

## **Impact of Tax Administrative Reforms on Employees Work Motivation: A Case of Federal Board of Revenue, Pakistan**

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**Abstract:** This study investigates impact of the tax administrative reforms on the employees' motivation in the Federal Board of Revenue, Pakistan. It analyzes this effect by segmenting the employees based on gender, grade and service cadre. The Federal Board of Revenue (FBR), main executor of the fiscal policy and revenue collecting agency, has undergone radical tax administrative reforms. Questionnaires were mailed to about 23000 employees of the FBR who are serving in Income Tax, Customs, Federal Excise & Sales Tax Departments and the FBR Headquarters. Only 487 useable questionnaires were received. The questionnaire tool, comprising of twelve motivators, was adapted from the one developed by Herzberg. Based on the employees' interviews and the literature review two additional motivators were added to it. The questionnaire was designed with five-point likert scale to measure the respondents' perception about the impact of these Tax Administrative Reforms on their work motivation. These motivators became the independent variables for the statistical analysis. The sample was further subdivided based by age, gender and grades (Basic Pay Scale). The dependent variable represented the level of work motivation perceived by the FBR employees. The results reflect that the reforms have not significantly affected the motivation level of the employees. However on certain motivators the effect varies between males & females, various grades and the service cadres.

**Key words:** Federal Board of Revenue • Income Tax • Customs • Sales Tax • Basic Pay Scales • Tax Administrative Reforms

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### **INTRODUCTION**

The economic stability and strength of a country, besides other economic and non-economic factors, depends on the effectiveness of taxation system prevalent in that country. In the developing countries, there are generally a number of complex issues like political, cultural and religious. These cause distortions in the basic elements of Tax Policy in the form of fiscal deficits, bouts of high inflation, excessive reliance on trade taxes and tax incentives, partial coverage of income taxes, difficulty in reaching and taxing capital gains, the need of streamlining tax systems, difficulty in the coordination of trade and domestic indirect taxes, weak tax administration and wide spread tax avoidance and tax evasion [1]. Pakistan is one of such developing countries and its taxation system is no exception to the discussion made supra. The Central Board of Revenue {renamed as Federal Board of Revenue(FBR) in 2007} is the agency responsible for

entire Taxation system under the Federal Government, with about 23000 employees, having geographical spread throughout the country for administering Income Tax, Customs Duty, Sales Tax and Federal Excise-all inherited from the colonial era. These laws, being from foreign origin and administered by three major groups of employees i.e. Customs and Central Excise Group (CEG), FBR Headquarters employees (FBRHQ) and Income Tax Group (ITG), could not yield the desired results as is evident from the Tax/GDP ratio of Pakistan, which has been around 11%. The tax payers remained dissatisfied and they along with the tax collectors contributed to the inefficiency and ineffectiveness of the system. These interrelated factors evolved a culture of tax evasion of such a magnitude that since 1970 the tax revenue, instead of catering for at least 100% of the public spending, consistently declined to about 70% of it, thereby widening the budgetary deficit by huge margins (websites of the Ministry of Finance the FBR and the State Bank of

Pakistan). This problem necessitated revamping the entire existing taxation system for the benefit all its major stakeholders i.e. the Government of Pakistan (GoP), the Tax payers and the employees of FBR. The employees kept working in the shabbiest working conditions with limited pays within the prevalent bounds of the government rules, being insufficient for honest living (Husain Report, 2001). On the other hand, huge discretionary powers of the tax collectors acted as a catalyst to wide spread tax avoidance and evasion (Interviews of FBR's employees). A number of piecemeal efforts had been made since 1979 in this direction but the system inertia always put up tough resistance. However in late 90s, on the recommendation and support of the World Bank, the government decided to undertake all encompassing tax administrative reforms. GoP formed the Task Force on Tax Administration (TFTA) in June, 2000, comprising of members from various economic disciplines. It had extensive focused group discussions, expert interviews, interviews with the stakeholders and also studied the previous reforms efforts. TFTA recommended holistic reforms in all areas i.e. administration, HRM, legal, organizational development and physical infrastructures. GoP, with the support of World Bank launched the reforms program, called Tax Administration Reforms Project (TARP), in 2001, targeting its completion by 2009. All the tax laws were simplified and jobs re-designed on functional lines. Five members (highest policy making officers) were inducted in FBR from the private sector in the areas of Audit, HRM, Information Management System (IMS), Tax Payers' Facilitation & Education (FATE) and Fiscal Research & Statistics. HRM Wing of FBR, directly affecting the subject of this study i.e. employees, needs a little functional description. A Change Management Program (CMP) was launched in the beginning of the reforms process. However this CMP lacked the professional touch and it looked more of a top-to-bottom effort than participative process (Employees' interviews). Compensation strategy, a special monthly salary, was introduced but surprisingly it appears not to have induced the warmth amongst the employees. HRM, being the main function enabling smoother reforms in any organization, at FBR suffered badly from not only very frequent changes in the top slot but all those who headed it were not qualified HR professionals. Huge funds were allocated for the training and development but in the absence of policy persistence and continuity it did not materialize. As its logical outcome the employees perceive to have been kept in dark (Employees' interviews). A serious problem that the employees identified in their

interviews is that the reforms program lacked continuity at all levels. The members, responsible for TARP, were bureaucrats with varying back grounds but no exposure to public sector reforms. Above all they kept changing throughout this period and every new member worked on TARP purely from his own understanding. This scenario encouraged the researcher to undertake this study to find the impact of these reforms on the employees' work motivation, as the response of employees does not appear to be significantly improved by these reforms (Employees' interviews). The employees of FBR being one of the three stake holders of TARP were expected to experience pleasure and enjoyment at their work places. However, their interviews, especially of officers in BS-17 to 20, convey dismal indications about their work motivation. This reflects that there ought to be certain factors, contributing to work motivation that have been either ignored or not tackled in a scientific manner during the reforms process. The impact of these factors on the employees' motivation needs to be evaluated, in order to understand the effectiveness of these reforms in terms of the planned HR policies and their implementation.

#### **Literature Review and Theoretical Development:**

Although tax policy and reforms in every country have typically dealt with indigenous set of issues, yet there are universal core fiscal components and problems that form basis of the tax policy of any developing country i.e. better and well coordinated indirect taxes, effective & simplified direct taxes with widest possible tax base and mechanism to curb tax evasion and avoidance, bringing capital income in the tax net, pursuit of non-revenue objectives (tax incentives), vertical equity in taxation and, controlling fiscal deficit & inflation [1]. These elements of Pakistan's tax policy have apparently been marred by various factors, in contrast to the fiscal and economic practices in the developed countries, leading to tax evasion and avoidance in Pakistan. Most probable reasons for it can be the weak political will, weak and incapacitated tax administration, political preferences (incentives and exemptions like the agricultural income etc.) and institutional instabilities. All these and many other factors, have apparently contributed towards Pakistan's economic and fiscal debacle. FBR being responsible mainly for the tax policy and partly for the fiscal policy implementation could not survive unaffected. Its huge employees force, spread all over the country, mainly trained in a historical sluggish manner, enjoyed wide and unbridled powers along with lack of professional attitude towards job (employees' interviews).The TARP

was aimed at dealing with such issues and enhancing the motivation level of FBR's employees. Before embarking upon evaluating the motivation level and keeping in view nature of this study strenuous digital searching was carried out and the literature found with empirical evidence on the employees' work motivation, which has been variedly defined, was gathered and studied. Motivation is most commonly understood as the set of processes that cause arousal, direction and maintenance of the human behaviour towards attaining a goal [2]. A number of theories have been evolved on motivation of employees for focusing on organizational goals but all falling under two basic categories: 1) Content Theories; and 2) Process Theories. Before advancing the review further these two categories needed to be briefly discussed, along with Job Design Theory, in the light of discussions made by [3-7]. All these theories basically assume that there are individual's needs which have to satisfy before that individual attains the state of motivation. Thus before discussing motivation itself we feel it is more appropriate to understand the factors whose fulfilment yields motivation.

The Content Theories assume that the factors exist with in individuals that are responsible for arousing, energizing, direct and sustaining their behaviour. These theories identify important internal elements and explain as to how these can be prioritised within the individual or simply how an individual can be motivated. The content theories underlying this study are six. Maslow's Needs Theory, which explains the hierarchy of five needs forming a pyramid with the ascending order of physiological, safety, social, esteem and self-actualization needs. Each need when fulfilled is only then followed by the next in the given ascending order. Alderfer's ERG Theory groups all needs in three sub-categories i.e. Existence, Relatedness and Growth, all arranged in an ascending like the Maslow's theory. McClelland's Needs Theory also explains needs in three groups but in a different manner i.e. Achievement Need- the drive to succeed, excel and achieve in relation to a set of standards; Power Need-the desire to influence others' behave in a manner that they would not otherwise have behaved in; and Affiliation Need-the desire to have friendly and close interpersonal relationships. McGregor's Theory X assumes that employees dislike work, responsibility and need to be compelled to work; whereas his Theory Y assumes that employees like to perform, are creative, seek responsibility and can exercise self-direction. Ouchi's Theory Z has egalitarianism as the central concept and assumes trusting people. Trust is

explained as the belief that the goals of individual and organizational not only identify but correspond with each other and both account for the raised levels of commitment, loyalty and productivity.

The Process Theories, while focusing upon the psychological processes that underlie an action and describe the decision making system of an individual in relation to behaviour, attempt to describe how behaviour is aroused, energized, influenced and sustained. Process theories found relevant and used in this study are four. Expectancy Theory explains that the strength of an individual's expectation that an act will be followed by a given outcome together with the attractiveness of that outcome determines the strength of one's tendency to act in a certain way. Thus motivation is said to be the product of Expectancy (performance resulting from effort), Instrumentality (Rewards resulting from in rewards), Valence and Importance of rewards (the reward value perceived by the individual). The Behaviour Modification or Reinforcement Theory states that the environment causes behaviour and the reinforcement pattern conditions it. The behaviour itself is controlled not by the internal cognitive events but the reinforcers that are immediately following a response for enhancing the probability of that behaviour being repeated. Goal Setting Theory maintains that goals directly affect that behaviour which leads to performance enhancement. The theory further argues that accepted difficult goals, in contrast to the easier ones, result in enhanced performance. It further goes that the feedback also leads to enhanced performance. The Equity Theory tries to explain motivation in terms of individuals' social relationships and argues that they are motivated towards maintaining fair or equitable social relationships changing those which are unfair or inequitable.

The Job Design Theory or the Task Characteristics Theory (Job Design) (JD) discusses the various task characteristics of jobs and explains how different jobs are shaped by their combination. It further explains the relationship of these task characteristics to employees' motivation to perform a job with satisfaction. A derivative of this theory, called Job Characteristic Model, identifies five job characteristics (skill variety, task variety, task significance, autonomy and feedback) and their relationship to work motivation, satisfaction and performance.

Understanding the organizational change was also considered important to be studied in this case as FBR had gone through a radical change. The organizational change is generally conceptualized as movement from one

configuration to a new and desired one to better match the environment. It is a comprehensive, collaborative and planned process for bringing in change in the individuals' assumptions and beliefs for the improvement of work contents, structures and relationships with in organizations [8]. Thus change can be viewed as a natural response to environmental and internal conditions by deviating from a norm. Radical changes like those introduced in FBR, need strong leadership that can impose changes in the public sector through using coercive techniques for overcoming the employees' resistance [9]. However, such changes are detrimental as the two-way communication with employees does not exist as they are not part of the decision-making process [10]. However the approach of driving change from the top fully joined by the middle and below levels yields better results [11]. These findings indicate towards participative decision making during change or reforms process, which enhances ownership of the decisions taken. Therefore for effective change implementation a participative decision making appears to be one of the independent variables directly affecting the success of such change.

Despite its equal importance in the public sector the majority research work found related to job motivation focusing more upon the private sector [12-14]. More interestingly the available research is mainly theoretical [15, 16] and most of it is on public-Private sectors contrast [17]. More, to the best that we know, except as discussed in [18, 19], all the research on public sector's employees' motivation relates to executives and managers and not the employees lower on the ladder. Most of the researchers have put in efforts in developing a main of motivation by adding various aspects to the concept [18]. In the fields of Human Resource Management and Organizational Behavior, the concept of motivation is explained either as intrinsic or extrinsic [20]. The ability of the employees to satisfy their needs through monetary compensation is described as extrinsic motivation [21] and it is intrinsic motivation when the employees' behavior is aiming at satisfying their psychological needs [11]. It can be said that it is intrinsic motivation when individuals try to derive the satisfaction from the very activity [22] and it is self-defined [23], self-sustained [24] and is caused by the work commitment which is not only satisfying but fulfilling for the individuals [25]. In an organization, whether public or private, employees' motivation may be extrinsic and intrinsic or both. However, it depends upon their perceptions about their success, reward following that success and the satisfaction they perceive to derive from such reward.

Employees' Job/Work motivation has been linked with a number of other underlying concepts. The inter-relationship of goals, performance, job satisfaction and work motivation is evident from literature of an organization [26-28]. Such literatures indicate that in private sector the employees' motivation is more drive by the monetary elements i.e. salary and high-powered incentives. Pay has been found to have positive effects on the organization's performance on one hand and its human resources' effective utilization on the other hand [29]. Also positive linkage is found between the vertical promotion and increased monetary benefits [30]. In addition to economic rewards, positive relationship between employees' work motivation and other extrinsic incentives has also been found. Though need has been stressed upon a working environment that uses rewards and recognition as tools of motivation [31] yet some evidence exhibits positive relationships between the intrinsic motivation like inner satisfaction of the employees & challenging work and the performance or operational effectiveness [32]. For some employees the work itself may be the main reward [14].

It becomes very obvious that motivation is mainly driven by an individual's meeting his physical and psychological needs. More research is on the fulfillment of psychological needs. In both the public and private sectors, the research works confirm some similarities between the fulfillment of achievement and self-actualization of the employees [33]. The employees' concerns about job security have been found to be the same in both these sectors [34]. However public sector managers have lesser concerns for the monetary rewards when compared to the private sector executives [35]. In contrast service to society and public interest were found to be of more importance for the public than private sector executives [36]. Though owing to the difficulties in measuring performance with respect to the employees work motivation in the public sector is limited [37], yet by taking into account even few extrinsic factors a positive relationship between the two concepts has been found [18, 34]. Further a positive coexistence was found among the performance, motivation and performance related pay structure in the public sectors [38]. Similarly a positive relationship was observed between extrinsic rewards and organizational performance [39]. The effectiveness of the public sector organization may be increased by three interlinked rewards' levels i.e. task, mission and public service. It is also important for the public sector employees to have such work elements as meaningful service and job security.

Notwithstanding some conflicting findings on employees work motivation, the existing research has helped greatly in conceptualizing the issue. These research works exhibit that all the models of work motivation are mainly based on evaluating the specific job attributes or motivators, derived through the extrinsic and intrinsic factors of motivation [40]. There have been identified twelve motivators for evaluating/ranking purpose in the public sector employees [41, 42]. Herzberg identified these motivators into two groups; firstly the intrinsic factors i.e. achievement, recognition for achievement, the work itself, responsibility of the employees, growth and advancement; and the extrinsic factors i.e. the organizational policy and appreciation of its employees, supervision and interpersonal, relationships amongst employees, working conditions, Status of the employees, payment & compensation and the employees' job security. However, keeping in view the initial interviews with senior employees of FBR, the conditions prevalent in Pakistan and some of the factors identified by the literature studied, some additional motivators were added with reference to "personal security at work place(different from the job security)" and "Participative decision making in the change process". The motivators used in this research were: provision of fair wage (M<sub>1</sub>), provision of pay incentives (M<sub>2</sub>), two way communication during the change(M<sub>3</sub>), cooperation in the working environment (M<sub>4</sub>), opportunity for hierarchical advancement/ vertical promotion(M<sub>5</sub>), job security (M<sub>6</sub>), working conditions (M<sub>7</sub>), opportunities to advance the field of employees' expertise (M<sub>8</sub>), need for creative work (M<sub>9</sub>), need for esteem and reputation (M<sub>10</sub>),

recognition for work (M<sub>11</sub>), need for competence (M<sub>12</sub>), opportunity to take responsibilities (M<sub>13</sub>) and personal security at work place (M<sub>14</sub>). The interview questionnaire and the data collection questionnaire are available at appendices I and II.

**Research Methodology:** The number of employees in FBR (Headquarters) and all field units is about 24000. However, out of them the executive cadre (BS-17 to 21) comprises of about 1400 officers, with 978 officers from ITG and 436 from CEG with overlapping responsibilities in the FBRHQ. The IT is responsible for all direct taxes and the CEG looks after Custom Duties, Sales Tax and Federal Excise. The same officers work in FBRHQ on rotation basis with some permanent employees of FBRHQ. The remaining officials are below BS-17 and more than 15000 are BS-12 and below, who perform routine tasks. About 25% of the officers of BS-17 and above are serving outside FBR with other government organizations/ departments in Pakistan or abroad. Officers in BS-21 are the policy makers and properly could hardly give any unbiased and meaningful feedback on the questionnaire; therefore all of them refrained from returning the questionnaire. However these were distributed to all the field heads with the request to get it filled from officials working with in their jurisdiction. However, only 487 questionnaires were returned in useable condition. Various statistical tests were applied through SPSS based on the segmentation of population into three groups based on gender, grades (BS: 14-21) and the service cadre of an employee (ITG, CEG & FBRHQ). Descriptive statistics tests were applied. The results of independent sample tests are tabulated in Tables 1-8.

Table 1

Variable	M <sub>1</sub>	M <sub>2</sub>	M <sub>3</sub>	M <sub>4</sub>	M <sub>5</sub>	M <sub>6</sub>	M <sub>7</sub>	M <sub>8</sub>	M <sub>9</sub>	M <sub>10</sub>	M <sub>11</sub>	M <sub>12</sub>	M <sub>13</sub>	M <sub>14</sub>
Male Mean (N=447)	3.029	2.620	3.521	3.076	3.477	2.814	3.322	3.808	3.732	3.407	3.463	2.996	3.322	2.805
Female Mean (N=40)	2.800	2.100	3.250	3.025	3.850	2.875	2.925	3.625	3.550	2.950	3.250	2.825	3.425	2.550
St – test Equality of Means (Male)	0.000	0.000	0.082	0.000	0.020	0.758	0.852	0.003	0.223	0.433	0.609	0.528	0.012	0.788
St – test Equality of Means (Female)	0.000	0.000	0.067	0.000	0.018	0.740	0.845	0.004	0.210	0.409	0.586	0.501	0.013	0.775
Sig. Value (Levene's Equality of Variances)	0.000	0.000	0.000	0.128	0.815	0.000	0.000	0.004	0.380	0.008	0.001	0.000	0.861	0.000

Table 2

Variable	M <sub>1</sub>	M <sub>2</sub>	M <sub>3</sub>	M <sub>4</sub>	M <sub>5</sub>	M <sub>6</sub>	M <sub>7</sub>	M <sub>8</sub>	M <sub>9</sub>	M <sub>10</sub>	M <sub>11</sub>	M <sub>12</sub>	M <sub>13</sub>	M <sub>14</sub>
Customs Mean (N=185)	3.308	3.341	3.416	2.914	3.395	4.103	3.907	4.135	3.270	2.843	3.611	3.562	3.714	3.746
FBR HQ Mean (N=56)	3.768	3.196	3.375	3.536	3.143	4.375	4.304	4.107	3.786	3.554	3.411	3.929	3.982	4.000
St – test Equality of Means (Customs)	0.019	0.373	0.785	0.003	0.068	0.012	0.001	0.961	0.001	0.000	0.233	0.009	0.020	0.028
St – test Equality of Means (FBR HQ)	0.001	0.355	0.754	0.001	0.075	0.007	0.000	0.931	0.003	0.000	0.218	0.005	0.016	0.021
Sig. Value (Levene's Equality of Variances)	0.000	0.494	0.014	0.043	0.607	0.191	0.659	0.236	0.197	0.002	0.747	0.003	0.010	0.042

Table 3

Variable	M <sub>1</sub>	M <sub>2</sub>	M <sub>3</sub>	M <sub>4</sub>	M <sub>5</sub>	M <sub>6</sub>	M <sub>7</sub>	M <sub>8</sub>	M <sub>9</sub>	M <sub>10</sub>	M <sub>11</sub>	M <sub>12</sub>	M <sub>13</sub>	M <sub>14</sub>
Income Tax (N=246)	3.500	3.207	3.215	3.163	3.195	3.037	4.024	3.772	3.492	3.516	3.195	3.537	3.642	3.760
FBR HQ Mean (N=56)	3.768	3.196	3.375	3.536	3.143	4.375	4.304	4.107	3.786	3.554	3.411	3.929	3.982	4.000
St – test Equality of Means (Income Tax)	0.085	0.946	0.336	0.075	0.734	0.003	0.022	0.010	0.071	0.802	0.217	0.009	0.017	0.046
St – test Equality of Means (FBR HQ)	0.026	0.943	0.224	0.045	0.711	0.001	0.004	0.001	0.079	0.773	0.178	0.003	0.003	0.026
Sig. Value (Levene’s Equality of Variances)	0.000	0.190	0.000	0.001	0.085	0.384	0.520	0.000	0.987	0.031	0.146	0.000	0.000	0.004

Table 4

Variable	M <sub>1</sub>	M <sub>2</sub>	M <sub>3</sub>	M <sub>4</sub>	M <sub>5</sub>	M <sub>6</sub>	M <sub>7</sub>	M <sub>8</sub>	M <sub>9</sub>	M <sub>10</sub>	M <sub>11</sub>	M <sub>12</sub>	M <sub>13</sub>	M <sub>14</sub>
Income Tax Mean (N=287)	2.756	2.436	3.446	2.927	3.575	2.815	3.282	3.909	3.760	3.331	3.460	2.993	3.397	2.781
Customs Mean (N=167)	3.467	2.838	3.617	3.371	3.347	2.784	3.299	3.641	3.653	3.407	3.509	2.928	2.126	2.808
St – test Equality of Means (Income Tax)	0.000	0.000	0.082	0.000	0.020	0.758	0.852	0.003	0.223	0.433	0.609	0.528	0.012	0.788
St – test Equality of Means (Customs)	0.000	0.000	0.067	0.000	0.018	0.740	0.845	0.004	0.210	0.409	0.586	0.501	0.013	0.775
Sig. Value (Levene’s Equality of Variances)	0.000	0.000	0.000	0.128	0.815	0.000	0.000	0.004	0.380	0.008	0.001	0.000	0.861	0.000

Table 5

Variable	M <sub>1</sub>	M <sub>2</sub>	M <sub>3</sub>	M <sub>4</sub>	M <sub>5</sub>	M <sub>6</sub>	M <sub>7</sub>	M <sub>8</sub>	M <sub>9</sub>	M <sub>10</sub>	M <sub>11</sub>	M <sub>12</sub>	M <sub>13</sub>	M <sub>14</sub>
BS 1-16 Mean (N=237)	3.317	2.844	3.540	3.152	3.418	2.806	3.283	3.734	3.625	3.405	3.397	2.992	3.274	2.785
BS-17 Mean (N=72)	2.889	2.694	3.514	2.903	3.347	2.861	3.514	3.708	3.694	3.222	3.389	2.903	3.278	2.694
St – test Equality of Means (BS 1-16)	0.013	0.330	0.847	0.164	0.613	0.698	0.048	0.841	0.547	0.156	0.953	0.512	0.982	0.513
St – test Equality of Means (17)	0.029	0.405	0.869	0.165	0.648	0.728	0.054	0.849	0.578	0.197	0.955	0.563	0.983	0.550
Sig. Value (Levene’s Equality of Variances)	0.000	0.000	0.000	0.694	0.054	0.000	0.405	0.213	0.781	0.133	0.899	0.000	0.097	0.007

Table 6

Variable	M <sub>1</sub>	M <sub>2</sub>	M <sub>3</sub>	M <sub>4</sub>	M <sub>5</sub>	M <sub>6</sub>	M <sub>7</sub>	M <sub>8</sub>	M <sub>9</sub>	M <sub>10</sub>	M <sub>11</sub>	M <sub>12</sub>	M <sub>13</sub>	M <sub>14</sub>
BS 1-16 Mean (N=237)	3.317	2.844	3.540	3.152	3.418	2.806	3.283	3.734	3.625	3.405	3.397	2.992	3.274	2.785
BS-18 Mean (N=84)	2.595	2.024	3.310	2.941	3.655	2.917	3.155	3.976	3.810	3.095	3.500	2.869	3.441	2.691
St – test Equality of Means (BS 1-16)	0.000	0.000	0.082	0.000	0.020	0.758	0.852	0.003	0.223	0.433	0.609	0.528	0.012	0.788
St – test Equality of Means (18)	0.000	0.000	0.067	0.000	0.018	0.740	0.845	0.004	0.210	0.409	0.586	0.501	0.013	0.775
Sig. Value (Levene’s Equality of Variances)	0.000	0.000	0.000	0.128	0.815	0.000	0.000	0.004	0.380	0.008	0.001	0.000	0.861	0.000

Table 7

Variable	M <sub>1</sub>	M <sub>2</sub>	M <sub>3</sub>	M <sub>4</sub>	M <sub>5</sub>	M <sub>6</sub>	M <sub>7</sub>	M <sub>8</sub>	M <sub>9</sub>	M <sub>10</sub>	M <sub>11</sub>	M <sub>12</sub>	M <sub>13</sub>	M <sub>14</sub>
BS18 Mean (N=84)	2.595	2.024	3.310	2.941	3.655	2.917	3.155	3.976	3.810	3.095	3.500	2.869	3.441	2.691
BS-19 Mean (N=74)	2.662	2.216	3.487	3.014	3.608	2.662	3.216	3.811	3.797	3.568	3.541	3.122	3.297	2.905
St – test Equality of Means (BS -18)	0.788	0.279	0.266	0.685	0.748	0.109	0.714	0.281	0.940	0.005	0.800	0.159	0.394	0.243
St – test Equality of Means (19)	0.785	0.268	0.254	0.684	0.746	0.106	0.713	0.283	0.939	0.004	0.800	0.154	0.390	0.240
Sig. Value (Levene’s Equality of Variances)	0.000	0.009	0.000	0.453	0.138	0.770	0.469	0.237	0.236	0.006	0.115	0.013	0.215	0.360

Table 8

Variable	M <sub>1</sub>	M <sub>2</sub>	M <sub>3</sub>	M <sub>4</sub>	M <sub>5</sub>	M <sub>6</sub>	M <sub>7</sub>	M <sub>8</sub>	M <sub>9</sub>	M <sub>10</sub>	M <sub>11</sub>	M <sub>12</sub>	M <sub>13</sub>	M <sub>14</sub>
BS -19 Mean (N=74)	2.662	2.216	3.487	3.014	3.608	2.662	3.216	3.811	3.797	3.568	3.541	3.122	3.297	2.905
BS-20 Mean (N=20)	2.850	2.650	3.800	3.500	4.150	3.000	3.400	3.950	4.200	3.900	3.650	3.100	3.850	3.050
St – test Equality of Means (BS -19)	0.575	0.073	0.126	0.065	0.009	0.160	0.497	0.546	0.076	0.134	0.667	0.932	0.019	0.589
St – test Equality of Means (20)	0.565	0.138	0.185	0.027	0.004	0.193	0.545	0.394	0.040	0.134	0.697	0.933	0.005	0.544
Sig. Value (Levene’s Equality of Variances)	0.980	0.040	0.595	0.378	0.149	0.349	0.203	0.020	0.356	0.263	0.517	0.911	0.001	0.122

**Results and Findings:** Descriptive statistic tests compare the equality of means and equality of variances. The results of each sub-group are discussed on the basis of the value of “Sig” in Levene’s test for equality of variance (Sig < 0.05 indicates that there is significant difference in the perception of employees) and the means of each variable as below:

Statistics of sub-group gender indicate that means of most of the motivators are around 3.0 (Neutral), reflecting a generally indifferent perception of the employees about the effect of TARP on the employees’ motivation. It exhibits that there are intra-gender significant differences on all motivators except M<sub>4</sub>, M<sub>5</sub>, M<sub>9</sub> and M<sub>13</sub>. These motivators’ Means infer that males are more towards agreement than females on cooperation in the working environment (M<sub>4</sub>) and need for creative work (M<sub>9</sub>) whereas reverse is the perception of females as against males on opportunity for hierarchical advancement /vertical promotion (M<sub>5</sub>) and Opportunity to take responsibility (M<sub>13</sub>). On the remaining 08 motivators there are significant differences between the perceptions of males and females. It can be safely inferred that there exists varying effect of TARP on the motivational levels of males and females. The comparison of means indicates that except Job Security (M<sub>6</sub>) the means of males’ perceptions are higher than female, reflecting thereby that the effect of TARP is relatively more positive on males than females.

The results of service based subgroup indicate that there is significant difference in the perception of the employees of CEG and FBR HQ on the provision of fair wage (M<sub>1</sub>), Two way communication during the change (M<sub>3</sub>), cooperation in the working environment (M<sub>4</sub>), need for esteem and reputation (M<sub>10</sub>), need for competence (M<sub>12</sub>), opportunity to take responsibilities (M ) and personal security at work place (M<sub>14</sub>). However, employees of both these services have no significant difference in their perception on provision of pay incentives (M<sub>2</sub>), opportunity for hierarchical advancement/vertical promotion (M<sub>5</sub>), job Security (M<sub>6</sub>), working conditions (M<sub>7</sub>), opportunities to advance the field of employees expertise (M<sub>8</sub>), need for creative work (M<sub>9</sub>) and recognition for work (M<sub>11</sub>). The Means indicate that on most of the motivators the employees of FBR HQ are either at 4.00 or around 4.00 reflecting thereby some positive level of motivation. On some of the motivators i.e. job Security (M<sub>6</sub>), working conditions (M<sub>7</sub>) and opportunities to advance the field of employee expertise (M<sub>8</sub>) the perception of FBRHQ even exceeds the level of 4.00. The perception of CEG on rest of the motivators is though around 3.00 yet is lower than the FBR HQ.

The comparison of ITG and FBR HQ reflects that except on provision of pay incentives (M<sub>2</sub>), opportunity for hierarchical advancement/vertical promotion (M<sub>5</sub>), job Security (M<sub>6</sub>), working conditions (M<sub>7</sub>), need for creative work (M<sub>9</sub>) and recognition for work (M ), there is significant difference in the perception of the employees of ITG and FBR HQ on rest of the motivators. Comparison of the Means reflects that the FBR HQ’s employees are more towards agreement than ITG on all motivators except provision of pay incentives (M<sub>2</sub>) and opportunity for hierarchical advancement/vertical promotion (M<sub>5</sub>). It indicates that motivation level of FBR HQ is more positively affected by TARP as compared to the employee ITG.

The comparison of ITG and CEG reflects that except on cooperation in the working environment (M<sub>4</sub>), opportunity for hierarchical advancement/vertical promotion (M<sub>5</sub>), need for creative work (M<sub>9</sub>) and opportunity to take responsibilities (M<sub>13</sub>) there is significant difference in the perception of the employees of these two service groups. These results very closely correspond to the gender based analysis. The Means indicate that on seven motivators the Means of CEG are higher than ITG and the reverse is indicated on the remaining five.

The comparison of various BS employees indicates more interesting results. The analysis of BS:1–16 and BS: 17 reflects that there is significant difference in the perception of these two groups of employees on the provision of fair wage (M<sub>1</sub>), provision of pay incentives (M<sub>2</sub>), two way communication during the change (M<sub>3</sub>), job Security (M<sub>6</sub>), need for competence (M<sub>12</sub>) and personal security at work place (M<sub>14</sub>). The comparison of Means indicates that except on job Security (M<sub>6</sub>), working conditions (M<sub>7</sub>), opportunities to advance the field of employees’ expertise (M<sub>8</sub>), need for creative work (M<sub>9</sub>) and opportunity to take responsibilities (M<sub>13</sub>) the Means of BS: 1–16 are higher than those of BS-17 indicating that BS-16 are more towards agreement than those of BS-17.

The statistics of BS: 1 –16 and BS–18 shows that except on cooperation in the working environment (M<sub>4</sub>), opportunity for hierarchical advancement/vertical promotion (M<sub>5</sub>), need for creative work (M<sub>9</sub>) and opportunity to take responsibilities (M<sub>13</sub>), there is significant different in the perception level of both these services groups. The Means indicate that the employees of BS –18 are more towards agreement on opportunity for hierarchical advancement/vertical promotion (M<sub>5</sub>), job Security (M<sub>6</sub>), opportunities to advance the field of employees expertise (M<sub>8</sub>), need for creative work (M<sub>9</sub>),

recognition for work ( $M_{11}$ ) and opportunity to take responsibilities ( $M_{13}$ ) while the levels of BS: 1 – 16 are more towards agreement on rest of the motivators.

These statistics of BS -18 and BS -19 shows that there is significant difference in the perception of officers of these two groups only on provision of fair wage ( $M_1$ ), provision of pay incentives ( $M_2$ ), two way communication during the change ( $M_3$ ), need for esteem and reputation ( $M_{10}$ ) and need for competence ( $M_{12}$ ). On rest of the motivators the difference between the responses of these officers is insignificant. The Means reflect that the officers of BS-19 have higher levels on nine motivators as compare to those of BS: 18 who have higher Means on five motivators. Thus the officers of BS-19 appear to be more motivated than those of BS -19.

The analysis of BS -19 and BS -20 reflects that except on provision of fair wage ( $M_1$ ), provision of pay incentives ( $M_2$ ), opportunities to advance the field of employees expertise ( $M_8$ ) and opportunity to take responsibilities ( $M_{13}$ ) employees of these two groups have significant difference in their perception on the remaining motivators. The Means analysis indicates that the perception of BS - 20, on all the motivators except opportunity to take responsibilities ( $M_{13}$ ), is higher than those of BS -19. This signifies that officers of BS -20 are more towards agreement than those of BS -19.

### CONCLUSION

The statistics exhibit that the overall impact of TARP on the multi-segmented employees of FBR may not be termed as positive because of the means of responses on most of motivators are around 3.0. As a result it can be safely concluded that the employees' motivational level could not be raised through bringing these tax reforms. However the comparison of sub-groups or segments of these employees show some significant differences in their responses, which proves the varying impact of these reforms on these sub-groups. Another important conclusion that is evident from the statistics is that as we move vertically in the grades (BS) the employees seem to be more satisfied on the intrinsic factors of motivation than the extrinsic. The interviews of these employees and their consistent response, across all sub-groups or segments, on two ways communication during the change ( $M_3$ ) proves that these reforms lack the ownership of FBR's employees as indicated by their responses that they are not satisfied with their participation in the reforms process. Hence it can be safely concluded that employees' active and meaningful participation during a

change process enhances their perception about the ownership of such change process decisions. The employees of lower BS are more satisfied than upper BS. The main limitation of this study was the size of sample as the employees are scattered all over the country and some of them are posted in inaccessible areas of the country from where their response could not be ensured. Similarly the officers of BS-21 did not return any questionnaire and hence the findings do not carry their input. The generalization of the findings could have been with more confidence had the questionnaires been filled by greater number employees in all grades. For the future researcher it is recommended to focus more upon the TARP's effect on career development and the bottlenecks in the career progression of the FBR's employees.

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APPENDIX-I

QUESTIONNAIRE

Five- Likerts scale questionnaire has been developed to get the most realistic answers. Detail is given below.

		1 = Strongly Disagree	2 = Disagree	3 =Neutral	4 = Agree	5 = Strongly Agree
<b>Provision of Fair Wage</b>						
M <sub>1</sub>	In relation to the effort I devote to my work, my position, my prior working experience and educational background, the relevant wages in the private sector and the economic situation of the country, I consider to have a fair wage.	1	2	3	4	5
<b>Provision of Pay Incentives</b>						
M <sub>2</sub>	FBR follows performance related pay schemes.	1	2	3	4	5
<b>Communication and Cooperation in the Working Environment</b>						
M <sub>3</sub>	My senior officers make any possible effort to create a collaborative work environment, to build relationships of trust and mutual understanding among employees, to rely on open and honest communication and to share knowledge and information in all directions.	1	2	3	4	5
<b>Opportunity for Hierarchical Advancement</b>						
<b>SECURITY OF JOB AT THE WORKPLACE</b>						
M <sub>5</sub>	The norm in FBR is that employment is protected.	1	2	3	4	5
<b>Working Conditions</b>						
M <sub>6</sub>	The senior officers care about the health and safety of employees. They provide adequate and up to date IT support and infrastructure. They also respect the individual characteristics of employees' personality and encourage their development.	1	2	3	4	5
<b>Opportunities to Advance the Field of Employees' Expertise</b>						
M <sub>7</sub>	My employment requires different specialized skills and I obtain ongoing feedback indicating success in their accomplishment.	1	2	3	4	5
<b>Need for Creative Work</b>						
M <sub>8</sub>	My job is creative and produces something meaningful.	1	2	3	4	5
<b>Need for Esteem and Reputation</b>						
M <sub>9</sub>	My employment provides me the opportunity to "make a difference" to society.	1	2	3	4	5
<b>Recognition for Work</b>						
M <sub>10</sub>	Work evaluation is based on explicit performance criteria. Performance evaluation forms include the roles and responsibilities of employees, the extent of achievement to pre-determined targets and the quality of final deliverables. Evaluations are fair and constructive. Good evaluation has a positive impact on career advancement and/or pay raise of employees.	1	2	3	4	5
<b>Need for Competence</b>						
M <sub>11</sub>	FBR encourages the participation of employees in seminars, workshops and conferences.	1	2	3	4	5
<b>Opportunity to Take Responsibilities</b>						
M <sub>12</sub>	FBR provides employees the freedom in deciding how to carry out their work and encourages them to take initiatives.	1	2	3	4	5
<b>Personal Security at Work Place</b>						
M <sub>13</sub>	FBR has taken appropriate measures to ensure office security under the current circumstances in the country	1	2	3	4	5
<b>Participatory Decision Making During Change Process</b>						
M <sub>14</sub>	FBR involved its employees and gave weightage to their input, during the decision making & implementing process of the TARP	1	2	3	4	5

Personal Information:

GENDER (Please tick your age group)

Male

Female

EDUCATION (Please tick your education group)

Matriculation

Intermediate

Graduation

Masters

Diploma with Metric/Inter

Others

TOTAL YEARS OF SERVICE (Please tick your experience group)

1-5

6-9

10-15

16-21

Others

TOTAL YEARS OF EXPERIENCE WITH THIS ORGANIZATION (Please tick your Experience group)

1-5

6-10

11-15

16-21

Others

Date \_\_\_\_\_ Designation \_\_\_\_\_ Department \_\_\_\_\_

Annexure-II

The Unstructured Questionnaire used during Interview with Important/ senior officers Involved in the TARP Planning and Implementation

- 
- Q.No.1. To what extent, in your view, TARP has met its targets?
- Q.No.2 To what extent do you think the various FBR's Wings have performed during TARP Program as per their plans?
- Q.No.3 Which Wing and to what extent has performed the best? Why?
- Q.No.4 Which Wing and to what extent has performed the worst? Why?
- Q.No.5 Do you think CBR (now FBR) needed reforms? How differently you think these reforms should have been? Please support your answer with cogent reasons?
- Q.No.6 What do you think about the professionalism, competence and effectiveness of FBR's Reforms team,?
- Q.No.7 Keeping in view Pakistan's Tax Culture what do you think about validity of the FBR's reforms plans?
- Q.No.8 Do you think the stated and intended objectives of TARP were same? How and why?
- Q.No.9 In what way FBR's employees have been affected by these reforms?
- Q.No.10 What are those reforms that you wish should have been included in TARP for making it more effective?
- Q.No.11 What do you say about the future of FBR's reforms?
- Q.No.12 What do you think about the employees' state of motivation towards work?
- Q.No.13 What do you think about the employees' state of Job satisfaction?
-