

# A case study to determine the efficacy of the SARS People Capability and Career Management (PCCM) framework piloted with the intake of Taxpayer Service Consultants.

## Abstract

The purpose of this case study is to evaluate the initial efficacy of the SARS People Capability and Career Management (PCCM) framework that was piloted by two cohorts of Taxpayer Service Consultants. The PCCM aims to support strategic goals, enhance service quality, and improve compliance in line with SARS's Vision, which strives to build a modern and trusted organisation with integrity. The framework uses a scaffolding approach, with a five-level ladder, from beginner to mastery, with clear criteria for knowledge, services, practice, and attributes. The main objective is to develop a high-performing and diverse workforce that progresses employees to the proficiency level, offering generalist opportunities, while allowing specialisation for mastery. The PCCM development is an ongoing effort that has an evolutionary nature, designed to adapt and improve in response to future SARS capability requirements and lessons learned during its implementation. As the project continues, a commitment to embracing iterative learning underpins the ethos guiding its development. Looking forward, the intention is to expand the scope of the PCCM framework across all business areas in SARS within the next 2 – 3 years.

## Background information

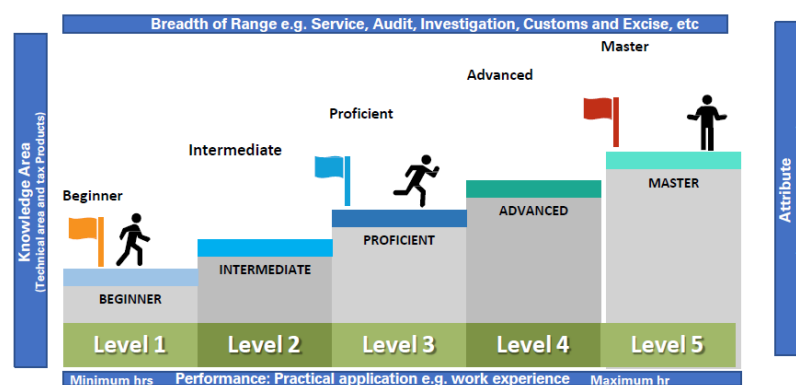
The People Capability and Career Management (PCCM) framework in SARS gives effect to and support the SARS vision to create a smart modern tax authority with unquestionable integrity that is trusted and admired. Integral to this vision is the provision of meaningful work, synergistically integrated with SARS's higher purpose of facilitating the government's endeavour to enable a capable state, thereby fostering sustainable economic and social development for the benefit of all South Africans.

Prioritising the design and development of Service, Customs & Excise, Audit, Investigations, and Litigation people capability frameworks, SARS has placed significant emphasis on enhancing the capabilities through career progression initiatives. By improving people capability, the objective is to optimise SARS's strategic intent of promoting voluntary

compliance. This is achieved by providing taxpayers and traders with clarity, certainty, and exceptional service to facilitate their adherence to tax-related obligations. At the same time, the ability to identify and address non-compliance will be enhanced, making it difficult and expensive for non-compliant taxpayers and traders to evade their obligations.

The PCCM framework is a valuable tool that helps employees follow clear career paths that align with SARS's Vision 2024. Based on SARS's Strategic Objective 4 (SO4) of building a high-performing, diverse, agile, engaged, and evolved workforce, the PCCM framework is integrated within SARS's wider Employee Value Proposition (EVP) program.

A scaffolding approach is employed in the PCCM to offer employees a variety of developmental opportunities and work responsibilities aligned with their capabilities (technical knowledge, skills, and process abilities, as well as behavioural competence) within specific job families. The developmental path represents a continuous journey from beginner (level 1) to mastery (level 5) as depicted in Figure 1.



**Figure 1: Scaffolding by developing employees as broad generalists.**

At each level there are clearly defined criteria that encompass the depth of knowledge, breadth of range of services and work types, as well as the required attributes and practice (performance) of the job roles within capability areas such as Service, Customs & Excise, etc. This enables gradual and supported learning from novice levels, suitable evaluations of the different aspects of competence and a well-defined career path for each capability area. The intention is to eventually develop PCCMs for each relevant job family. The design emphasizes the future needs of SARS and various stakeholders do a lot of work to make sure PPCMs are suitable to develop employees with future fit capability.

The drive is to progress employees based on the principle of demonstrable competence to proficiency level (level 3), which offers opportunities for generalist competence throughout various job families. In other words, employees would be able to also move laterally between capability areas with similar capability requirements. While employees have the option to

specialise and strive for mastery in a specific area beyond the level of proficiency, this path requires a substantial commitment of time, effort, and self-directed practice.

The PCCM framework serves as a practical mechanism for SARS managers to actively invest in and engage with the development of organisational talent, in alignment with the established leadership model. Embracing a culture of empowerment wherein employees are encouraged to take ownership of their professional growth, the organisation pledges to provide a supportive and enabling environment conducive to individual development endeavours. This includes a multifaceted approach encompassing various learning modalities and accommodating individual learning preferences to facilitate lifelong learning.

Over 18 months, the effectiveness of the PCCM's initial beginner level 1 was measured through Learning Impact and Workplace Vitality metrics (the first set of a number of measures to evaluate maturity of the PCCM), with promising results leading to program improvements, additional training, and refined selection criteria for better performance management and Return on Investment (ROI) tracking. The findings suggest that new recruits can relatively swiftly reach and achieve performance goals if enrolled in the PCCM.

## Pilot project

SARS required approximately 250 new Taxpayer Service Consultants to be employed (additionally to the current capacity) who can deliver high-quality service interactions for different tax products covering the whole value chain from registration to deregistration on digital and physical channels. They should therefore be tax products, service and channel agnostic whilst being able to perform tasks such as educating the public or making follow-up calls. For the pilot project, SARS carefully selected two cohorts of 125 external candidates to be developed as Taxpayer Service Consultants based on the newly designed PCCM for the Service environment.

The pilot primarily targeted candidates from the younger generation, to enhance their service capabilities and guide them towards achieving a generalist proficiency level as per the PCCM. The first intake of 40 Service Consultants consisted of 85% African and 69% female, with 80% under 40 years old. The second intake had 85 Service Consultants, who were 95% African, 77% female and 100% under 40 years old.

Evidence from the initial efficacy assessments led to better selection criteria for the second intake. The second intake focused more on accounting or tax skills and service experience and gave more importance to cognitive ability measured by psychometric tests

because of the degree of difficulty of the development programme. This increased the percentage of trainees who achieved the minimum 80% overall in the second cohort of the development programme. The recruits were expected to achieve a minimum pass rate of 80% to meet the probation expectations outlined in their employment contracts.

The level 1 beginner training program, comprising 14 modules covering various tax types (e.g., Income Tax, Estate Duty, Transfer Duty, VAT, PAYE, Customs and Excise, etc.), was conducted over a condensed six-month period for both intakes, with Cohort 1 focusing on core taxes up to an intermediate level and Cohort 2 receiving training on all tax types at a basic level. During the first six months, training is delivered by the SARS Academy of Technical Training (SATT) in support of the Learner Management System. Integral to the development of range was the facilitation of Workplace Experience Logbooks. After completing the training period successfully, of which the standard is set and assessments facilitated by SATT, the trainees moved to the regional offices to keep working on the scaffolding development to achieve the expected performance level for the level 1 graduated level.

The Service Consultants move up the different levels (beyond level 1) by following the development tracks within the five levels of the PCCM with formative and summative (technical knowledge & skills) assessments. They then develop range on the job with demonstrable proficient performance and continue to develop the required attributes that match the needs of the next hierarchical tier as determined by the applicable capability area such as Service or Customs. In this way, the employees go up the levels by entering into contractual agreements that specify work standards and are given their responsibilities at a suitable level for a certain period to maximise the benefits on development investment for SARS. It is presumed that it will take the employees about 10 years to advance and master each competence from level 1 beginner to level 5 master in any capability area.

## Preliminary PCCM evaluations and results

The People Capability Maturity Model (not to be confused with the SARS developed PCCM), developed by Carnegie Mellon University, is utilised as an evidence-based framework for managing, assessing the efficacy of the PCCM, and improving it. It is applied in various contexts, such as financial institutions, software companies etc., both locally and internationally. The main human capital practices that relate to the PCCM in facilitating capability changes that come with maturity levels are incorporated in four streams that help create an agile & high performing workforce. For example, Learning & Development is the

foundational practice for developing Individual capability. Change and Communication is critical in Building workgroups & culture. Career Development (as defined by the PCCM) is foundational for Managing Capability and Performance, with Recruitment and Selection (or Acquisition) critical in Shaping a capable and agile workforce. Over time additional human capital practices will be further matured to enhance the overall people capability in SARS.

Learning impact (to assess Learning & Development), and Workplace vitality (to assess Change and integration, and Managing Capability and Performance) were evaluated spanning 18 months with the first two intakes of new employees (the pilot groups) to assess effectiveness of the level 1 PCCM development programme. A selection evaluation was facilitated on the first intake to determine Acquisition utility.

Insights from both the Learning impact and Workplace vitality assessments were used to improve the development programme itself and introduce additional enabling training (such as mental flexibility that McKinsey (2021) considers a key factor for improving employees' skills for the future of work). The selection criteria were improved between intakes due to the insights derived from the selection utility evaluation and management of the deployed employees in the regions improved to achieve better performance expectations. By placing a greater emphasis on accounting or tax skills, service experience, and cognitive abilities as measured by psychometric tests, the development program was able to address the challenges posed by its complexity.

This adjustment led to a notable improvement in the learning competence rate, with the second cohort achieving an average of 84.5%, a slight increase from the 83.6% of the first cohort. The third cohort further exemplified the effectiveness of these enhanced selection criteria, with an impressive 89.2% average. Moreover, the deployment and retention rates also saw a positive trend, with the first cohort at 96%, the second at 98%, and the third cohort achieving a perfect 100%. These figures not only reflect the success of the program's iterative improvements but also underscore the importance of aligning selection and change processes with the rigorous demands of the development program.

In terms of work performance, the newly trained Service Consultants provided better service than expected based on taxpayer feedback. Both cohorts of Service Consultants met the prescribed standards of performance, based on the data obtained from the Workplace Experience Logbook and the comprehensive analysis provided by the Quality Assurance (QA) reports.

Additional ROI measurement will be done to assess how individual performance affects divisional performance. Longitudinal analysis will continue to monitor the progress of overall PCCM capability.

## The way forward, challenges and lessons

For the PCCM framework's long-term success, addressing challenges and lessons learned is vital.

Qualitative feedback underscores the need for SARS to address employee challenges during transitions and work experiences, fostering a supportive and inclusive environment. This involves providing meaningful work aligned with SARS's purpose, timely job resources, enabling management, reduced bureaucracy, and improved communication.

Training and development outside the office can reduce SARS's productive time for serving taxpayers and traders. Career management, requiring continuous learning to stay updated with technology, may demotivate employees of all ages. Addressing this involves coaching, mentoring, and well-being interventions, alongside experienced mentors to maintain staff morale.

Sustained change management strategies are essential to keep the development process engaging and to manage expectations for instant progress. It's also vital to shift the older generation workforce's mindset to adapt to new skills, with change programmes promoting flexibility and competence development. Effective PCCM implementation necessitates a two-year development period per competency level, which may challenge the instant-result expectations of younger generations. Comprehensive change management must consider past re-engineering impacts and job title changes, and address fairness perceptions across divisions for effective management.

Lastly, the enablement of managers is key in people capability management at SARS. Managers play a pivotal role in shaping employee experiences and fostering a productive environment. They should leverage individual strengths and tailor their approach to each employee's unique talents, particularly in career management. By utilizing these talents, managers can boost engagement and productivity, embodying SARS's leadership model through talent investment and engagement.

Clearly, these considerations represent a significant investment for both employees and tax authorities. Thus, it is crucial to approach the challenges and lessons with sober consideration and actively enable the PCCM.