet too has praised SARS as well as the public for their contribution in exceeding SARS's tax collection targets, demonstrating government's reliance on revenue collected to sustain its objectives (Ensor 2003 and 2004, SAPA 2006 and Temkin 2006).

Xako (2002) reported in 2002 that government planned to use SARS as an agent for Unemployment Insurance Contributions. The inference could be drawn that the organisation's track record made it a prime candidate for acting as a collecting agent on behalf of the Department of Labour. This planned move as highlighted has since been implemented with the promulgation of the Act (South Africa, 2002). Mention should be made that SARS also acts as a collecting agent of the Skills Development Levy, again collected on behalf of the Department of Labour (South Africa, 2000). The fact that government trusts SARS to successfully collect money, other than

revenue due to the state, speaks volumes in terms of the perceived trust the state has in the organisation's ability to deliver on mandates. Although the collection of unemployment funds and skills development levies is outside of the scope of this research, it's worth mentioning as it alludes to the element of trust implicit to an IKM environment. The expansion of SARS's deliverables benefit the unemployed, boosts and accelerates skills development and upgrading of skills necessary for the nation to compete within the global arena. An article, "Brighter future for disabled people" (2006) specifically reports on the benefits to the disabled, but also highlights tax incentives in the forms of rebates allowed to organisations offering unemployed disabled persons learnerships. Again, the mutually beneficial outcome can be observed. The importance of discussions, leveraging and a mutually beneficial outcome is confirmed when dialogue between SARS and the Congress of South African Trade Unions (COSATU) with regards to boosting of learnerships resulted in SARS accepting proposals made by COSATU to improve short-term employment prospects of unemployed individuals (Ensor 2002).

Government is responsible for promulgating legislation (Super SARS 2006). Government, in partnership with SARS, has launched a discussion paper on tax avoidance in an attempt to combat tax avoidance (Ensor & Temkin 2005 and Bridge 2004). Discussion papers invite all interested parties to debate, hence voice their opinions on proposed legislation before parliament signs it into law. Discussion signals a willingness to listen to and perhaps even adjust legislation based on innovative ideas that could be forthcoming from external stakeholders. Williams (2005:21–22) states,

Gordhan's SARS is filled with talented people who are (or will be) much in demand in the private sector. Their technical aptitude seems matched by a conviction that impermissible tax avoidance can, in the words of the discussion paper, 'precipitate severe revenue losses that limit government's ability to pursue its economic and social agenda'. In other words, they are on a mission.

The inference drawn from this article is that SARS has a talented pool of staff. As such, SARS needs to appreciate staff lest they be lured with offers of employment elsewhere. The article (Williams 2005) indirectly draws attention to the fact that ethical behaviour is obligatory for all stakeholders to the mutual benefit of the country

as a whole. Ethical behaviour would imply that all taxes due to the state should be paid over to SARS by the taxpayers responsible. The implication thereof, fuller coffers, thus enabling the Minister of Finance to either give relief in terms of tax rates or alternatively to expand benefits such as health, education and welfare, amongst others to a broader base of citizens.

It seems evident that SARS, in partnership with the National Treasury, has yielded calls from business to halt taxing of Human Immunodeficiency Virus/ Acquired Immunodeficiency Syndrome (HIV/AIDS) management programmes of large companies as a taxable fringe benefit. Claasen (2004) reports on ongoing discussions between organised business with SARS and National Treasury to resolve this issue. This sharing of information has led to the introduction of a non-taxable benefit, effective 1 March 2006, for such wellness management initiatives. However, to receive a non-taxable benefit, such initiatives need to comply with the criteria. This resulted in the creation of Code 4487 as a non-taxable benefit pertaining to medical costs paid by the employer on behalf of the employee (South Africa 1962). Claasen's article was published in 2004, and two years later changes as requested by external stakeholders have been implemented. The perception of SARS as a 'listening' organisation is created. More importantly, the debates, discussions, exchange of ideas and information, are, in this instance perceived to have benefited the external stakeholders. The principle of 'to the mutual benefit' of stakeholders (internal and external) is perceived to hold true. This specific outcome, based on the partnership formed with business, has led to extended benefits to a nation plagued by HIV and AIDS.

Government, as ultimate custodian of the environment, puts checks and balances it deems necessary for protection of the environment in place. So, for example, Treasury has launched a discussion paper on environmental tax to be levied, impacting on both SARS as well as polluters within industries (Green policy 2006 and Leuvenink 2006).

The success of revenue collections indirectly affects Reserve Bank initiatives as revenue collected affects issues such as the trade deficit, thus paving the way for the Governor of the Reserve Bank to make the necessary adjustments (Williams 2005).

Joffe (2006:14) states, “the fiscal deficit was projected to fall from a budgeted 3.1% of GDP to a mere 1% in 2005/2006, the lowest deficit in a decade of ANC government”.

The various industries, corporate and non-corporate, that have to comply with legislation as well as companies, both large and small, who are deemed employers, would be regarded as external stakeholders. They need to make sense of the legislative framework in which they operate. Various Sections of the Income Tax Act No 58 of 1962 – 2(1)(a), (b), (2), (3), (4)(a), (b), (c), (d), (e), 14(1), (2), (3)(a), (b), (4) and 15(1), among others – specifically refer to the duties of an employer. Articles specifically identifying industries as stakeholders are: “SARS Commissioner concerned about unethical practices” (2003:5) and “Sweet Importers” (2006:22). Furthermore, it seems that “SARS has accommodated large businesses⁵ by dedicating services to what is referred to as *large business centres* across the country” (Temkin 2004b).

Williams (2005:21–22) reports,



It was in 2005 that the corporate world finally realised that not only does Gordhan mean business in the sense of increased efficiency (which people may resent but cannot really quibble with), but also he insists that we change the way we think about tax.

The article goes a long way in creating the perception that a paradigm shift in ‘mind change’ is imminent. The very foundation of an IKM strategy suggests ‘breaking’ from the old to build the ‘new’. The article highlights the fact that the external environment is charged with changing ‘thinking’ patterns to embrace the changes of a transformed SARS. The perception inferred alludes once again to a holistic approach.

The result of compliance, based on an IKM strategy, is beneficial to all stakeholders. The article “Construction a major winner” (2006) projected the construction business emerged as winners, given the reduction in transfer duties, the increase in the housing department’s budget as well as the raising of the capital gains exempt limit

⁵ *Large businesses* are identified as those businesses (listed and unlisted companies), individuals and parastatals that boast turnovers exceeding R250 million.

on primary residence as announced by the Minister of Finance in the 2006 Budget as tabled in Parliament.

Further evidence of corporates and non-corporates as external stakeholders can be seen in Temkin (2001d 2003c 2004b 2005), Fraser (2003), Cokayne (2004a), Claasen (2004), Loxton (2004), Ntingi (2004b), De Vynck (2005) and Gunnion (2005). SARS, in complying with the criteria of ongoing debate to the mutual benefit of all stakeholders associated with an IKM strategy, released a joint media statement with the South African National Tax Council (SANTACO). In this statement, both organisations committed to partnerships in terms of compliance, education and continuous debate in an endeavour to broker solutions to the mutual benefit of both parties (Media Releases 2006).

Individual taxpayers who have to submit returns in terms of the Income Tax Act No 58 of 1962 are external stakeholders. In addition, a number of newspaper articles with specific reference to individuals have been published, thus verifying the status of individuals as taxpayers (Temkin 2001a, Benjamin 2003 and Rose 2005c). Professional organisations, such as the South African Institute for Chartered Accountants (SAICA) and the Payroll Association of South Africa (PASA), are external stakeholders as they have to ensure that their membership comply with legislation in partnership with SARS. Newspaper articles referring to SAICA and PASA and SARS validate these organisations as external stakeholders (Rose 2002, Rose 2003, Fraser 2003 Inngs 2004 Carter and Adams 2005 Ensor 2004 and 2005 and Temkin 2005).

Importers and exporters are external stakeholders, and therefore by implication foreign governments as well. Care should be taken in ensuring that import and export legislation of both the importing and exporting country is complied with (Benjamin 2004, Ntingi 2005c and Victory against counterfeit motor vehicle parts 2006). The shrinking global village necessitates dialogue with global players to learn, gain and exchange ideas to the benefit of all. An article on SARS approaching the international community for assistance with fraudsters (Ntingi 2005b) illustrates the organisation's willingness to venture into foreign waters to gain new insights, knowledge and partnerships as proposed by an IKM environment. Exchanging ideas

has led to SARS's contribution by means of proposals made, rated as 'among the best' boosting a perception of excellence (Ntingi 2005c).

Courts, as custodians of the law, as various media articles prove, are deemed external stakeholders of SARS. SARS, just as any legal person has the right to seek judgement in cases should they deem the circumstances appropriate. As a result, not only the courts, but also the various legal entities, such as the Scorpions and South African Police Services (SAPS), invariably are recognised as external stakeholders. However, the very nature of this relationship necessitates a working relationship rather than competing with one another in pursuing an offence free society (Cokayne 2003a and 2004c, Van Gass 2005 and Barbeau 2006).

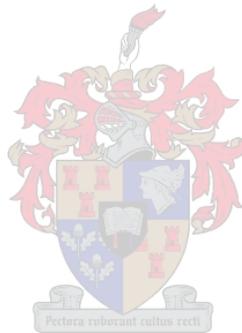
According to Ensor (2003), between 30 to 40 SARS officials who were involved in fraudulent Value Added Tax (VAT) or customs fraud had been dismissed during the previous year (i.e. 2002), thus reinforcing an environment of openness and transparency, gradually nurturing and growing the trust of external stakeholders. These actions create the impression that the ethics of the organisation's corporate governance policy is above reproach.

Furthermore, external stakeholders are also made up of suppliers, as SARS, just like any other business is reliant on suppliers for any purchases necessary (Radebe 2002, Smith 2004, Multimillion-dollar streamlining for SARS 2006).

Employees are normally viewed as internal stakeholders. Searches of the media lead to the identification of employees as external as well. The conclusion was arrived at after having established that two unions, the Public Servant's Association (PSA) and National Education, Health and Allied Workers Union (NEHAWU), represent employees. SARS therefore has to negotiate with these unions in terms of conditions of employment. The perception is created that the organisation is valuing one of its most valued assets. This inference is drawn from the fact that the organisation was able to avert a strike after consultation and negotiation with both unions emerged successful (Hall and Temkin 2005, Ka Nzapheza 2005 and SARS confirms wage dispute 2005).

SARS's stakeholders comprise all citizens of South Africa, albeit as industries, companies or individuals. In attempting to broaden its tax base, the organisation has introduced various initiatives to bring informal businesses into the tax net (Barbeau 2006 and Lester 2006a). However, a search of the institution's website revealed that forms available for downloading are only available in English and Afrikaans. Because the organisation has to form partnerships with countries in terms of imports and exports, the use of the English language is understandable, hence makes sense. However, given the figures of the breakdown of the official eleven languages spoken in South Africa, it is peculiar that the organisation has not sought to change the perception that language preference is maintained as promoted prior to 1994 (See Annexure 3). Even more peculiar, is the fact that a search of the media had not returned results where the issue of language is specifically addressed. Mersham and Skinner (1999) also deem communication a two-way process. These authors report that Public Relation (PR) practitioners require effective communication skills, one of which focuses specifically on cultural diversity and sensitivity. They specifically refer to the issue of eye contact in various black cultures within SA, with reference to the culture of averting eye contact. The aversion of eye contact symbolises a form of body language. Houston and McPhail (2005:126) advocate exploring communication within an intercultural context. (Becker 2005) supports this line of thought. SARS is perceived as intentionally addressing this issue with the introduction of the cartoon 'Khanyisile Khumalo drive' (Kalideen 2005). Becker (2005:106) states "intercultural communication is no longer an area of interest for just a specialised elite; it has become a requirement for professional and organisational survival". This statement by Becker (2005) certainly is food for thought given the enormous degree of cultural diversity prevalent within the South African context. Language diversity resembles but one of the many cultural differences innate to South Africans. (see annexure 3). In addition, in reference to the 2001 census poll (Census in Brief 2003), Afrikaans and English are ranked 3rd and 5th respectively as the most spoken mother tongue languages in South Africa. Dhir (2004) lists language as a corporate asset. Seemingly, it is important for any organisation, specifically within the realm of SA, to be sensitive to cultural differences, but more specifically should actively nurture language as a corporate asset.

Finally, it becomes evident that these changes can only be accomplished by constructive paradigm shifts. A complete reinvention is needed where trade-offs negotiated are perceived as mutually beneficial to all stakeholders. Scholars (Sanchez 2001 and Youngblood 2002) validate destroying to rebuild. The constructive destruction of faltered old mental patterns should ultimately give way to the reconstruction of a new demised way of thinking, birthing a reformed organisational culture.



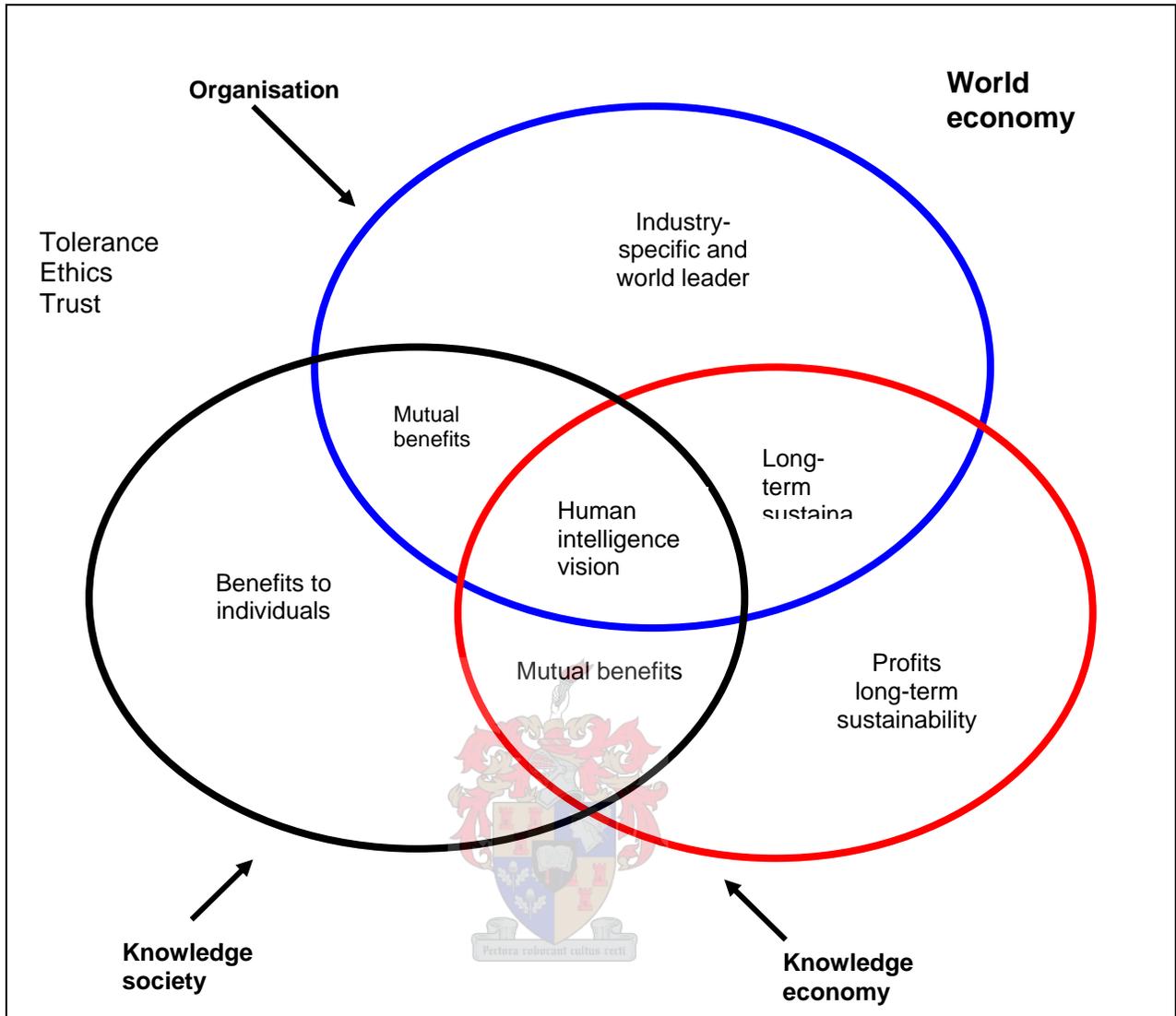


Figure 1: Critical elements for an IKM Strategy

Source: Adapted from Sanchez (2001:38)

According to the diagram, the organisation, knowledge society and knowledge economy co-habits within the world economy. Tolerance, ethics and trust are vital in pursuing mutual benefits and long-term sustainability. For the organisation to excel within the global arena, human intelligence together with vision forms the cornerstone of an IKM environment where the focus is on long-term sustainability rather than short-term financial gain. Words such as *tolerance*, *ethics*, *trust* and

human intelligence illustrates the premium placed on the human element within an information and knowledge concept.

5.4 Media and the SARS's external stakeholders

The premise of this research would be to gauge the media's perception of SARS in terms of its IKM strategy to get taxpayers compliant. The choice of using the media is based on the fact that it represents a broad base of taxpayers, including individuals who use the letter columns in the printed media to express their views.

5.5 Media study

5.5.1 Leadership in SARS

Early Greek philosophers such as Plato have addressed the importance of information and knowledge. These concepts have shot to prominence during the early 1990's. A need arose to attach, identify, recognise and name the valuing difference between an organisation's book value and its market value, arriving at the conclusion that traditional factors of production (land, capital and labour) no longer sufficed as the only means of production. Instead, a view is widely held that the traditional factors of production are enablers compared to the true source, knowledge.

Theorists in the field of IKM likewise cite the leader, irrespective of the portfolio assigned to such a person, as crucial to the success of transforming the organisation into embracing principles of information and knowledge as a management tool. (Some refer in this regard to the chief executive officer (CEO); others refer to the chief information/knowledge officer.)

The broader population has no knowledge of the structure, as the media has thus far not speculated on the hierarchical structure of SARS. For the purpose of this investigation, the responsibility of the leadership would be assigned to the Commissioner of SARS as head of the organisation.

Prahalad, Hamel and Stalk (1990) and Nonaka and Takeuchi (1995) unanimously agree that the role of identifying and building competencies and skills appropriate to an information and knowledge environment reside with the CEO and top management. Nonaka and Takeuchi (1995) also cite the CEO of Home Bakery as being instrumental in the organisation embracing the principles of information and knowledge management. Barret (2004a) supports the notion that transformation is reliant on executive skill to reach and stay at the economic crest of the organisation.

The media perception considers the Commissioner, together with top management, as leaders rather than managers. The lessons that can be learnt from SARS (2006) states, "The lesson of Gordhan is not that his top people are paid so well (though they are), but that they are **led** so well".

The SARS 2005 Annual Report has put faces to the names of the leaders. What is interesting, are the specific words inserted into the document with the photographs of the General Managers (see annexure 5). These words could be perceived to indicate that the leaders of SARS certainly value the human element, however, the core word associated with information and knowledge management, "innovation/creative", is absent, suggesting that SARS probably still has some way to go before being fully functional within an Information and Knowledge environment.



According to Clough (1998), the organisation as a collective in partnership with its environment is responsible for finding solutions to complexities, uncertainty and change prevalent in today's economic climate. In spite of a preference for a less hierarchical structure for the organisation, the sentiment is expressed that management is in the driving seat of such an initiative. Therefore, teamwork or any collaborative action requires a willingness and flexibility to make decisions. Decision-making, in the traditional sense, is not afforded front-line employees, signalling an involvement, albeit initially from top management in partnership with the CEO (Choo 2002).

In an interview with Wray (2004), the Commissioner of SARS is quoted: "The style I prefer is a participatory one. I like to involve people and listen to diverse views. But if the situation requires it and it is appropriate, I am prepared to make the decisions

alone". The perception of collaboration is created, but most importantly the Commissioner seems prepared to accept accountability and responsibility for steering the organisation forward. This perception is highlighted in an article as published in the *Star*, when a contingent of SARS employees, lead by the Commissioner, visited the Bruma flea market to listen to, but more importantly educate both the internal as well as external environment (Ntinga 2005a). The internal stakeholders benefited by making sense of and understanding the challenges, fears and problems of micro-businesses. Problems such as high rental had emerged during discussions, informing SARS of specific problems the small businesses are faced with. SARS used this opportunity of educating the external environment on the merits and necessity of compliance. SARS, in opting for such action, simultaneously employed principles of public relations very cleverly, yet covertly. Austin and Pinkleton (2001) assert that PR is aimed at getting accurate information in the most cost-effective, yet strategic manner to solve problems. Not only is problem solving achieved, but the organisation can also apply information and knowledge gained to scenario planning in preparation for possible future problems. In addition, Sveiby (1997) maintains it is in face-to-face communication that opportunities are presented to convert tacit knowledge into explicit knowledge. Becker (2005) and Houston and McPhail (2005) suggest this happens at an unconscious level; hence the conversion is rarely noticed, and taken for granted.

The importance of the communications leader has been discussed earlier. The author of this research, as well as the public, observed the 'out-of-the-box' thinking on the due date for submission of tax returns, both in 2005 and 2006. The 'out-of-the-box' thinking, based on 'drive by'⁶ as experienced with fast food outlets, was used in the Western Cape. The novel, yet refreshing idea of a 'drive-by' campaign, has gone unnoticed to the rest of SA. The communications leader had not exploited this information to drive home commitment from employees, but more importantly the 'out-of-the-box' thinking of leadership to perfect the art of producing inimitable competitive intelligence in getting taxpayers compliant. A search of the printed media also did not yield any results (not even the Cape Town newspapers where this

⁶ Taxpayers submitted tax returns on the last day to SARS employees who lined the streets. Taxpayers would hand the returns to employees from the car, without having to stop the car. In fact traffic officers were seen assisting with the exercise in Voortrekker and Durban Road in Bellville.

action was observed) reaffirming the notion that action is needed to remind end-consumers of benefits⁷ which they can reap.

Leadership has also demonstrated willingness to take risks. This demonstration could be seen in the fact that the organisation agreed to participate in the South African Broadcasting Corporation's (SABC) South African Management Challenges, jointly hosted in partnership with Old Mutual. Whether the organisation was asked to participate or whether it participated of its own accord is immaterial. What is important is that leadership was not afraid to accept such a challenge (SABC3 2006). The perception this programme has created is that leadership is willing to ask for and accept advice with regard to how to create an organisation of excellence. One of the panellists, Randall Abrahams, had reaffirmed the general perception that the commissioner heads the organisation, when he stated that in spite of the anticlimax⁸, the commissioner has once again proved to be a great leader. However, the programme also created the perception that SARS does not effectively disseminate information across departments and that employees were reluctant to share information. The competing teams expressed frustration at being unable to obtain or extract information needed to digest, analyse and ultimately come up with a solution. They recommended that the organisation's Business Intelligent Unit (BIU) should be centrally located and be the ultimate in intelligence gathering information. The students further expressed a lack of co-operation between BIU and other SARS departments. This observation by the students suggests SARS has not yet fully accepted a cross-departmental working ethos, a core element of IKM.

In another incident, SARS officials pitched at a drag race in Durban unannounced on a Sunday, resulting in the withdrawal of six cars from the race. SARS spokesperson, Adrian Lackay, said this was necessary in order to drive home the principles of compliance, once again illustrating passionate application of information and knowledge gained. The perception of passion is created because the organisation showed preparedness to act outside of normal working hours on information and knowledge gained (Ntingi 2005a and Barbeau 2006:13). The fact that staff worked

⁷ Compliance resulted in the Minister of Finance being able to reduce tax rates for individuals for the past few years for example.

⁸ The commissioner of SARS declared the competing MBA (Master of Business Administration) students joint winners based on the brief given.

outside of normal working hours could be perceived as a committed effort to advocate compliance. The image that staff was not only office-bound but went out to the public, says much of leadership's ability to break with the old in order to rebuild (also see Annexure 2). The action of working outside normal office hours, in itself creates the perception that staff is committed to and trusts their leadership in going the extra mile to the mutual benefit of all. According to Stewart (1997), this embodiment of passion constitutes 'human capital'. Passion suggests mind, body and soul working in unison to achieve a unified objective. Arguably, the perception is created that a contented workforce is loyal to SARS and committed to deliver excellent quality in terms of service.

Groff and Jones (2003) capture this sentiment when they state that both leaders and participants need to be willing to change, listen and, most importantly, assume a positive, yet responsive attitude, once again alluding to some form of managerial system driven by leaders of an information and knowledge management initiative, who inspire change and lead by example.

According to Stewart (1997), the CEO's/Managing Directors (MDs) or a senior manager at Hewlett-Packard, 3M, Matsushita, Honda, British Petroleum and others are alleged to have driven successful and ongoing adherence to principles of an information and knowledge management strategy as well as a process of transformation.

A report by TFPL (1999) supports the notion that an information and knowledge strategy needs to be jointly driven by a leader and top management, when the report quotes the CEO of Management Charter Initiative as stating that IKM has progressed from being an *optional extra* to a **strategic necessity** for managers.

Badaracco (1991), Probst, Büchel and Raub (1998b), Teece (1998), Thompson and Strickland (1998), Probst, Raub and Romhardt (1999) and Malhotra (2000), among other scholars, support the notion that a leader in partnership with senior/top management drives such an initiative. This unified action thus shapes and determines the strategic route taken as intrinsic to principles of IKM.

Botha and Fouché (2002), when they researched knowledge management practices in the South African business sector, indicated leadership as central in terms of the Knowledge Management Reference Model (KMRM) they have developed. It is therefore worth mentioning, as the organisation researched is South African.

Scholars are in agreement that such transformation from only valuing hard-core quantitative assets, such as capital; labour and land to also valuing qualitative assets, such as intellectual and human capital, is necessary. The valuation should occur in an integrated fashion and should be pioneered by the business leader, noticeably the chief information officer or in the example of SARS, the commissioner. Such integration facilitates the paradigm shift. The approach by Kanter (2004) describing this paradigm shift, as “an art of building confidence” is a refreshingly different view taken.

Emphasis is placed on qualitative assets. Qualitative assets, in turn are associated with humans. These assets stem from non-monetary rewards, such as recognition given for information and knowledge sharing. Kanter (1983) says that management, by tapping into the emotional element of humans, will speed up and encourage information and knowledge sharing to the mutual benefit of all stakeholders.

SARS, during the past filing season, used the emotive element exceptionally well. The advertisements, aired during prime time on the SABC as well as e-TV, spoke directly to the taxpayers by reminding them that the **individual** ‘makes SA great’.⁹

An article in the *Sandton Chronicle* (SARS enters innovative age 2006) informs that “Barry Hore has been appointed as General Manager (GM) responsible for strategy, modernisation and technology, with effect 1 July 2006”, signalling SARS’s approach of integrating technology, thus viewing it as an enabler rather than a problem solver. A search of the SARS website validates this observation by way of the following:

Technology has a vital role in enhancing business processes and in permitting SARS to becoming more customer-centric. ... Central to this vision are the **people** of SARS. The

⁹ The advertisement specifically stated: “**YOU** make South Africa great”. By thanking the taxpayer after the due date for complying, SARS is perceived to acknowledge interdependence. This recognition would go a long way in cementing relationships.

creation of a culture of teamwork and learning, a vigorous programme to improve employee competency and the provision of a supporting physical infrastructure has been important features of Siyakha. (SARS Annual Report, 2005)

The leadership of SARS is perceived to have realised that more and more pressure is put on organisations to commit to social responsibility and as such SARS has established a Corporate Social Investment (CSI) office. The CSI office embarks on projects aimed at taxpayer education, literacy, HIV/Aids, disabled persons and women (Corporate Governance 2005). In addition, SARS has awarded a gigantic computer contract to Choice Technologies and Mthombo IT Services requiring the consortium to award between 30 and 40% of its business in the first year to smaller black economic empowerment (BEE) companies (Ntingi 2004b). The organisation has, in awarding a SAP¹⁰ tender to CS Holdings¹¹, stipulated a requirement to team up with BEE partners (Qoza 2003).

Planting (2004:11) states:



It was now the turn of technology to support the goals and objectives of the revenue collection service. Tax collection and innovation are not concepts one would necessarily link. Yet it was only with creative thinking and conscious problem solving that SARS metamorphosed from a lumbering government department of kilter with the new SA, into a modern organisation with a clear sense of purpose.

The author reiterates that SARS's strategy is to integrate technology with the human element. In Planting's article the commissioner is quoted as saying, "Our intention was to become a perpetual ideas machine", indicating the emphasis the commissioner places on the human ability to create. The perception is created that the commissioner has high regard for the people element; validating some form of IKM strategy adhered to by SARS.

Planting (2004:11) continues, "Not only has Gordhan transformed the culture within, but slowly the attitude of taxpayers and their advisers had begun to change. There is a new sense of respect for SARS from individuals and industries alike", creating the

¹⁰ SAP is an Enterprise Resource Programme (ERP) with many applications; among others, the programme can be used as an Accounting tool.

¹¹ SC is the name of a company, namely SC Holdings and not an acronym.

perception that the transformation process has trickled to the external stakeholders on whom SARS is dependent to deliver on targets as set by the Minister of Finance.

SARS has also donated seized goods to the victims of the Tsunami and has issued a press release to this effect (SARS 2006), thus re-enforcing the perception of its commitment to social issues.

An IKM strategy advocates the leadership to 'think out of the box'. SARS leadership is certainly perceived to have achieved this. According to Kalideen (2005), SARS embarked on an education drive launching a 'cartoon drive'. The cartoon character, Khanyisile Khumalo, is fun, easy on the eye and can even be used by educators in the Economics and Management Science discipline to educate learners in terms of tax compliance. Alternatively, the organisation could view this as an opportunity to form liaisons with schools or the Education Department in educating learners as future taxpayers. The introduction of e-filing, as well as a one-stop concept as envisaged by integrating the various tax systems, is perceived as progress, prompting questions, such as 'Where to next?' (Reynolds 2005, SARS to market its 'single view' system worldwide 2004, Special Projects Division Feature 2005 and Needham 2006).

Furthermore, SARS leadership is perceived to have undertaken a stern commitment to its stakeholders in terms of service delivery with the launching of the SARS Service Charter, committing to the criteria of transparency by informing external stakeholders what to expect from the internal environment in terms of service delivery. Reports on a wide range of new service initiatives introduced by SARS to assist the 'broad tax-paying community' is evident from the following articles: (Nathan 2003, Ntingi 2004a SARS introduces wide range of new service initiatives 2005 and Croome 2006).

An article by Matsheka (2005), one of the leaders of SARS, created a damaging perception that SARS is only concerned with revenue collection. The article upholds this view: "the lessons that can be learnt from SARS" (2006). The writer of the aforementioned article states that performance management bonuses are currently awarded based on revenue collected. Theorists of an IKM strategy believe that

rewarding for financial gain is a short-term solution. They suggest that HR design innovative ways of rewarding for information and knowledge sharing, thus, guaranteeing sustainability for long-term survival.

IKM proposes 'rewarding' of honest mistakes. The perception is certainly created that SARS, together with the National Treasury, has taken this to heart. This view is expressed based on articles specifically dealing with opportunities created for amnesty being afforded taxpayers who hold offshore investments. The objective of the amnesty granted being a 'fresh start' on a clean slate. The perception is created that past transgressions will be ignored for a specified amount of time, in exchange for compliance in terms of disclosure of income held off shore (Bell 2003, Loxton 2004 and Lester 2006a).

Finally, the greatest progress seems to be in the paradigm shift born during the early 1990s from management to leadership as observed by Kotter (1990). Grassian and Kaplowitz (2005) state that differences exist between management and leadership, which is fundamental to motivating employees at grassroots level.

5.5.2 Pledge of SARS's internal environment as perceived by the media

Although specific investigation of the internal environment is outside the scope of this research project, it is possible to draw inferences based on media perception in terms of the quality of service delivery by employees of SARS to its external stakeholders.

The objective of this chapter is to gauge whether SARS has created or is creating an internal environment conducive to an IKM strategy. The research will identify, based on media reports and observations, whether SARS is giving credence to one of its most valued intangible assets, namely its employees.

An environment conducive to IKM needs to be created, encouraged and sustained as a long-term survival strategy if a business hopes to survive during these tumultuous times of constant change. It therefore is incumbent to research what constitutes such an environment.

Many authors (Badaracco1991, Hansen, Nohria and Tierney 1999 Marchand, Kettinger and Rollins 2000 and Kinghorn 2002) advocate a shift from a hierarchical organisational structure to a flat structure for the following reasons:

- to promote a culture of trust necessary to bring a strategy of information and knowledge management to fruition;
- to promote creating, sharing and learning from an innovative perspective from others to the mutual benefit of both the organisation and by implication its internal as well as its external stakeholders;
- to, by extension, restructure reward systems in order to promote creativity, thus enjoying competitive advantage through non-replicable or difficult to replicate ideas for either product development or service delivery;
- to embrace honest mistakes for purposes of growth;
- to charge individuals with the responsibility for their own growth;
- to adopt a culture of pro-activity through tools such as scenario planning;
- to develop a new language for expressing value added by humans;
- to view information technology as supplementary and complementary to an information and knowledge management strategy;
- to realise shrinking of the global village necessitates making sense of the environment, and by extension, encouraging cultural diversity be embraced; and
- to subscribe to above reproach business ethics.

Research of printed media reports did not yield any indication of which way the organisation is leaning towards with regard to organisational structure, that is, hierarchical or flat. However a search of SARS's website (see Annexure 1) reveals a leniency towards the traditional hierarchical structure, indicating that decision-making powers might not have fizzled down to front-line employees for reasons previously mentioned.

The internal environment, specifically in relation to SARS, is critical in terms of whether a culture of IKM is present, encouraged and well balanced. Does the internal environment leverage knowledge and expertise through appropriate and relevant systems of reward? If the internal environment is not found to be passionate about the creation, sustainability and dissemination of information, it is doubtful that the external environment would embrace a strategy not embedded within the organisation (SARS intensifies focus on enforcement 2006:10).

The Auditor-General rendered an unqualified audit report for SARS's administrative and own accounts in 2004, illustrating compliance in terms of the various Acts as required (Ensor 2004). Such testimonials would create perceptions of ethical behaviour. An outcome, beneficial to SARS would be the degree of trust the stakeholders put in the organisation, a crucial element in an IKM environment.

According to another article (SARS is a desired employer in internal audit 2005) SARS has been elevated to the position of preferred employer of choice, specifically with reference to its internal audit division. This achievement is significant because SARS has to comply with the South African Revenue Service Act No. 34 of 1997 (as amended), the Public Finance Management Act No. 1 of 1999 (as amended), the Treasury Regulations and the King II report. In the same article, Liezel Samuel, head of Internal Audit at SARS, highlights the fact that the Auditor-General is accepting of the work ethics of the internal audit department, further boosting the image of the division to the extent that other organisations are vying to recruit staff from SARS. The article further states that SARS manages to retain these sought-after employees, indicating that the well-being of the employee reigns supreme.

Media perception fuels the image that top leadership of SARS is honing in on the human element as crucial for successfully driving a compliance campaign. This is gauged by the fact that the leaders had cancelled a tender awarded for computers after it came to light that the life of staff was being endangered by threats (PC tender cancelled after SARS staff threats 2003). Such action speaks volumes and could be regarded as fertile grounds for growing a culture of trust – trust is of paramount importance for creating a transparent or open environment conducive to the exchange of ideas without fear of retribution.

Other internal issues highlighted by the above-mentioned article are:

- education and training through formal structures as well as informal structures such as on-the-job support or a model of apprenticeship, favoured by an IKM environment, affording staff opportunities to create, share and disseminate information and knowledge;
- transformation is perceived to have led to innovative ideas generated, ensuring SARS's employee work ethics are distinct, that is not easily imitable, thus advocating excellence; and
- a code of conduct, enforced by the SARS ethic office, ensures that staff is informed of punitive measures should unethical behaviour be detected.

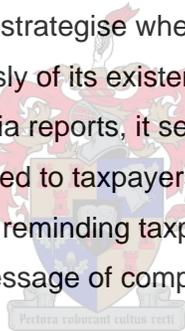
The praises of the internal environment were sung when readers of *The Pretoria News* voted SARS "Best Customer Service in Government" and runners-up in the "Best Government Department" category in May 2006 during the 5th Annual Reader's Choice Awards 2006. SARS achieved a similar feat in 2006 when *The Star* voted SARS as "Best Tax Consultant" ahead of PricewaterhouseCoopers and runners-up in the "Best Government Department" category (See Annexure 4).

Furthermore, the "Government Communicator of the Year Award" was bestowed on SARS for an effective communication strategy for 2004 (Peete 2004). The significance of this award stems from the fact that voting is done by an independent panel representing the South African National Editors' Forum (Sanef), the National Community Radio Forum (NCRF), the National Association of Broadcasters (NAB) as well as the communications portfolio committee of the Government Communication and Information System, indicating that the internal environment is disseminating information through effective communication, thus expanding a knowledge-sharing culture.

The Commissioner of SARS has accepted two awards for *management excellence*, at which occasions the Commissioner has thanked his team for their hard work and also thanked the institutions for bestowing such honour on the organisation. The Commissioner, in both addresses, mentioned processes of transformation, but also

the need to create wealth for all the people of the country, and also to create for sustainability (Gordhan 2003).

In June 2006, the SARS Internal Audit division successfully obtained the highest rating of "General Conforms" from the independent external quality assurance assessment team of the Institute of Internal Auditors. This award suggests competence in the work ethics, skills and passion with which the internal environment sets about its tasks. However, although this information has been issued to staff internally, a search of the Web, printed as well as audiovisual media did not render any hits. The perception is created that the Communications Department within SARS is not actively promoting the image of the organisation. A discussion, based on the number of printed articles, suggests one of the reasons for a decrease in the number of printed articles might be attributed to SARS communications department resting on its laurels. According to Nonaka (1975), the leadership at Coca Cola actively strategise when it comes to reputation building, thus reminding the patrons continuously of its existence in creative ways. Gauging from a wide spectrum of especially media reports, it seems that SARS is riding the crest in terms of quality of service rendered to taxpayers. The organisation should exploit this positive image by constantly reminding taxpayers of its achievements, while simultaneously spreading the message of compliance.



Trust is viewed as innate to the deployment of an IKM strategy. SARS is perceived to deal severely with staff found guilty of fraudulent activity. The action taken by the organisation would go a long way in allaying fears that taxpayers' money is misused (Ensor 2003). Many more journalists (Ancer 2004a and b, Cokayne 2003a and b, Mabasa 2003, Peete 2005, Rose 2003 and SAPA 2005) report that SARS vigorously deals with fraudulent activities of staff. The media perception validates that the organisation is actively stamping out fraudulent activity to the full extent of the law. Given the daily reports on corruption within government departments, the public will rest assured that their hard-earned money is not squandered by the staff of SARS, hence could be applied for the benefit of all South Africans.

5.6 Challenges facing SARS as perceived by the media

SARS needs to actively come up with innovative ways as it did with the cartoon campaign to make tax laws simpler and more understandable in general. According to Kinghorn (2002) and others it is crucial that the environment should be able to make sense of the past, the current as well as possible future directions in order to participate fully and meaningfully in partnership with stakeholders. News articles addressing the simplification of tax laws are in abundance (Temkin 2003e and 2004b, Naidoo 2005 and Van Gijsen 2006).

Although the media recognises that the organisation has come a long way and has achieved much in transforming the tax culture of taxpayers as well as the quality of service rendered, the media perceive the following as areas in need of improvement:

- service delivery (Shevel and Vaida 2005 and Developers hamstrung by SARS 2005)
- simplification of legislation (reported on earlier)
- transparency (Smith 2004)
- interpretation of rulings (Rose 2005a, Bonochris 2005 Kantor 2006 and SARS puts a belated boot in 2004)
- focus solely on revenue collection (Matsheka 2005)

The media specifically perceives SARS to be applying punitive measures, especially when it comes to the lower income groups. This perception could be deduced from articles explicitly referring to what they deem 'punitive measures' applied to retirement funding income (Lethal SARS outbreak 2004 and Cameron 2003). The perception created is that SARS needs to encourage, assist and incentivize all forms of savings instead of reducing the value of such savings as a result of tax implications.

SARS, in terms of section 75A of the Income Tax Act, Section 86A of the Customs and Excise Act and Section 62 of the VAT Act may 'name and shame' offenders (South Africa 1962, 1964 and 1991). However, the organisation needs to balance

this with the 'confidentiality clause' as pertained within the Act. To this end, various articles have been published highlighting the right to secrecy (Carter and Adams 2005 and Cohen 2004).

The organisation, or rather its HR division, needs to actively promote a flat structure. Eliminating the current hierarchical structure would result in staff feeling free to express ideas and exchange workable solutions. Such a work ethos could become embedded in the culture of the organisation if the staff perceive their suggestions to be seriously considered and rewarded by the organisation. A flat structure dismantles the strong arm of the hierarchical reporting line, as no clear power manifestation is visible. The designation of staff in 'unknown' thus staff is more likely to express honest opinions and come up with creative solutions. Such an environment would go a long way in getting employees to share ideas and knowledge without fear of ridicule.

The media perception is that the organisation currently is rewarded for financial gain. The organisation is therefore challenged to align remuneration and systems of reward for information and knowledge-sharing specifically.

Finally, although the organisation has employed many novel and somewhat refreshing ideas, its communication division needs to do more in order to remind taxpayers of their responsibility to pay taxes due, but more importantly to demonstrate to them the benefits they will reap for being compliant.

CHAPTER 6 - CONCLUSION

6.1 Objectives

The objective of the research was to gauge whether SARS employs a strategy of information and knowledge management based on media perception specifically.

The objective was to be able to draw inferences from these observations.

Furthermore, the objective was to use as many articles as possible from a diverse spectrum of printed media. Although the emphasis was on printed media, the applications of websites and audiovisual material are also interpreted as media and have been used as such.

6.2 Leadership role

It seems evident from media reports that SARS has indeed bridged the gap from management to leadership. Generally, the media has a high regard for transformation undertaken and executed over such a short period of time under the leadership of the organisation. Currently, the leadership is invested in a hierarchical domain. This is understandable if one takes into account that IKM needs to be driven from the top. The perception could be created that until such time as the organisation internally is ready to fully embrace IKM, the status quo would remain.

6.3 Changed face of HR

HR seems to be the driving force behind getting the internal environment compliant to an IKM strategy. Currently, the media image of SARS's reward system is one of reward on the basis of short-term financial gain. However, the organisation would want to retain the favourable reputation they currently are enjoying. For SARS to continue riding the crest of its reputation, it will have to consistently come up with creative ways of getting taxpayers compliant. HR, as part of the top echelon of SARS leadership, has its work cut out for it.

6.4 Internal environment conducive to IKM

Although the internal environment is outside the scope of this investigation, media creates the image that the internal environment as a whole has transformed. More importantly, the perception of ridding the internal environment of 'rotten apples', will ingratiate itself to the taxpayers, thus instil trust in the organisation.

The President of the country appoints the commissioner of SARS. The commissioner of SARS has been appointed for a second five-year period. Scenario planning would dictate a 'grooming' of a successor for reasons of continuity. The organisation would not want to lose the reputation it has worked so hard for. The question begs: is SARS leadership grooming a successor? Alternatively, has the Minister of Finance, in consultation with government, specifically the President as well as the leadership at SARS identified a possible successor, given that the President makes the appointment? Strangely enough, the media has up to now not reported, nor initiated a debate on any successor plans with regard to the organisation's CEO. The hope is expressed that the organisation is readying itself for the period beyond the current commissioner to ensure a smooth transitional period from one CEO to another.



6.5 IT as an enabler

Within an IKM concept, information technology is viewed as an enhancer, rather than a solution to long-term sustainability. It is granted that companies have to invest in technology, however, it is important that they do not do so at the expense of their most valuable asset, namely humans. Organisations therefore have to come up with innovative ideas not to forfeit the experience, expertise and knowledge of their most valued asset at the expense of technology. Employees should be well-versed in the application of IT, thus assisting them to come up with creative ideas of how to best employ available technology to the benefit of all stakeholders.

Finally, the perception is created that SARS does indeed view IT as an enabler and is attempting to strike a balance between IT and the human element.

6.6 The importance of feedback

Assessments are necessary to determine whether or not the organisation, together with its internal stakeholders is on course for safely navigating the organisation to its desired destination, which is long-term economic sustainability. To ensure constructive, positive feedback, as could be seen from the discussion earlier, it is recommended that evaluations take place at more than one level, thus ensuring that the feedback received is relatively objective. It is critical to realise that feedback requires some form of communication, hence great care should be taken when giving or receiving feedback. The most important feature of feedback is that it is the receiver of communication that ultimately interprets messages received. Consequently, the channels of communication should be unambiguous and the receiver should be granted opportunities to question whether their interpretation is correct and be granted the chance to have the message re-explained should the clarity of the feedback be questionable.

The media reacts to actions by SARS. These reactions, indirectly provides invaluable feedback to the organisation. Feedback is essential in assessing whether or not the organisation needs to change or alternatively refine certain actions it has embarked upon.



Finally, it is only in receiving feedback that mistakes could be identified and that opportunities present it for remedying.

6.7 Recommendations

The organisation is perceived to have bridged the gap between management and leadership. However, it needs to be more proactive in terms of bringing novel, yet refreshing innovative ideas that it generates on a more frequent basis to the attention of its tax base. Furthermore, it will need to move away from the perception that the sterling work it has done thus far, is rewarded on the basis on short-term financial gain.

6.8 Suggestions for further research

Government, as one of SARS's external stakeholders, tasks the organisation with collecting specific revenue targets needed to deliver on its strategic objectives. Likewise, other departments are also tasked with meeting specific objectives. The departments, who have failed to rise to the occasion, might learn how, with perhaps some form of modification suited to their environment to improve their relationships, specifically with their external role-players. However, more critical than improving relationships with external stakeholders, they might learn how to and apply methods to firstly get the internal environment conducive to an IKM environment.

According to media reports, the global environment is significantly relying on South Africa to lead by example in eradicating poverty in Third World countries, specifically on the African continent. The research, with adjustments (given cultural and economic differences) could pave the way for other countries to strive towards and achieve significant results in bridging gaps and cementing relationships with their external stakeholders. Of paramount importance, however, is the fact that the internal environment first needs to be modelled into embracing an IKM strategy before even introducing it to the external environment.

This research most definitely could pave the way for future research into SARS's relationship and therefore its strategy with regard to its internal stakeholders, and ultimately whether the two environments co-habit within the framework of an information and knowledge strategy.

Finally, a study, of SARS as an extension of the National Treasury would be meaningful. According to the organogram, the Minister of Finance, who is the head of National Treasury, heads SARS. Furthermore, SARS, in many instances only acts as executioner. Legislation is formulated by and enacted by parliament. The conclusion arrived at therefore is that SARS is truly an extension of the National Treasury, again, questioning the true autonomous status of the organisation.

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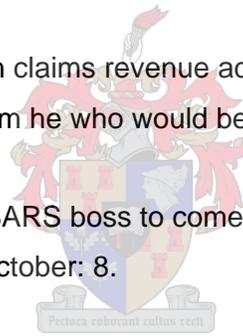
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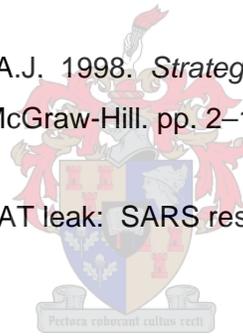
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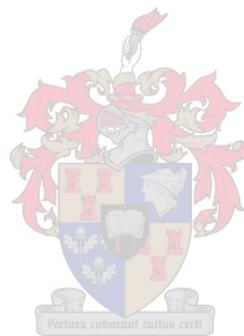
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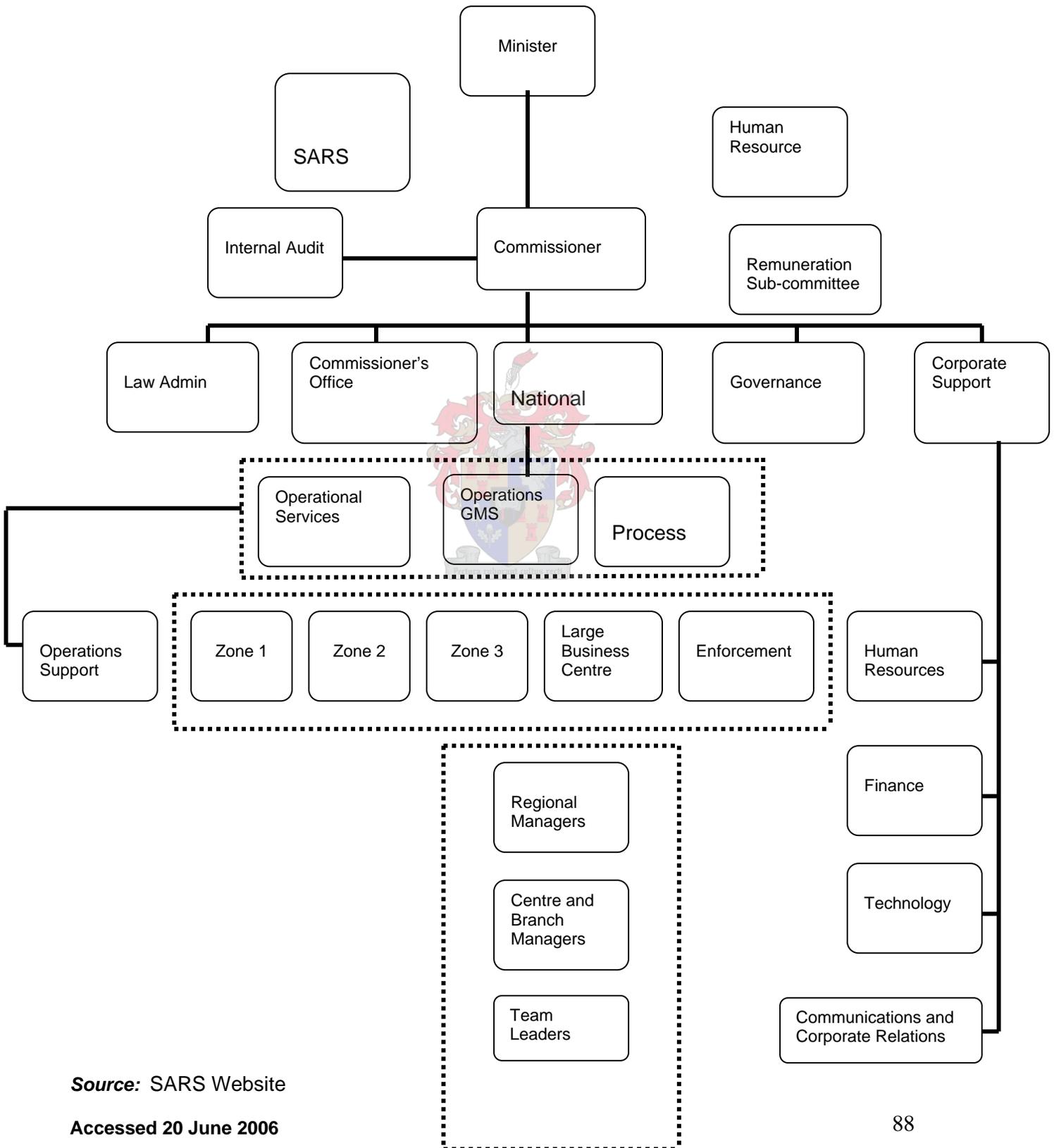
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APPENDICES

Appendix 1



Source: SARS Website

Accessed 20 June 2006

Appendix 2

Excerpt of SARS staff available at diverse public places to assist taxpayers with completion of their tax returns

WESTERN CAPE

Related **SARS Branches** in the area

Vanguard Mall, Athlone

3 June 9.00am – 3.00pm

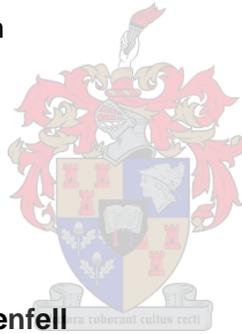
10 June 9.00am – 3.00pm

17 June 9.00am – 3.00pam

24 June 9.00am – 3.00pm

1 July 9.00am – 3.00pm

8 July 9.00am – 3.00pam



Cape Gate Centre, Brackenfell

3 June 9.00am – 3.00pm

10 June 9.00am – 3.00pm

17 June 9.00am – 3.00pam

24 June 9.00am – 3.00pm

1 July 9.00am – 3.00pm

8 July 9.00am – 3.00pam

Gugulethu Library, Gugulethu

3 June 9.00am – 3.00pm

10 June 9.00am – 3.00pm

17 June 9.00am – 3.00pam

24 June 9.00am – 3.00pm

1 July 9.00am – 3.00pm

8 July 9.00am – 3.00pam

SITE C Library, Khayelitsha

3 June 9.00am – 3.00pm

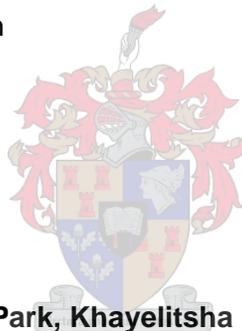
10 June 9.00am – 3.00pm

17 June 9.00am – 3.00pam

24 June 9.00am – 3.00pm

1 July 9.00am – 3.00pm

8 July 9.00am – 3.00pam



Masakane Library Llithe Park, Khayelitsha

3 June 9.00am – 3.00pm

10 June 9.00am – 3.00pm

17 June 9.00am – 3.00pam

24 June 9.00am – 3.00pm

1 July 9.00am – 3.00pm

8 July 9.00am – 3.00pam

SITE B Library, Khayelitsha

3 June 9.00am – 3.00pm

10 June 9.00am – 3.00pm

17 June 9.00am – 3.00pam

24 June 9.00am – 3.00pm

1 July 9.00am – 3.00pm

8 July 9.00am – 3.00pam

Khayelitsha Library, Khayelitsha

3 June 9.00am – 3.00pm

10 June 9.00am – 3.00pm

17 June 9.00am – 3.00pam

24 June 9.00am – 3.00pm

1 July 9.00am – 3.00pm

8 July 9.00am – 3.00pam



Kenilworth Centre, Kenilworth

3 June 9.00am – 3.00pm

10 June 9.00am – 3.00pm

17 June 9.00am – 3.00pam

24 June 9.00am – 3.00pm

1 July 9.00am – 3.00pm

8 July 9.00am – 3.00pam

Canal Walk, Milnerton

- 2 - 3 June 9.00am – 9.00pm
- 9 - 10 June 9.00am – 9.00pm
- 17 June 9.00am – 9.00pam
- 23 - 24 June 9.00am – 9.00pm
- 1 July 9.00am – 9.00pm
- 7 - 8 July 9.00am – 9.00pam
- 14 July 9.00am – 9.00pm

Promenade Centre, Mitchell's Plain

- 3 June 9.00am – 3.00pm
- 10 June 9.00am – 3.00pm
- 17 June 9.00am – 3.00pam
- 24 June 9.00am – 3.00pm
- 1 July 9.00am – 3.00pm
- 8 July 9.00am – 3.00pam



Paarl Mall, Paarl

- 19 – 23 June 9.00am – 2.00pm

Somerset Mall, Somerset West

- 3 June 9.00am – 3.00pm
- 10 June 9.00am – 3.00pm
- 17 June 9.00am – 3.00pam
- 24 June 9.00am – 3.00pm
- 1 July 9.00am – 3.00pm
- 8 July 9.00am – 3.00pam

Blue Route Mall, Tokai

3 June 9.00am – 3.00pm

10 June 9.00am – 3.00pm

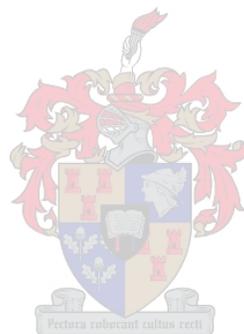
17 June 9.00am – 3.00pm

24 June 9.00am – 3.00pm

1 July 9.00am – 3.00pm

8 July 9.00am – 3.00pm

Source: SARS Website, 2006



Appendix 3

Home language within provinces (percentages)

Home language	Eastern Cape	Free State	Gauteng	KwaZulu Natal	Limpopo	Mpumalanga	Northern Cape	North West	Western Cape	South Africa	Ranking
Afrikaans	9,3	11,9	14,4	1,5	2,3	6,2	68,0	7,5	55,3	13,3	3
English	3,6	1,2	12,5	13,6	0,5	6,2	2,5	1,2	19,3	8,2	5
IsiNdebele	0,1	0,4	1,9	0,2	1,5	1,7	0,1	1,3	0,0	1,6	11
IsiXhosa	83,4	9,1	7,6	2,3	0,3	12,1	6,2	5,8	23,7	17,6	2
IsiZulu	0,8	5,1	21,5	80,9	0,7	1,5	0,3	2,5	0,2	23,8	1
Sepedi	0,0	0,3	10,7	0,1	52,1	26,4	0,1	4,2	0,0	9,4	4
Sesotho	2,4	64,4	13,1	0,7	1,3	10,8	1,1	5,7	0,7	7,9	7
Setswana	0,0	6,8	8,4	0,1	1,6	3,7	20,8	65,4	0,1	8,2	5
SiSwati	0,1	0,3	1,4	0,1	1,1	2,7	0,1	0,6	0,0	2,7	9
Tshivenda	0,0	0,1	1,7	0,0	15,9	30,8	0,0	0,5	0,0	2,3	10
Xitsonga	0,0	0,3	5,7	0,0	22,4	0,2	0,0	4,7	0,0	4,4	8
Other	0,2	0,2	1,0	0,4	0,3	3,8	0,7	0,6	0,4	0,5	12
Total	100	100	100	100	100	100	100	100	100	100	12

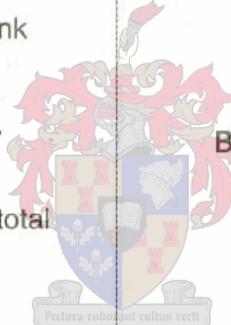
Note: This table shows the breakdown of the population of each province by home language. The percentages total 100% down the columns, for each province separately.

Source: Census Report, 2001 (amended to rank in terms of most spoken)

Appendix 4

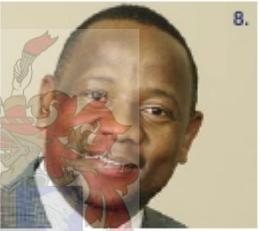
10 **BALLOT 1: BEST SERVICES AND SHOPPING** **The Star**
TUESDAY AUGUST 29 2006

BEST MORTGAGE LENDER Winner: ABSA Runner-up: Nedbank	BEST BICYCLE SHOP Winner: Cajee's Cycle Corner Runner-up: Game
BEST BANK Winner: ABSA Runner-up: First National Bank	BEST BABY GOODS STORE Winner: Baby City Runner-up: Ackermans
BEST TAX CONSULTANT Winner: SARS Runner-up: Price Waterhouse total	BEST CELLULAR NETWORK Winner: Vodacom Runner-up: MTN
BEST LAW FIRM Winner: Legalwise Runner-up: Scorpion	BEST AIRLINES Winner: SAA Runner-up: Emirates Airline



Source: Star (2006)

Appendix 5

 1.	 2.	respect	 3.
trust	 4.	 5.	 6.
 7.	honesty	 8.	integrity
transparency	 9.	 10.	 11.
 12.	openness	 13.	fairness

1. Kosie Louw, Law Administration; 2. Ivan Pillay, Enforcement; 3. Vuso Shabalala, Operations: Zone 1; 4. Edward Kieswetter, Large Business Centre; 5. Peter Richer, Risk Management; 6. Thandi Mabaso, Operations: Zone 3; 7. Ken Jarvis, Chief Information Officer; 8. Mbongeni Manqele, Transformation Director; 9. Itumeleng Matsheka, Communications and Corporate Relations; 10. Brenda Hore, Process Information Management (PIM); 11. Prakash Mangrey, Finance; 12. Leonard Radebe, Operations Services; 13. Thinus Marx, Operations: Zone 2

Source: SARS Annual Report (2005)