Measuring Performance: A Typology of Performance Measurement Systems for Tax Collecting Organizations

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Abstract

Performance measurement has attracted interest of scholars and professionals from a wide variety of disciplines. Still 'organisational performance' is one of the least understood notions. New Public Management (NPM), in fact, advocates accountability to customers as the basis of performance measurement. However, the task of defining 'customers' and 'customer-focus' in the case of Tax Collecting Organisations (TCOs) is even more challenging as it requires re-conceptualisation of the concepts and consequently designing of a Performance Management System (PMS) of a TCO that reflects the concerns of all stakeholders. In this paper a comparative case study of PMS of TCOs of U.K and Pakistan has been presented with special reference to a period of wide-ranging organizational reforms. A framework for categorizing PMS of TCOs is proposed and it is concluded that not only in the case of developing countries like Pakistan but even in the case of developed nations such as U.K, the traditional PMS is quite resilient and difficult to dispense with.

1. Introduction

Performance management has attracted interest of scholars and professionals from a wide variety of disciplines. Even though 'organizational performance' is one of the most widely used phrases in the academic literature, yet it remains one of the least understood notions (Neely et al., 1995; Wholey, 1999; Lapsley and Mitchell, 1996). The notion is even more

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muddled in the case of a tax collecting organization (TCO) because the NPM notion of customer and customer service needs a high degree of re-conceptualization in the case of a TCO. This paper analyses the PMS of Her Majesty's Customs and Excise (HMCE) of the U.K which administered indirect taxes before its merger with Inland Revenue in 2005, and Central Board of Revenue (CBR) of Pakistan now known as the Federal Board of Revenue (FBR) since July 2007 (Reference will be made to CBR in the subsequent discussion since post-2007 reforms initiated by FBR are not the scope of this paper). The analysis is then used to develop a framework for categorizing performance measurement systems (PMSs) of TCOs. This paper, therefore, not only makes a contribution to our understanding of the notion of 'performance' by studying it in a very different organizational setting but also aims to fill the gap identified by many scholars (Tomkins et al. 2001; Broadbent and Guthrie, 2000).

The paper is organized in five sections. In the section following this introduction, a brief literature review is carried out to identify the gap which this paper is aiming to fill in. In section 3, the research methodology is discussed which is followed by section 4 where the PMSs of the two organizations are reviewed and a framework for categorizing PMSs of TCOs is developed. In section 5 of the paper conclusions and suggestions for future research are made.

2. Literature Review

The notion of 'good performance' is central to all PMSs. In fact before one can measure performance, it is important to define what constitutes good performance. Though, this question has received less attention in the published literature, a few authors have provided definitions of organisational performance in their papers. For example, Kane (1996: 125) defines organisational performance in terms of final results of a set of actions. Brumbach (1988) takes a broader view of the notion by arguing that mere *results* cannot define performance as *behavior* is the other important dimension of performance. He proposes a two dimensional typology of *success* and *failure* in order to better comprehend the notion of performance[2] (as depicted in Fig 1 below).

Figure 1. The Double-Meaning of 'Success' and 'Failure'

		Results	
		Achieved	Did not Achieve
Behaviour	Positive	Positive Success	Positive Failure
	Negative	Negative Success	Negative Failure

Management accounting scholars have long pondered over the meaning of performance and its measurement. The seminal work of Johnson and Kaplan (1987) in which they lamented the loss of relevance of management accounting triggered off development of new frameworks which claimed regaining some relevance for management accounting. Examples include Results and Determinants Framework of Fitzgerald et al., (1991), Balanced Scorecard of Kaplan and Norton (1992) and Performance Prism of Neely et al. (2000).

However, despite development of these sophisticated multi-dimensional performance measurement frameworks, the notion of performance itself remains highly contentious and chameleon. Perhaps it is in recognition of this difficulty that Otley (1999) offers a generic definition of performance by suggesting that an organization that is performing well is the one that is successfully attaining its objectives. But he himself acknowledges the weakness of this definition as the objectives themselves are often subjectively influenced by the dominant stakeholders.

[2] Brumbach argues that performance can be a '**positive success'** if both *results* and *behaviour* were positive and it will be a '**negative failure'** if both *behaviour* and *results* are negative. Performance can be a '**negative success'** if *results* are positive but *behaviour* was negative. Similarly performance can be a '**positive failure'** if *results* are negative but the *behaviour* was positive.

In the literature on the notion of performance, the effect of past on present has also received some attention. For instance, Stinchcombe (1965) popularized the notion of *organizational imprinting* and argued that organizations formed at one time typically have a social structure which gets imprinted on the organizational psyche. Similarly, the concepts of *path dependency* and *lock-in* have also found their way into management accounting literature (Model, 2007). These notions have a direct relevance in the case of public sector organizations as long-standing rules and regulations govern the conduct of decision-makers. However, since early 1990s a considerable body of literature refers to the NPM movement which is considered to be a loose collection of ideas, derived primarily from the private sector with the ideal of replacing the presumed inefficiency of hierarchical bureaucracy with the presumed efficiency of markets (Christensen and Laegreid, 1999; Power, 1997: p 43)[3]. Hood (1995) articulates NPM as a set of seven doctrines where using performance measurement is listed as the sixth doctrine.

The NPM framework has been used by many authors to analyze performance measurement systems of various public sector organizations (e.g. Christensen and Yoshimi, 2001; Olson et al. 1998). However, the underlying assumptions of NPM framework have been criticized by many authors. For instance, authors like Wholey, (1999) and Lapsley and Mitchell, (1996) contend that the NPM remains oblivious to the fact that the complexity of stakeholders, multiple objectives and hard to measure outcomes (Carter, 1991) make ‘performance’ a more slippery concept in the domain of public sector as its meaning can vary from customer to customer and citizen to citizen. Stewart and Walsh (1994) go to the extent of declaring that performance in the public sector can never be fully defined. Similarly, the key underlying assumption of NPM that private sector is efficient and should be seen as a role model has come under severe criticism by Mayston (1993). It is in recognition of difficulties in defining dimensions of good performance in the case of public sector that calls were made for case study based research by many management accounting scholars (e.g. Broadbent and Guthrie, 1992). Responding to such calls, a few case studies of the UK

[3] Hughes, (1998: 4) argues that various terms such as new public management, managerialism, entrepreneurial government essentially denote the same desire of improving public management..

public sector organizations were carried out (e.g. Broadbent and Laughlin, 1998; Heavisides and Price, 2001; Collier, 2001; Sun, 2002). However, very little research in this vein has extended its consideration to the regulating and revenue-collecting departments in central government in which, implementation of the 'customer service' ideal of NPM has arguably required considerable re-conceptualization of departmental aims and day-to-day services than in other sites of NPM implementation. So far, the only in-depth study of performance measurement systems of different TCOs has been the OECD study of 2001. Of late Modell et al. (2007) have done a study of Swedish Tax Authority (STA)'s PMS. However, no paper has so far considered developing a framework for categorizing PMSs of TCOs. Informed by the organizational reforms of TCOs of UK and Pakistan, this paper, intends to fill this obvious gap in the literature.

3. Research Methodology

The analysis in this paper is guided by the following research question.

"How performance is defined and measured in the case of TCOs ?"

In order to find answer to this research question a scrutiny of the reforms introduced by the TCOs of the U.K and Pakistan during 1998-2005 was carried out. As a part of these scrutiny parliamentary reports, published departmental performance reports such as Spring and Annual reports and internal documents made available to the author were studied in detail. In addition to this secondary data, 20 in-depth interviews were held with the personnel of the HMCE during 2003-2005 period. At that time the authors also had access to the officers of Pakistani tax authority and remained attached for six months at the head office of the organization, known as Central Board of Revenue (CBR). During this period, besides making observations and taking notes, in-depth interviews with ten senior officers of CBR were also carried out. On condition of anonymity, interviewees of the two TCOs allowed tape recording of conversations which were later transcribed. All textual data was later codified and analyzed for common themes and finding answers to the main research question. Analysis of the evidence has been carried out with the help of insights drawn from

Brumbach (1988)'s framework and NPM.

4. Discussion

4.1 The Case Study Organizations

The Central Board of Revenue (CBR) was created on April 01, 1924 through the Central Board of Revenue Act, 1924. At the time of research, the indirect taxes (sales tax, federal excise and custom duties) were handled by nineteen *Collectorates* situated all across the country and two Large Tax Units (LTUs). However, later all internal taxes, i.e., income and corporate taxes, sales tax and Federal Excise were co-located within Regional Tax Office (RTOs) and customs related activities were handled by Model Customs Collectorates (MCCs) with four regional hubs (CBR, 2001). More recently, merger of administration of Sales tax and Excise duties with income tax has resulted in further re-organisation of the TCO. HMCE was set up in 1909 when the then Board of Excise was merged with the then Board of Customs (LSLO, 2004). In the old days, the customs system not only brought vast sums into the Treasury but it also enforced trade policy upon which protection and encouragement of industry and commerce depended (Hoon, 1968). In addition to customs and excise duties, the major revenue spinner for HMCE is the VAT which was introduced in the U.K in 1973 as a requirement for membership to the then *European Economic Community* (Sandford et al., 1981: 5). Both HMCE and CBR have undergone many reforms in the last decade but those are beyond the scope of this research and the paper remains focused only on performance measurement of the two organizations.[4]

4.2 Analysis of Evidence

During the period of research, both CBR and HMCE underwent many organizational reforms. While the reforms in the case of HMCE were a part of broader *Modernizing Government* agenda of the New Labour Government (HM Treasury, 1998) the reforms in CBR were led and sponsored by

[4] HMCE has been merged with Inland Revenue to become a single TCO called HM Revenue and Customs in 2005 while the CBR was renamed as Federal Board of Revenue in July, 2007. These organizational reforms would be covered in another paper soon.

international donor agencies (CBR, 2007). Since this paper is focused on PMS therefore only the impact on performance measurement is investigated as a result of such organizational reforms. The reforms project in CBR was implemented under TARP i.e *Tax Administration Reforms Project*. Besides automation of many processes, a significant investment of the project was in the area of Human Resource Management. The CBR's performance measurement and its reporting before and after the reforms were analyzed and it was clearly noticed that in both periods performance was reported solely in terms of meeting revenue collection targets and cases of anti-evasion[5]. Therefore, despite much publicized reforms the performance measurement and reporting in CBR has not changed and is still based on traditional revenue collection figures. The CBR's field formations, known as collectorates, measure revenue collection figures regularly for internal performance evaluation and reporting purposes. For instance, the following lines appearing in one quarterly report portray very accurately the nature of performance reporting in the organization:

> "CBR has achieved the revenue target of the first nine months of the fiscal year 2002-03. The July-March net collection stands at Rs. 310.3 billion against the target of Rs. 310.1 billion. The task of achieving the revenue target for the first three quarters of current financial year has been accomplished in a forthright and straightforward manner" (CBR, 2004: p 4).

The importance given to revenue collection figures is also evident from the wide media coverage organized by the CBR. For instance "*Rs 62.4 billion taxes collected in two months"* is the headline of a report published in the widely read national daily *The Dawn* and the financial daily *The Business Recorder*, on 1-9-2004. Similar reports keep on appearing in the national media on monthly basis. The organization publishes its performance report in the form of "CBR year book" which contains details of the historically imprinted dimension of performance, i.e. revenue collection, arrears recovery and seizures of contrabands. The year books provide periodical comparisons of such figures. One officer in his candid remarks sums up the notion of

[5] The department's quarterly and annual reports of performance can be accessed at its official website *www.cbr.gov.pk*

performance as:

> "At the end of the day, it's the revenue collection figures which are considered as the yardstick of performance at all levels of CBR" (SL6:4)

It was confided by a few interviewees that many chairpersons of CBR lost their jobs prematurely because of shortfalls in the revenue collection figures.

The situation with regards to HMCE is however different as accounting changes were used as an important change management tool by the *New Labour* government. Prior to the accounting changes introduced by the government in 1998, HMCE reported its organizational performance as a part of *Next Steps* Report[6].

The report helps in understanding the traditional form of performance reporting reflecting the law enforcement ethos of the organization. For instance in the *Next Steps Annual Report*, *1997*, the emphasis upon revenue collection based output targets is evident from the following description of performance of HMCE.

> "In 1996-97 Customs and Excise achieved or exceeded almost every operational target for collecting the due amount of tax and duty and, in doing so, collected net receipts of £82.4 billion. This represents 43% of central government taxation and an increase of 4.9%, in real terms, on receipts for the previous year. The Department also exceeded its target for the prevention of the importation of drugs" (Next Steps Report, 1997).

Given below is the grouping of a large number of performance indicators and targets which clearly suggests that revenue collection was the main area of performance reporting.

[6] The *Next Steps* initiative in Margaret Thatcher's era created agencies which acted independently but reported their performance to the parent ministry

Table 1. Categories of Measures listed in Next Steps Report, 1997

No	Measures Category	% of total measures
1	Revenue collection and compliance measures	61
2	Good Behaviour related measures	13
3	Operational/HR/ Efficiency related measures	7
4	Other measures	19

Source: Tabulated from Next Steps Report, 1997.

But NPM inspired reforms do not advocate mere '*accountigization*' (Kurunmaki et al., 2003). What it stresses most is that accounting should flow out of a clearly defined outcomes-based strategy and thus should play the role of a strategic tool of change management. For instance, Osborne and Plastrik (1997) caution that:

> "We have not listed performance measurement as an approach because we do not believe that the act of measuring itself has enough power to force fundamental change in most public organizations. It is a critical *competence* organizations need if they are to use the consequences strategy...But some public organizations have measured performance for years, with virtually no impact" [p. 132, their emphasis.]

So it can be argued that the traditional form of performance measurement and reporting as reflected by *The Next Steps Reports* did not qualify the NPM's desired use of accounting. Therefore, the accounting changes introduced by the *New Labour* government were applied to HMCE in order to bring about a fundamental change in the law enforcement driven ethos of the organization.

In years 2000-2002 two changes are very important in terms of NPM's advocacy for a more strategic place for accounting tools i.e the

Resource Accounting and Budgeting (RAB) and secondly, the *Public Services Agreement* (PSA). Under RAB, every public sector organisation is required to seek financial resources from the parliament by referring to organisational objectives the organisation desires to meet (HM Treasury, 2001). The organisational objectives were then outlined in the form of a PSA (HM Treasury, 2000). Each PSA sets out the aim of the department or programme, the supporting objectives and the related performance targets showing what will be delivered. Therefore accounting assumed a strategic role in the new scheme of governmental reforms as the NPM inspired customer-focused accounting changes advocated that all public sector organisations should tailor their PSA around customer-focused performance targets.

Following the public sector wide model of PSA, the HMCE's PSA of 2000 resulted not only in a complete shift from 'outputs' to 'outcomes' but more importantly, the traditional accountability (i.e. holding taxpayers to account) got relegated to a less prominent position in the new PSA based performance measures. On the other hand, the NPM inspired customer-focus based accountability got greater prominence as a new performance measure i.e. *Customer Satisfaction Index* (CSI) was introduced which required 6% improvement in taxpayers' satisfaction with HMCE's performance. The revenue collection figures, being relegated to secondary importance, were now reported not as a part of PSA measures but rather in the form of a less important 'Trust Statement'. Therefore, the PMS related changes of PSA (2000) can be seen as a very significant and determined effort on the part of public policy reformers to use accounting changes towards redefining dimensions of performance in HMCE. The HMCE produces two reports about its organizational performance. The first one is of preliminary nature, called *Spring Report*, while the other is the final and more detailed one and is called *Annual Report and Accounts*. The Annual Report, 2003 refers to the new conceptualization of performance by comparing it with the traditional meaning of performance.

> "Traditionally we measured our performance in terms of the level of certain activities: smuggled goods seized, numbers prosecuted and efficiency gains achieved. In 2000 the Department changed

> fundamentally its approach to setting objectives and measuring performance" (HMCE, 2003c: P7).

This sudden shift in definition of performance was not without problems as it resulted in tensions between the traditional form of PMS and the new customer-focused PMS. For example, when the then chairperson of HMCE was asked by a member of the Treasure Select Committee (TSC) as to why the desired level of improvement in customer satisfaction had not been achieved, the chairperson replied that:

> "… I think one of the things we are learning is the provision of service is not necessarily quite the same as satisfaction, and I sometimes ask myself whether, in a sense, taxpayers can be satisfied, if you like, by us providing more services…" (TSC, 2002: para 42).

The chairperson of HMCE in a way was distinguishing a TCO from private sector organizations as in the private sector customers' satisfaction is assumed to be a function of better service delivery and hence profitability. The chairperson was expressing his doubts on any presumed causal link between taxpayers' satisfaction and improved service delivery. The difficulty was felt in another performance measure as well, i.e. productivity (or efficiency) which was not a new measure at all.[7] However, on redefinition under the new PSA its measurement was based more on *outcomes* instead of traditional *outputs*. The target for productivity gains in SR (2000) PSA was to achieve 2.5% increase. But the reported result was the bizarre figure of –8.9 %, which was noted by the TSC members and the Chairperson of HMCE was asked to explain this negative score on a very important dimension of performance. The Chairperson once again puts up an apologetic defense by attributing the reason of poor performance to the outcomes based measurement of productivity

[7] The measure is not directly customers related and reflects more the concern of Government as the funds provider. But since the funds come from the taxpayers' money so in a way the Government acts as a trustee and ensures on behalf of taxpayers that the HMCE uses all funds in the most effective way. So the measure can be viewed as indirectly customer-focused.

> "We got the target wrong. This again was an attempt to try and create an outcome based target, and I do not want to labour the point, but I think it is sometimes underestimated how different an outcome target is from an output target, how difficult to construct and how difficult to get an organization to meet. (ibid: para 44).

Perturbed by the tensions created by adoption of customer-focused PSA, HMCE recast its PSA in 2002. The new PMS introduced by PSA 2002 and the subsequent annual reports of HMCE are based upon risk management approach (HM Treasury, 2002). In fact, the Annual Report, 2003 describes HMCE as a risk management organization whose aim is declared as achieving the status of 'the best risk manager in the public sector', comparable to the best in the private sector (HMCE, 2003a: p 7). Here the reference to the private sector reflects the underlying desired ideal of NPM i.e. adopting private sector practices. The new PSA of HMCE was claimed to be based on the strategic risk management approach of '*Tax Gap*' reduction (HMCE, 2003b).[8] As a result the PSA of HMCE got drastically changed as the organizational performance was redefined in terms of closing the *Tax Gap*. In this approach, a *theoretical tax yield* is first worked out under the assumption of 100% compliance with no intentional avoidance or evasion, or unintentional errors based losses of tax revenue. The difference between the actual and theoretical tax yield is termed as the *tax gap*, and the single strategic policy aim is to plug the gap with the help of what the tax policy managers call *compliance management.* An OECD publication identifies problems associated with measuring tax gap and makes the following conclusion:

> "To sum up, the general position on measuring the tax gap is that it is difficult if not downright impossible and even if it were possible to get a reliable total figure it would not tell us much of practical value in the struggle against non-compliance" (OECD, 2001: p 31).

The tax gap approach is presented as a big leap by the official publications of HMCE (e.g. HMCE, 2002). But ironically, when it comes to

[8] The 'Tax Gap' approach is not a ground breaking innovation as many other tax authorities (e.g. Swedish Tax Administration) were already following it as the basis of their performance measurement (OECD, 2001: p 36).

the operational level PMS, while the approach is keen on abandoning the ‘old’ ways of measuring success, it does not articulate the alternative measures, as is evident from the following official response:

> “Your references to number of visits/ assessments are no longer valid, our measures have changed to reflect the current PSA of closing the VAT Gap” (EM1).

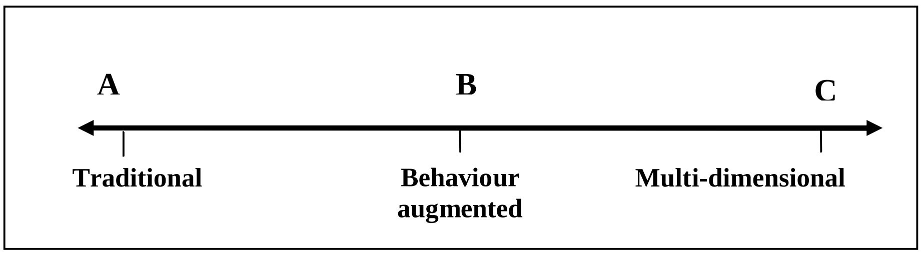
At the official level the new strategy required new performance conceptualization and measurement. But many respondents were frank in admitting their lack of clarity as to how performance was to be measured under the new tax gap reduction strategy, while they continued performing the same old functions:

> “It’s about getting a different approach in future that will get us an outcome, and that’s difficult because we’re all conditioned to see, almost like mathematics, you can do a sum and you know what the answer is, unlike the English literature and the language, you do not know what the interpretation is, …and we’ve been in this regimented area of mathematics and we’re coming into this bit more abstract issue, which has still got an outcome. That’s difficult for us all to understand” (SM2: p20).

Like this response many managers were of the view that translating the abstract level change into meaningful operational level performance measures for control purpose was quite difficult. However, at the same time organizational level performance reporting in the Annual Reports became much more convenient. This was due to the fact that under the new approach ‘performance’ is conceptualized as plugging the *tax gap* which in turn is measured by meeting the allocated targets of extra revenue with the help of better compliance management. Therefore, overall organizational performance is interpreted through the traditional performance indicators and targets that are all about extra revenue collection - a historically imprinted approach for HMCE.

A review of PMSs of CBR of Pakistan and HMCE of U.K has helped in proposing a framework for categorizing PMS of TCOs in general (see Fig 2 below). In the framework performance measurement and reporting can be seen as ranging from pure traditional form (i.e. revenue collection) to multidimensional outcomes reflecting some semblance of Results and Determinants Framework of Fitzgerald et al. (1991) or Balanced Scorecard (BSC) of Kaplan and Norton (1992). It is important to remember that terms like ‘results’, ‘outcomes’, ‘effectiveness’ and ‘quality’ do not have standardized meanings and one TCO can use these terms quite differently from the way another TCO defines them. However a generic classification of PMSs can be proposed in the form of the following scale.

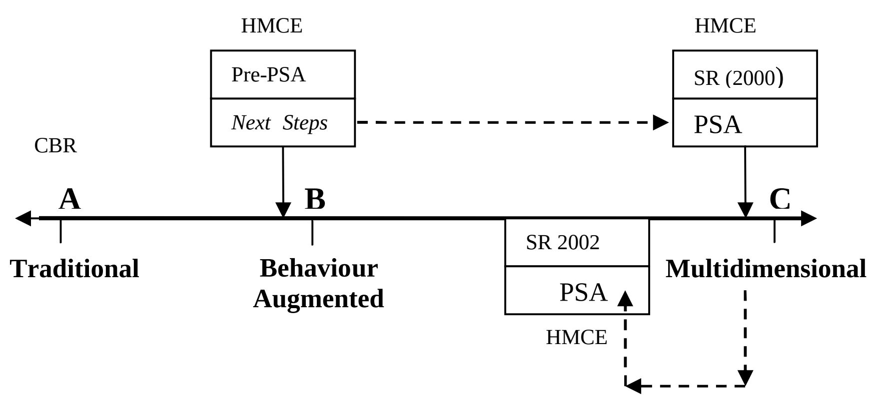
Figure 2. A Classification of PMSs of TCOs



At one extreme (point A) are the PMSs that measure only revenue collection figures (and cases of anti-evasion) for reporting organizational performance. For instance, all TCOs in South Asia such as Pakistan, Bangladesh and Sri Lanka report performance in this traditional way. In terms of accountability relationships, it can be argued that such organizations consider the resource provider (i.e. government) as the only dominant stakeholder. Since no data is made available to the taxpayers which can help them assess the organizational performance from their perspective, their ability to exercise accountability powers become limited. Of course, the taxpayers can use other channels of influence, e.g. print and electronic media, and pressure groups. But the fact remains that PMS itself does not act as a tool of accountability for the taxpayers in such a type of PMS. In this form, the TCOs view performance as a one-dimensional notion. If tax collection figures are up and revenue targets are met ‘performance’ is viewed as good. Not only issues of quality (e.g. taxpayers’ satisfaction) are not included in the PMS but even ‘productivity’ is not measured and reported. At the other extreme (i.e. point C) of the scale labeled ‘Multi-dimensional’ are the PMSs which, arguably, reflect the influence of NPM. Besides the PSA (2000) of HMCE, an example of such PMSs is that of Swedish Tax Authority which has an outcomes based PMS (OECD, 2001: p 6). The key distinction of this PMS from the 'traditional' PMS is that the 'outcomes' targets and PIs not only relate to the concerns of tax collectors but they accommodate the concerns of taxpayers as well. So the PMS comprises measures and indicators related to revenue collection or its derivates (reflecting traditional notion), 'productivity' (reflecting resources provider's concerns) and 'quality' (reflecting taxpayers' concerns). The notion of performance, therefore, becomes more multi-dimensional in this form of PMS.

Between the two extremes (at point B), labeled 'Behaviour Augmented', are located the PMSs of TCOs which define organizational performance primarily in terms of revenue collection but add a few behaviour related performance indicators as well. This kind of PMS corresponds to Brumbach (1988)'s framework of performance measurement where behaviour is a dimension of performance in its own right. The PMS of HMCE before 1998 is a good example of such cases. The analysis of PMS of CBR and HMCE can now again be summarized with the help of this three point categorization framework. Despite significant organizational reforms in CBR, PMS has remained totally unchanged. Therefore, even today it remains a good example of traditional class of PMS of TCOs. The PMS of HMCE, however, has moved considerably during the period of analysis on this categorization scale (see Fig 3)

Figure 3. PMS of CBR and HMCE during 1997-2003 period



As can be seen, the PMS of HMCE before 1998 is positioned near point B where performance was measured and reported by mainly revenue collection related PIs, supported by a few behaviour related indicators. With PSA (2000), the performance measurement moved to multidimensional outcomes as both compliance and customer-focus outcomes were measured with the latter getting prominence. This created a tension like situation for the management, as discussed earlier. Arguably, as a coping strategy, HMCE adopted the ‘tax gap’ based PMS in PSA 2002. The performance indicators used for reporting ‘tax gap’ reduction are the traditional output measures like revenue increase and anti-evasion. In view of this it can be argued that the PSA 2002 resorted to the traditional PMS but under the guise of ‘tax gap’ reduction based outcome; which is a more politically correct PMS. No doubt, the PSA 2002 contains a few measures related to customer-focus as well. But those are of secondary importance, and appear as the determinants of tax gap reduction (Fitzgerald et al., 1991). Since the PSA 2002 has the features of both multi-dimensional outcome measures and traditional measures of performance, it is positioned between points B and C on the categorization line in Fig 3.

5. Conclusion

Tax collection is one of the oldest public sector occupations (Atton and Holland, 1967: p1). Therefore, enforcement of tax laws with a view to maximizing revenue collection is the historically imprinted role for any TCO. The PMS of a TCO, hence, is traditionally focused on revenue collection figures. Since the NPM rhetoric calls for adoption of private sector methods and places demand on good behaviour in performance of this historical job, the PMS of many TCOs reflect this new emphasis. Consequently, the TCOs adopt the private sector methods such as designing the PMS on the basis of results and determinants framework where drivers of revenue collection performance are clearly identified, measured and reported. The influence of NPM upon PMS of TCOs in the developed countries is more visible while it has not yet made its impact in countries like Pakistan. One possible reason for this difference is the fact that the economy of Pakistan is highly dependent on assistance received from international donor agencies like IMF and The World Bank. The extent of aid is often tied up with the revenue collection figures and therefore, the pressure on all those who are responsible for revenue collection is enormously big (Bokhari, 2009). However, even in the case of HMCE, this research establishes that the historically imprinted notion of performance is quite resilient. It was seen that when the NPM ideal of customer-focused accountability is adopted for PMS, a TCO soon discovers that outside government itself, there is no obvious customer, marketable service, and natural competition. Therefore, it needs to construct the 'customer' for its PMS. This involves down-playing traditional customer-like relationships and transmogrifying and defying relationships with taxpayers into being relationships with customers. It also requires construction of new services and new justifications for regulation.

Future research can extend the analysis to PMSs of other TCOs with the help of the framework proposed in this paper. An empirical research can be carried out to ascertain the determinants of PMSs of TCOs falling in one of the three categories. Individual case studies can also look into the difficulties experienced by the managers when a TCO implements changes in its PMS resulting in a shift from one kind of PMS to another. This way our understanding of the notion of performance and its measurement would also improve.

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