

CORPORATE ENTREPRENEURSHIP IN THE PUBLIC SECTOR – A CASE STUDY OF THE SOUTH AFRICAN REVENUE SERVICE AS A GOVERNMENT AGENCY

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ABSTRACT

This article explores, using a qualitative case study design, the role of entrepreneurship in the public sector in South Africa. A “private sector” framework through which to view a public sector organisation’s activities is used to examine if entrepreneurial activity is present. As entrepreneurial strategy development and entrepreneurial orientation are evidence of “entrepreneurship”, including corporate entrepreneurship, these constructs are explored in this research. The findings suggest that significant entrepreneurial activity is present in the public sector organisation studied. Further, the research reveals and reinforces the view of entrepreneurship as universal, and takes the position of corporate entrepreneurship in established organisations beyond the sole remit of private enterprises.

Although the particular organisation that has been studied is unique in its makeup, the public organisation itself contributes, through innovative and proactive practices, to this uniqueness. The implications of this research are important to other government departments and entities in South Africa. One of these implications is that possibilities for entrepreneurship reside within these organisations.

Keywords: Public entrepreneurship; public sector organisations; entrepreneurial strategy development; entrepreneurial intensity

INTRODUCTION

Using qualitative research, the researcher examines the ways in which the public sector displays corporate entrepreneurship in its strategy development processes. The study



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has undertaken this research based on an example of an organ of state, namely, the South African Revenue Service (SARS). The purpose is to examine a public organisation through the lens of what many would consider private sector entrepreneurship in order to uncover whether entrepreneurial activities and thinking exist in the public sector. Such activities and thinking would be demonstrated in entrepreneurial behaviour and innovative practices, as well as proactive and risk-taking behaviours within the organisation. Because of the limited research conducted in this field, some older references refer to the above activities as corporate entrepreneurship, as the construct of entrepreneurship in the private sector has now finally been established after twenty years of research (Morris, Kuratko and Covin 2011, 11). These authors attempt to break new academic ground in the South African research landscape.

Globally, public sector organisations are facing a changing and challenging environment with increasing expectations to enhance public value through increased efficiency. Easterby-Smith, Araujo and Burgoyne (1999, 133) have found that “many of the public sector organisations are thus simultaneously under pressure from their own national governments, from the increasingly global market, and from their clients”. To enhance public sector organisations and to make them more efficient many scholars and practitioners have repeatedly suggested that the said organisations should become entrepreneurially oriented as a way to respond to these challenges (Diefenbach 2011; Luke, Verreyne and Kearins 2010; Morris and Jones 1999). “Corporate entrepreneurship” is a term used to describe entrepreneurial behaviour in established mid-sized or large organisations (Morris et al. 2011, 11).

Some of the founding theorists of entrepreneurship (Morris and Jones 1999) do not regard the private enterprise as the only site of entrepreneurial activity. Recently, evidence of governments becoming more innovative in the way they are doing business with the public has been emerging. For instance, Wiseman (2015) has recently published a series on Internationally Comparative Approaches to Innovation and Entrepreneurship in Education (also, see Klein, Mahoney, McGahan and Pitelis 2010).

Further, Mitchel Weiss from Harvard University declares that public entrepreneurs around the world are improving lives and inventing entirely new ways of serving the public. Some examples include the use of sensors to detect potholes; word pedometers to help students learn; harnessing behavioural economics to encourage organ donations and crowdsourcing patent reviews, among other things (Wiseman 2015, 12).

The strategic change in SARS’s operations culminated in the 2007–2014 Modernisation Strategy. The broad objectives of this strategy were to sustain the momentum of the previous phases and build further capacity by improving and introducing new systems capability (for instance, automating where possible) as well as introducing novel and smarter ways of doing business. The intention of the above was to improve the taxpayer and trader experience of SARS and to ease the burden of complying with SARS requirements (SARS Strategic Plans 2013/14–2017/18, 30).

THE SIGNIFICANCE OF THIS RESEARCH

The Global Entrepreneurship Monitor (GEM) has found that a country's economic prosperity is positively influenced by an active entrepreneurship sector. For South Africa, the recent GEM report has established that the level of entrepreneurial intentions has increased by 26 per cent from 2003 to 2013 (Herrington and Kew 2013, 30).

Given this context, and especially as it is directed towards government, this article is important in two specific ways. First, a critical lack of evidence of corporate entrepreneurship (CE) in the public sector in South Africa has been reported in the field of public management, and this investigation seeks to fill that gap partially. Second, given the changes at SARS (including the modernisation strategy and practices) over the past decade, it is believed that SARS's positive influence on consumer perceptions, on nation building, and in terms of revenue collection, may provide the much-needed evidence from which other departments could learn.

The research problem to be investigated in this article stems from research conducted in South Africa that is predominantly aimed at stimulating and assisting the private sector, with very little attention paid to the public sector. The challenges faced in and by the public sector, and the numerous positives that may be derived from entrepreneurship in general, point to the necessity that this phenomenon be understood in order to reduce further inefficient and costly government actions and/or lack thereof. The problem may therefore be stated thus: There is a significant lack of evidence of entrepreneurial activity in public sector organisations in South Africa.

The research questions to be answered are included in the overarching question: Is an entrepreneurial strategy in place at SARS, and do SARS's executive committee members and/or senior personnel display the core elements of CE in SARS's business operations? The following secondary questions are related to this question:

- What are the processes (if any) for developing an entrepreneurial strategy at SARS?
- What are the ways in which new corporate strategies, new products/services, new ventures, new business models, new markets and new internal processes are formulated as represented in the SARS Strategic Plans?

Based on the research questions and the criteria set out in the analysis framework, the following propositions were developed:

P¹: There is no evidence of new corporate strategies in place at SARS.

P²: There is no evidence of new products or services at SARS.

P³: There is no evidence of new ventures at SARS.

P⁴: There is no evidence of new business models at SARS.

P⁵: There is no evidence of SARS's involvement in new markets.

P⁶: There is no evidence of new internal processes being formulated at SARS.

RESEARCH METHODOLOGY

As this was an exploratory study, a case study design was used. Yin (1994, 13) defines such a study as “an empirical enquiry that investigates a contemporary phenomenon within its real-life context, especially when the boundaries between phenomenon and context are not clearly evident”. This research and the methodology used as detailed below are well suited to this type of research, given that the boundaries between the phenomenon and the context are, to an extent, unclear (Cooper and Schindler 2011, 142).

In this case study design, a multipronged approach was used, including an extensive literature review. The first stage included a thorough review of the SARS Strategic Plans 2013/14–2017/18 and 2014/15–2018/19, and other internal documentation from the organisation, including a document entitled, “The transformation of the South African Revenue Services”, which is not available to the public.

The second stage involved primary data collection by means of in-depth interviews (IDIs), using semi-structured questionnaires. These questions were based on constructs in published work on corporate entrepreneurship as well as the internal documents of the subject (SARS). Follow-up interviews were conducted to clear up uncertainties about some aspects of the operations at SARS. These responses were recorded for later use during the findings stage of the research. Five senior staff members were interviewed. They held positions in the organisation in strategy, risk management, corporate governance, finance, and business rescue. Confidentiality was required and the researchers ethically complied.

The third stage involved aligning and populating the “Six Types of Corporate Entrepreneurship Outcomes” with the SARS Strategic Plans and information garnered from in-depth interviews. The six outcomes are considered fundamental to an organisation if entrepreneurial activity is to take place (Morris, Van Vuuren, Cornwall and Scheepers 2009, 431). They are new corporate strategies, new products or services, new ventures, new business models, new markets, and new internal processes. The research framework and analysis were constructed around the six outcomes and were utilised in the methodology design. They also informed the development of semi-structured questionnaires. An analysis of key constructs of corporate entrepreneurship was employed together with the above framework to examine the research topic more holistically. These constructs included entrepreneurial orientation, entrepreneurial strategy development and definitions of entrepreneurship in the public sector. The author is aware of software programs to analyse qualitative data, but he decided that the former methodology would serve the purpose of this article best because of its explorative nature.

LITERATURE REVIEW

“Entrepreneurship happens in organizations of all sizes and types, including public sector organizations.” (Morris et al 2011, 28)

Morris et al. (2011, 35) highlight the manifold assumptions encountered when dealing with public sector organisations, including that they are monopolistic entities with a captive demand, and conclude that in fact such assumptions are false. The authors argue that public sector organisations are under pressure to perform in a complex and rapidly changing and challenging world.

Many authors agree that challenges exist in researching and implementing entrepreneurial strategies in the public sector, while also acknowledging the differences between the private sector and the public sector. Nonetheless, they seek ways to provide the public sector with examples and benefits of corporate entrepreneurship strategies (see Bovet 1997, 81, 89; Kearney, Hisrich and Roche 2009; Luke and Kearins 2006, 6; Luke et al. 2010, 142; Morris et al. 2009; 2011).

As a starting point, the thinking about corporate entrepreneurship must move beyond the sphere of the private sector. DuGay’s (2004, 38) notion of enterprise is an important consideration in this respect. It is noted that “enterprise” no longer just refers to the creation of an independent business venture, or the characteristics of model entrepreneurs, or successful independent business people. It also refers to the ways in which economic, political, social and personal vitality is best achieved by generalising a particular conception of enterprise form to all forms of conduct of organisations previously seen as non-commercial, government and its agencies, and individuals.

Morris et al. (2009, 438) and DuGay (2004, 38) concur, underscoring the point that no one specific or correct way in which to implement corporate entrepreneurship exists. The authors advocate a multifaceted and comprehensive approach that reflects the types of innovation the firm seeks at different levels of the organisation. Importantly, they argue that for corporate entrepreneurship to succeed, it requires senior management’s sustained commitment to an entrepreneurial future.

The overarching line of reasoning is that irrespective of the environment, public or private, the “rules are pretty much the same” (Drucker 2007, 131). Thus, it is suggested that by becoming more entrepreneurial, public sector organisations can eradicate inefficiencies, exploit opportunities and serve more people in better ways. In the private sector, corporate entrepreneurship has been widely researched and indeed, for some, understood solely within this sector (as noted by Luke and Kearins 2006; Morris and Jones 1999). Shockley and Frank (2011, 185) elucidate the ubiquity of entrepreneurship and note that Schumpeter and Kirzner and many well-known theorists of, presumably, private sector entrepreneurship make little or no mention of the public sector in their theoretical work.

Shockley and Frank (2011, 185) make reference to Schumpeter’s classical work *Capitalism, Socialism, and Democracy* (1950), which argues that “the entrepreneurial

alertness takes place in the mind of the politician and the consequences can be compared with those of a technological innovation, namely to reform or revolutionize the pattern of production by exploiting an invention". Rainey's (2009, 80) presentation of problems and approaches in public-private comparisons notes that defining a distinction between public and private organisations does not prove that important differences between them actually exist.

Rainey (2009, 86) finds that characteristics unique to the public sector – the absence of the market, the production of goods and services not readily valued at the market price, and value-laden expectations of accountability, fairness, openness, and honesty as well as performance – complicate the goals and evaluation criteria of public organisations.

Supporting these arguments, Morris et al. (2011, 147) state that entrepreneurship is a universal construct that can be applied not only in large corporations, but also in non-profit and public sector organisations. Moreover, Morris et al. (2011, 147) advocate a paradigm shift in how the public sector views itself, noting, "public sector organizations must view themselves as entrepreneurs, and the process of pursuing their social or public mission as an entrepreneurial undertaking". The social or public mission of the public sector and governments' roles and responsibilities to its citizenry invite a number of challenges in attempting to understand the phenomenon of entrepreneurship in the public sector.

Shockley and Frank (2011, 187) describe governments' rich legacy of social entrepreneurship and provide numerous examples, especially ones originating from the United States of America, in their research on social entrepreneurship and state capacity. The authors define social entrepreneurs as transformative forces, as "people with new ideas to address major problems that are relentless in the pursuit of their visions..." (in Shockley and Frank 2011, 182)

The authors Bellone and Goerl (1992, 131) highlight eight important characteristics of public entrepreneurs, namely, "autonomy, a personal vision of the future, secrecy, and risk-taking...need to be reconciled with the fundamental democratic values of accountability, citizen participation, open policymaking processes, and concern for the long-term public good (stewardship)".

A duality of corporate and social perspectives, which are often corresponding (or at least, less contrary than may have been thought initially), is evident when entrepreneurship in public sector organisations is discussed. Corporate entrepreneurship is about entrepreneurship in established organisations and it involves, at a basic level, that a company or organisation generates, develops and implements new ideas and behaviours (Damanpour 1991, 556). Kearney et al. (2009, 39), in their research to understand the similarities or differences, or a synthesis between private and public sector entrepreneurship, discover, among other things, the key idea that entrepreneurship is viewed as being fundamental in the case of the private sector. It means that entrepreneurship is an activity in which private organisations must engage. However,

in the case of public sector organisations, they have found that entrepreneurship needs engendering. This is understood as that the public sector entities are lacking an understanding of what they can do in terms of entrepreneurship rather than their not having suitable options.

Morris and Jones (1999, 73), in their research into public organisations in South Africa, draw attention to the “process” element in the definitions of entrepreneurship in the public sector, including ideas on earlier works such as those of Bellone and Goerl (1992) and Osborne and Gaebler (1992). Subsequently, in 2013, Diefenbach’s compilation of definitions also reveals the earlier findings of a process and the underlying dimensions of innovativeness, risk-taking and pro-activeness (also noted by Kearney et al. 2009 and Morris and Jones 1999). Table 1 provides examples of those definitions as presented by Diefenbach (2011, 33).

Table 1: Definitions of entrepreneurship within public sector organisations

Concept	Definition
Shockley and Frank (2006, 205)	“Public sector entrepreneurship occurs whenever a political actor is alert to and acts on potential profit opportunities, thus moving the system in which the actor is embedded toward equilibrium.”
Kearney et al. (2007, 277)	“Public sector entrepreneurship, which for the purpose of this research refers to state enterprise/civil service, is defined as an individual or group of individuals, who undertakes desired activity to initiate change within the organization, adapt, innovate and facilitate risk. Personal goals and objectives are less important than the generation of a good result for the state enterprise/civil service.”
Roberts (1992, 56)	“Public entrepreneurship is defined as the generation of a novel or innovative idea and the design and implementation of the idea into public sector practice.”
Currie, Humphreys, and McManus (2008, 989)	“[...], entrepreneurship is seen as the process of identifying and pursuing opportunities by Ucbasaran individuals and/or organizations. Further, this process is often characterized by innovativeness, risk-taking and proactivity.”
Morris and Jones (1999, 74)	“Public sector entrepreneurship is the process of creating value for citizens by bringing together unique combinations of public and/or private resources to exploit social opportunities.”
Morris et al. (2008:103)	“Organizations can be characterized, then, in terms of their entrepreneurial orientation or intensity, which is a reflection both of how many entrepreneurial things they are doing, and how innovative, risky, and proactive those things tend to be. The basic steps in this process identified [in the private sector] should be no different in a non-profit or public sector context.”

Concept	Definition
Osborne and Gaebler (1992, 263)	"[Entrepreneurial institutions/public entrepreneurs] use resources in new ways to maximize productivity and effectiveness."
Acs and Szerb (2010, 363)	"[Entrepreneurial activities include] dynamic interaction of entrepreneurial attitudes, entrepreneurial activity and entrepreneurial aspiration that vary across stages of economic development."
O Connor (2013, 546)	"[A] definition of entrepreneurship...describes it as a social process involving the efforts of individuals in enterprise activity."
Bellone and Goerl (1992, 131):	"Four important characteristics of public entrepreneurs – autonomy, a personal vision of the future, secrecy, and risk-taking – need to be reconciled with the fundamental democratic values of accountability, citizen participation, open policymaking processes, and concern for the long-term public good (stewardship)."
Ramamurti (1986, 143):	"[A public entrepreneur is] an individual who undertakes purposeful activity to initiate, maintain or aggrandize one or more public sector organizations."
Currie et al. (2008, 989):	"Entrepreneurial [public] leaders expand the goals, mandates, functions and power of their organizations in ways not foreseen by their political masters. They build coalitions that knit together public and private interests to take advantage of opportunities for entrepreneurship."

Source: Adapted from Diefenbach (2011, 33)

PROCESSES AND INDIVIDUALS

Two key factors stand out when the definitions are considered in table 1, namely, processes and individuals. Table 1 highlights the notion of process, even if this point is not explicitly stated in the definition itself. For instance, Kearney et al (2009, 38) speak of a way "to initiate change within the organization, adapt, innovate and facilitate risk", while Roberts (1992) puts forward the concept of "the generation of a novel or innovative idea and the design and implementation of the idea". The notion that Bellone and Goerl (1992, 132) had of "civic-regarding entrepreneurship" implies that a balance between private and public motivations needs to be considered.

At the same time, the authors are aware that process often trumps the individual. For instance, it is noted, "the function of entrepreneurship takes priority over the instrumentality of entrepreneurs". (Shockley and Frank 2011, 186) It means that the priority of the entrepreneurship process comes before the entrepreneur (the individual) him- /herself.

The point is that entrepreneurship in the public sector, unlike in the private sector, does not rely on particular individual attributes, but on a group desire in organisations

to change, adapt, innovate and entertain risk. In the public sector, personal qualities and motivations are far less important than the generation of a galvanic force at institutional and collective level, as articulated by Forster, Graham and Wanna (1996, in Kearney et al. 2009, 28).

The two components of corporate entrepreneurship in the public sector – processes and a group of individuals, or teams – are important considerations for this article as the author seeks to understand from a strategy perspective (senior executive level), decision planning and decision making by key individuals and the way these affect entrepreneurship in the organisation (i.e. in the organisational processes).

ESTABLISHED ORGANISATIONS' PERSPECTIVE

Rather than seeking to distinguish between private and public sector organisations – although distinctions clearly exist, such as the profit motive (Kearney et al. 2009, 30) – it was important to reduce such distinctions in this research for a number of reasons, as explained in detail in the framework below.

In his ground-breaking work, *Innovation and Entrepreneurship*, Drucker (2007, 131) rules out these distinctions by stating the following:

[E]ntrepreneurship is based upon the same principles, whether the entrepreneur is in an existing large institution or an individual starting his or her new venture single-handed. It makes little or no difference whether the entrepreneur is a governmental or non-governmental institution. The rules are pretty much the same, the things that work and those that don't are pretty much the same, and so are the kinds of innovation and where to look for them.

Thus, it was important for this article not to concentrate on distinguishing between private and public organisations, but to focus on “established organisations”. At the same time, it sought to utilise a “private sector” framework within a public sector setting. The definition by Morris et al. (2009, 429), namely that “CE is ultimately concerned with fostering innovative, risk-taking and proactive behaviors in established organizations”, formed the core of this study.

Table 2 records the often-cited table of comparison between the “different” forms of entrepreneurship (Diefenbach 2011, 35; Morris and Jones 1999, 80; Morris et al. 2011, 136–137):

Table 2: Comparing independent, corporate, and public sector entrepreneurs

	Independent	Corporate	Public sector
Primary motive	Wants freedom; goal orientated and self-reliant; achievement motivated	Wants freedom and access to corporate resources; goal orientated and self-motivated, but also responds to corporate rewards and recognition	Power and achievement motivated; may think in grandiose terms; not constrained by profit motive
Main activity	Creates and grows business	Creates value in an innovative project	Creates value for citizens by bringing together unique combinations of resources
Skills	Knows business intimately, more business acumen than managerial or political skill	Strong technical skills or product knowledge; good managerial skills; weak political skills	Strong political skills; able to develop power sources beyond those formally as- signed; adept at using public relations and the media to advantage
Attitude towards system	Frustrated by system; therefore, rejects it and starts his/her own	Dislikes the system but learns to work within it and manipulate it	Tends to redesign or restructure the system to accomplish her/his own ends
Risks and failure	Assumes considerable financial and personal risk; clearly identifies key risk factors and tries to minimise them; sees failure as learning experience	Likes moderate risks; principal risks are career related: sensitive to need to appear orderly within corporation; hides risky projects to learn from mistakes without political cost of public failure	Calculated risk-taker; takes large organisational risks without taking big personal risks by managing the process by which risky decisions are made; tends to deviate from rules only slightly at first, then progressively more, since failure is harder to define; will manage events to promote positive outcomes

	Independent	Corporate	Public sector
Courage and destiny	Self-confident; optimistic, and bold	Self-confident, optimistic, and bold; cynical about the system but believes he/she can influence/manipulate it	Self-confident, optimistic, and bold; high tolerance for ambiguity; uses ambiguity as a source of managerial discretion

Source: Morris et al. (2011, 136–137)

Many similarities are noted above in the three “types” of entrepreneurs. One striking similarity must be the resourcefulness of each, as well as confidence in their abilities.

ENTREPRENEURIAL ORIENTATION WITHIN PUBLIC SECTOR ORGANISATIONS

An organisation exhibits entrepreneurial orientation (EO) when it is innovative and proactive, and when it takes risks (Covin and Slevin 1991; see also Lumpkin and Dess 1996, cited in Luke and Kearins 2006:6; Kearney et al. 2009).

According to a literature review by Rauch, Wiklund, Lumpkin and Frese (2009, 763), “EO represents the policies and practices that provide a basis for entrepreneurial decisions and actions. Thus, EO may be viewed as the entrepreneurial strategy-making processes that key decision makers use to enact their firm’s organizational purpose, sustain its vision, and create competitive advantage(s).”

Some authors have noted that no established criteria are characterising an entrepreneurial organisation. For instance, Sadler (2000, 29) stated that “corporate entrepreneurship, and those factors facilitating it, is not absolute: if certain factors exist they will promote or inhibit the opportunity for corporate entrepreneurship”. Morris et al. (2009, 438) outline a number of steps, including the need to specify desired corporate entrepreneurship outcomes when an organisation is preparing for entrepreneurship within that organisation. These steps are discussed in detail under the heading “Framework for analysis of corporate entrepreneurship in the public sector”.

Entrepreneurial strategy

Ireland, Covin and Kuratko (2009, 20) note that in spite of the importance of entrepreneurial strategy, the definitions are somewhat elusive (see also Luke and Verreynne 2006, 5). Two perspectives are noted: those that are internal and those that are external to the organisation, the latter having a customer orientation focus. Importantly, if an entrepreneurial strategy is to exist, it must be purposeful and intentional with respect to entrepreneurial initiatives.

The same authors (Ireland et al. 2009, 21) define CE strategy as “a vision-directed, organization-wide reliance on entrepreneurial behavior that purposefully and continuously rejuvenates the organization and shapes the scope of its operations through the recognition and exploitation of entrepreneurial opportunity”.

Framework for analysis of corporate entrepreneurship in the public sector

The purpose of this article, through exploratory research, is to investigate entrepreneurial orientation (EO) in the South African state organ, SARS. The innovative, proactive, and risk-taking behaviours are thus apparent in what Rauch et al. (2009, 763) refer to as the policies and practices that provide a basis for entrepreneurial decisions and actions. Policies and practices then form the basis from which to view whether corporate entrepreneurship is evident at SARS. The investigation is carried out by focusing in particular on the work of Morris et al. (2009, 430) and utilising the six outcomes for corporate entrepreneurship, namely, new corporate strategies; new ventures; new business models; new markets; new products/services and new internal processes, as a lens through which to view SARS entrepreneurial activities.

Morris et al. (2009, 430) advocate six outcomes to foster corporate entrepreneurship as the starting point, which are noted in figure 1.

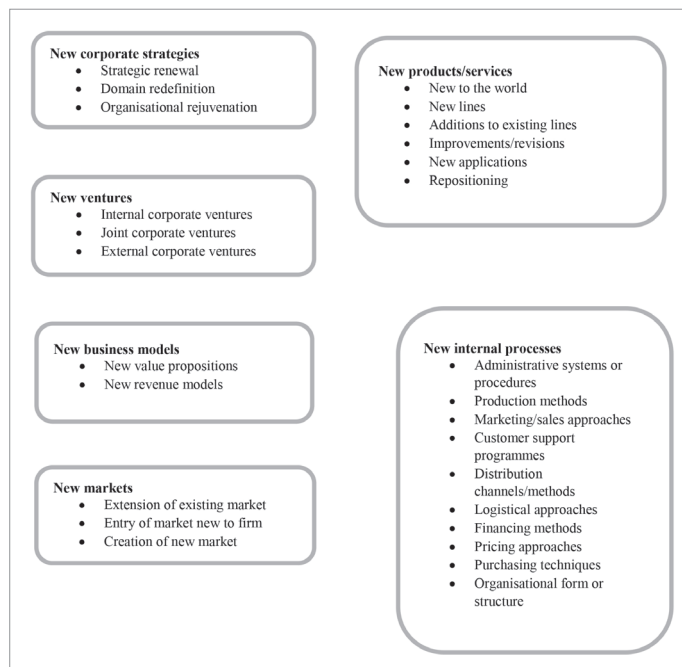


Figure 1: Six types of corporate entrepreneurship outcomes

Source: Morris et al. (2009, 430)

“These outcomes can take a variety of forms, from the creation of entirely new ventures by the firm, to innovative changes in the strategy, business model, product portfolio, market boundaries or operations of the firm.” (Morris et al. 2009, 431)

SOUTH AFRICAN REVENUE SERVICES (SARS)¹

“The tax system stands at the centre of our democracy: It directly affects the everyday lives of virtually every citizen and, indirectly, has a profound influence on the economy.” (Pravin Gordhan, former Minister of Finance)

The South African Revenue Service (SARS) is tax-collecting authority in South Africa. It was established in terms of the South African Revenue Service Act 34 of 1997 as an autonomous agency that is responsible for administering the South African tax system and customs service. SARS is recognised worldwide for its innovative practices and ways of thinking about revenue services².

Its key areas of responsibilities are as follows:

- Collects and administers all national taxes, duties and levies.
- Collects revenue that may be imposed under any other legislation as agreed on between SARS and a state entity entitled to the revenue.
- Provides a customs service that facilitates trade, maximises revenue collection and protects our borders from illegal importation and exportation of goods.
- Advises the Minister of Finance on all revenue matters.

It needs to be emphasised that SARS is not a conventional state department but an autonomous agency, which, according to the researchers, marked the beginning of its entrepreneurial surge. Since its inception in 1997, SARS (previously branded as the Receiver of Revenue) has gone through a transformation and a modernisation period to where it is today. Revenue records have continued to rise; in 2015/2016, tax revenue reached over one trillion rand.

Since 2013, SARS has made what may be considered a monumental innovative shift to “promote compliance”. Promoting compliance is considered a softer approach to realising the collection of revenue. Financial citizenship, as referred to in interviews, meant that would-be taxpayers could understand their own roles in nation building early in life. Practically, as part of fulfilling its new mandate, it was reported that SARS achieved this by engaging other stakeholders such as government departments, introducing SARS practices to them and transferring skills.

1 This section is largely informed by the 2013/14–2017/18 and 2014/15–2018/19 Strategic Plans of the South African Revenue Service.

2 In the 2015 Paying Taxes study, conducted by the World Bank and PwC, South Africa is ranked 19 out of 189 economies.

The four core outcomes of SARS are the following:

- increased customs compliance
- increased tax compliance
- increased ease and fairness in doing business with SARS
- increased cost effectiveness, internal efficiency and institutional respectability

SARS's philosophy on taxpayer and trader compliance

At the opening ceremony of SARS on 1 April 1996, the outgoing minister of finance, Chris Liebenberg, noted that “now for the first time, we have the political backing to go into revenue collection using business principles”.

Since its inception, it has been clear that SARS aims to act very differently from other government departments; innovation and pro-activeness were to be of paramount importance to the organisation. According to SARS, compliance refers to the degree to which taxpayers and traders meet their obligations in terms of the legislation administered by SARS. This means inculcating a behavioural norm according to which compliance to legislation is popularly perceived as a positive social value. Compliance must manifest along the entire value chain, including “on-time registration”, “on-time filing”, “full and honest disclosure” and “on-time payment”. In turn, taxpayers and traders who comply can look forward to speedy service, quick turnaround times (TAT), quick payment of refunds legitimately due, and ease of trade.

This is achieved primarily through educating taxpayers and traders, providing a streamlined, efficient and friendly service, and fully enforcing the law against non-compliant taxpayers and traders (SARS Strategic Plan 2013/14–2017/18, 22).

SARS's strategic journey

As noted in the 2013/14–2017/18 Strategic Plan, the organisation went through a number of specific phases, namely, amalgamation from 1997 to 2000; *siyakha* (“we are building”) from 2000 to 2006; modernisation from 2007 to 2014; cumulative gains and improvements (cost and productivity). The question is what is next in SARS's strategic journey.

In the independent depth interviews, it was indicated that the SARS modernisation programme was approaching its completion. However, it will continue to be the driving force behind the SARS strategy, at least for the next two years (2014–2016). Modernisation of SARS's systems and processes has provided SARS with a platform and the capacity to extend its reach to a much wider tax base, thereby furnishing it with the capacity to broaden and grow compliance across the entire citizenry.

In the course of this strategic planning cycle (beyond modernisation), SARS will seek to ensure that the reality of fiscal citizenship is gradually realised through exploring the following initiatives (SARS Strategic Plans 2013/14–2017/18, 28):

- Improve access and availability of SARS's services to the entire citizenry wherever they might be.
- Improve contact by minimising the distance between SARS and the recipients of SARS's services.
- Implement the "right-from-the-start" concepts by ensuring that communication with taxpayers and traders and potential taxpayers and traders takes place through socially acceptable means.
- Continue to implement the principles of a cooperative compliance approach to reduce compliance costs and increase certainty about tax and customs obligations for large businesses.
- Ensure that all SARS employees continue to perform at their peak and build the required skills.
- Simplify and improve requirements, processes and systems used to service the small business segment in order to reduce the compliance burden and costs to a point where these are no longer factors inhibiting their compliance and growth.

Findings: entrepreneurial activities at SARS

The references to the SARS Strategic Plans, highlighted in table 3, list some of the most pertinent items considered core outcomes as noted in the framework by Morris et al. (2009). These outcomes were also confirmed during the IDIs. The references are thus in line with those expectations that would be considered for the beginning phase or for "setting the scene" for entrepreneurial activity and the entrepreneurial strategy development in the organisation.

Under each of the six outcomes, it can confidently be argued and illustrated that SARS has put entrepreneurial activities in place. In many of the outcomes, numerous activities are not limited in their scope.

Table 3: SARS's entrepreneurial activities aligned with six CE outcomes³

NEW CORPORATE STRATEGIES		
Strategic renewal	Strategic Plans - 2013/14–2017/18 SARS's overarching strategic shifts to achieve the four core outcomes (noted above) As part of SARS's rolling five-year Strategic Plans, the organisation adopted eight cross-cutting fundamental shifts to the manner in which it will go about carrying out its business and thus pursue its four core outcomes. These strategic shifts will inform the work of every detailed strategy, programme and initiative carried out in the organisation.	
	SHIFTING THEMES	
	FROM	TO
	1 Targeting eligible taxpayers	Building fiscal citizenship among all South Africans to contribute to nation building and institutional sustainability
	2 Gate keeper	Risk management approach
	3 Entity and product approach	Integrated economic view (multi-product and transactional value chain)
	4 Uniform service offering	Differentiated service offering (based on compliance behaviour and segment)
	5 Manual	Automated/digital/self-service
	6 Isolated departmental view of SARS efficiency	Whole of government perspective with enhancement of value chain activities before and after they enter the SARS domain in order to build a chain of institutional respectability in the pursuit of service delivery excellence for SARS and its other government partners
	7 High administrative burden due to multiple registrations, multiple channels and manual forms	Reduced administrative burden through, for example, single registration, integrated channels and dynamic/electronic forms
	8 People performing below potential due to non-standardised internal processes, no value alignment and low skill/low value-add	People performing at their peak through, for example, value alignment and high skill/high value-add

³ This section is informed by the 2013/14–2017/18 Strategic Plans of the South African Revenue Service and the in-depth interviews conducted with key informants at SARS. The framework is adapted from Morris et al. (2009, 430).

Domain redefinition	<p>Potential widening of SARS's mandate as part of government's efforts to improve service delivery</p> <p>The SARS mandate may potentially be widened to cater for the following:</p> <ul style="list-style-type: none"> • Government aims to balance trade facilitation to enable economic growth with improved border security to combat the illicit movement of goods and people. To achieve effective border security, a border management agency (BMA) model has been proposed to ensure greater operational synergies among the different processes at the border and provide clear delineations of responsibility and accountability for all the required aspects of border management. According to this model, the aspects of SARS's mandate pertaining to the protection of South African borders will be impacted • The National Health Insurance (NHI) scheme initiated by government aims to ensure that all citizens have access to primary health care through a state-funded health insurance scheme. SARS will need to cater for any additional taxes that may need to be collected to fund this scheme. Furthermore, SARS may be required to administer the payment of claims, through leveraging the risk management principles, platforms and systems it has developed for the tax and customs environment. This would mean a significant shift in SARS's mandate and will require a rethink of how it does business • In addition, as part of SARS's strategy to pursue a "whole of government approach", SARS has been involved in collaboration efforts with other government departments [e.g. the Department of Home Affairs – (DHA) and The Companies Intellectual Property Commission – (CIPC)]. SARS is looking to leverage citizen and company data held by these two government departments to simplify citizens and companies' interaction with government.
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Organisational rejuvenation	<p>Modernisation: 2007–2014</p> <p>SARS's broad objectives were to sustain the momentum of the previous phases and build further capacity by improving and introducing new systems capability (by automating where possible) and introducing new and smarter ways of doing business, thereby improving the taxpayer and trader experience of SARS as well as easing the burden of complying with SARS's requirements.</p> <p>Key priority areas of the Modernisation Programme were as follows:</p> <ul style="list-style-type: none"> • Acquire the relevant human resources skills to deal with high-revenue-generating taxpayers and traders requiring specialised skills to improve tax and customs compliance. • Reduce human effort in processing medium-revenue-generating taxpayers and traders to increase ease and fairness of doing business with SARS and to become more cost effective and internally efficient. • Effectively deploy human resources to broaden engagement with low-revenue-generation taxpayers and traders to improve tax and customs compliance. Modernisation enables the automation of routine low-value-adding activities and frees up resources to focus on more complex, higher-yielding work and to provide improved customer service. <p>Cumulative gains and improvements (cost and productivity)</p> <p>In each phase of the SARS strategic journey, the main objective of each transformation phase has been to create a highly effective and efficient organisation that is able to meet and provide in the needs of taxpayers and traders in the most cost-effective and efficient manner. The tremendous growth in processing volumes between 2005 and 2012 has been achieved with a reasonably constant workforce (14 500 in 2005 compared to 14 990 in 2012). This has enabled SARS to meet the growing volumes of work associated with tax and trader registers without a significant increase in overall costs. This is evidenced by the fact that SARS's cost of revenue collection has remained in a range of between 1.1 per cent and 1.2 per cent, even after taking into account the considerable investment in the Modernisation Programme.</p>
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NEW VENTURES	
Internal	<p>Interfront SOC Ltd (www.interfront.co.za)</p> <p>Interfront was incorporated as a wholly owned subsidiary of SARS to serve as the most efficient and effective approach to building and supporting the new SARS customs information technology (IT) solution. It is an integral part of the SARS strategy and accountability processes. The use of a separate entity allows Interfront to continue to service and to seek other customers. This serves to promote customs harmonisation, compliance and security amongst South Africa's neighbours; to leverage the cost efficiency of having other users; to stay abreast of international developments; and to generate a return on its investment in the intellectual property. Interfront is currently installing the Interfront customs and border solution (ICBS) at SARS, which will be its second reference site</p>
Joint corporate ventures	<ul style="list-style-type: none"> • Joint IT projects with other sectors of government such as the Home Affairs People Movement System • Bring all informal businesses, including immigrant businesses, into the formal sphere in collaboration with the Department of Home Affairs, Municipalities and CIPC, by means of a simplified registration process and a single business registration platform. • Increase collaboration with other government departments, including Home Affairs, Social Security Services and the Company Intellectual Property Commission.
External	<ul style="list-style-type: none"> • Establishment of a one-stop border post (OSBP) with Mozambique <p>The government of South Africa and Mozambique signed an agreement to implement a combined one-stop border post between the two countries at Lebombo and Ressano-Garcia, with the objective of expediting passenger and goods traffic between the two countries.</p>

NEW BUSINESS MODELS		
	FROM	TO
	Gate keeper	Risk management approach
	Uniform service offering	Differentiated service offering (based on compliance behaviour and segment)
	Manual	Automated/digital/self-service
	Isolated departmental view of SARS efficiency	Whole of government view with enhancement of value-chain activities before and after they enter the SARS domain in order to build a chain of institutional respectability in the pursuit of service delivery excellence for SARS and its other government partners
NEW MARKETS		
Existing	SARS compliance programme This programme is entering its second year of operation. The said programme is a set of compliance-improvement strategies that aim to increase the compliance of target taxpayer groups, processes and tax products in a systematic manner over a multi-year period. It carefully balances the need to achieve revenue targets (which would encourage targeting of high-revenue-generating taxpayer groups) with the principle of equity (which means that even the smallest taxpayer is treated fairly and appropriately). A compliance culture cannot be built by focusing on a select few, as this will erode the trust placed in the revenue authority by the country's citizens and will inhibit fiscal citizenship. The following seven priority areas will continue to be the focus of the programme over the next five years: large business and transfer pricing; high net worth individuals and their associated trusts; small businesses and cost of compliance; tax practitioners and trade intermediaries; illicit cigarettes; the construction industry; and the clothing and textiles industry.	
Entry into new markets	Entry into other government departments and entities Examples are the Department of Home Affairs, Social Security Services, and the Company Intellectual Property Commission.	

Creating new markets	<p>Interfront SOC Ltd is simultaneously maturing and seeking entry into new markets. Whilst its performance measures are largely factored into the customs modernisation and other deliverables, those distinct to the entity relate to its success in expanding its offering and market.</p> <p>Strategic priorities for Interfront over the next five years are on-going:</p> <ul style="list-style-type: none"> • Engaging in the design and development of a customs and border management solution for SARS • Potentially expanding Interfront's African and global footprint • Improving Interfront's business model and governance
NEW PRODUCTS SERVICES	
	<p>SARS seeks to further government's aim of growing the economy and creating employment through trade facilitation and combating illicit trade activities. SARS believes that trade is facilitated by reducing compliance barriers to process the movement of goods in a far more efficient manner than before, while preventing the movement of illegal goods.</p> <p>SARS also aims to improve the information flow relating to trade in order to affect turnaround times positively and assist in managing inspections better by more timely and accurate identification of compliance risks. This will also be done by using SARS's tax information base more effectively, to validate information and to reduce the requirements for traders.</p> <ul style="list-style-type: none"> • SARS will offer a differentiated service offering in the customs environment by rolling out a preferred trader programme. • SARS will automate and digitise the customs environment in order to improve efficiencies and turnaround times. • SARS will strengthen external relationships in the customs environment. • SARS will adopt a whole of government view in managing the customs environment. • SARS will minimise the administrative burden in customs for travellers by implementing a new passenger processing system. • SARS will strengthen its risk management capabilities in customs. • SARS will continue strengthening international agreements and links with other jurisdictions.

NEW INTERNAL PROCESSES	
	<p>Service enhancements</p> <ul style="list-style-type: none"> • Growth in electronic interaction: Across the board, there has been a significant increase in the use of electronic channels for filing income tax returns. Electronic processing of personal income tax (PIT), corporate income tax (CIT), VAT, pay-as-you-earn (PAYE) and provisional tax increased by more than 85 per cent over the past five years of modernisation. The increase in electronic processing has enabled dramatic improvements in turnaround times, customer service and convenience. • Major improvements in processing turnaround times: Processing of PIT returns was reduced from an average of approximately 55 working days in 2006 to an average of just 1.8 working days in 2011, with 96 per cent of returns processed within 24 hours, compared to less than 2.6 per cent processed in 24 hours in 2006/7. Real-time tax assessments were introduced in 2012. <p>Improved access</p> <p>During the past four years, considerable progress has been made in making SARS easily accessible to taxpayers and traders:</p> <ul style="list-style-type: none"> • Over 80 per cent of interactions with taxpayers and traders result in a resolution • The number of calls answered by the SARS Contact Centre increased from 3.8 million in 2006/7 to 5 million in 2010/11. • Mobile applications (for smartphones and tablets) were introduced to enable broader reach. • Help-u-eFile was introduced, according to which a call centre agent guides taxpayers remotely.

DISCUSSION OF FINDINGS

At SARS, strategy development and procedures are initiated and developed at the highest level of management as well as the executive level and formalised for a “whole” (and segmented) organisational activity. This means that entrepreneurial strategy development at SARS occurs at upper management levels only, supporting a top-down approach. Once strategies have been developed, employees implement them.

As one key informant noted during the IDIs, although enablers are in place for idea generation from staff and new and different ways of operating (improvements) are welcomed for the most part, plans are already in place and orders and administrative duties are followed by the majority of employees. Systematic ways of operating are important for the efficiency of the organisation, and therefore, the day-to-day activities must follow standard operating procedures. However, it does not seem that a systematic approach is followed that invites and welcomes innovative approaches from the floor, even though incentives (such as prize giving) are recognised.

From interviews with SARS officials, a number of key themes have emerged that are consistent with what is noted in literature. For instance, innovative practices and proactive measures and behaviours were found, although they were not articulated in business management terminology.

When asked if entrepreneurship was part of strategy development, one interviewee stated that the term itself was not used, but modernisation was, which would include innovative and proactive practices that were deemed important and would therefore be recorded in the Strategic Plans and analysis framework.

Together with the analysis of the SARS Strategic Plans and key informant interviews, three core themes were revealed in the study under the following headings: “Reactive and proactive”, “Human resource management (processes, individuals and teams)” and “Customer orientation and organisational culture”.

REACTIVE TO PROACTIVE

During the previous dispensation (pre-1994 and South Africa’s first democratic elections), revenue services operated across multiple government departments and they were article based. The change in the external political, economic and social environment in South Africa brought about a need for an overhaul of revenue services. Especially important was to move away from a “regular government position”. As noted by Gill Marcus previously, “at the time, it was a very tough decision, and the argument that we put forward was: unless you fix revenue you cannot run your government. So, we said that SARS should be politically accountable, but administratively autonomous”

HUMAN RESOURCE MANAGEMENT – PROCESSES, INDIVIDUALS AND TEAMS

At the outset, the organisation was aware of the need to recruit and retain a skilled workforce. This was possible because SARS was not restricted as a government entity and therefore had a certain degree of autonomy (administrative), especially in competing with the private sector regarding remuneration practices. This was a fundamental beginning, if the organisation were to act differently from other government departments or entities.

Part of the Strategic Plans – initially at least – was to train personnel some steps ahead in what their jobs entailed. This thinking was informed by the need to become more customer focused and move away from an article-based system; thus, a new workforce and organisational strategies had to be set in place to enable an automated and digitised system of dealing with huge amounts of data.

Central to the development of systems and restructuring are the process engineers. Processes required tailoring and were specific to SARS because they would organise large amounts of private information. SARS noted that over many years, it had invested

in building up a large complement of process engineers who are part of the permanent workforce.

The organisation's projected human resources from 2014 to 2017 reveal a decrease in numbers of employees by 1.87 per cent. The strategy is to replace the required capabilities with skills from the SARS skills pipeline programme.

PROCESSES, INDIVIDUALS AND TEAMS

Process focus: The organisation underwent a fundamental shift (around 2003) from a silo-based product approach to a functional and process driven view. Taxpayer service centres, supported by call centres and processing centres, now enable frontline staff to focus on meeting the needs of all taxpayers.

SARS built up its own professional process-engineer complement. Process engineers devise process designs and they were referred to as "probably the biggest capacity in South Africa". This human resource strategy was developed in order to align SARS with banks concerning the latter's problem-solving approaches.

The SARS Modernisation Programme facilitated the migration of the majority of taxpayers to electronic payment platforms. This reduced the risk associated with cash collections at branch offices and significantly improved turnaround times. Payment methods other than branch payments are filing and payments at banks.

Efficiency, through the digitalised system, has been realised in the increased uptake of e-filing. This system now accounts for 72.5 per cent of returns while the value of payments at branch offices has reduced from a high of 17.2 per cent in 2009/10 to merely 0.4 per cent in 2013/14. The change in preferred payment channels speaks to an efficient and trusted system and a greatly reduced need for branch activity.

Executives

Furthermore, as part of the continued quest for productivity, efficiency and effectiveness in creating a sustainable institution, able to deliver on its objectives, SARS has, for a number of years, focused on the growth and development of its leadership. This collective process resulted in the development of the SARS Strategic Plan and significantly contributed to the thinking behind the proposed review of the operating model and governance structures.

CUSTOMER ORIENTATION AND ORGANISATIONAL CULTURE

As outlined in the Strategic Plan, SARS puts the customer at the centre of its planning. In order to improve compliance, improved service needs to be offered. For example, a move was initiated to present the service outlets (SARS offices) more similar to banks

than to government offices, as exemplified in the numbering system (queuing system) at branches, and to improve the overall ambiance of the offices.

The philosophy of meeting customers where they are and providing them with the best service in a proactive manner speaks to the overarching philosophy of compliance and the new way that SARS chooses to view taxpayers and the larger system it operates.

DISCUSSION OF PROPOSITIONS

Table 4: Entrepreneurship relevance, evidence and explanation

Proposition	Accept/Reject	Entrepreneurship relevance	Evidence and explanation
P ¹	Reject	New corporate strategies	<u>Strategic renewal</u> – overarching strategic shifts <u>Domain redefinition</u> – potential widening of SARS's mandate <u>Organisational rejuvenation</u> – modernisation 2007–2014
P ²	Reject	New products or services	<u>New lines and improvements</u> - e-filing system, process engineering (streamlining of systems and risk management)
P ³	Reject	New ventures	<u>Internal</u> – Interfront SOC Ltd <u>Joint corporate ventures</u> - joint IT projects with other government departments (Department of Home Affairs) <u>External</u> – one-stop border post with Mozambique
P ⁴	Reject	New business models	<u>New value propositions and new revenue models</u> – Strategic Plans
P ⁵	Reject	New markets	<u>Extension of existing markets</u> – market segmentation (compliance) <u>Entry into new markets</u> – government departments <u>Creating new markets</u> (Interfront – www.interfront.co.za) – potentially expanding its African and global footprint
P ⁶	Reject	New internal processes	<u>Customer support</u> – customer focus (e-filing, hotline, ease of payments online, etc) <u>Administrative systems</u> – improved access (mobile applications)

Table 4 demonstrates that entrepreneurship can be applied in a public sector context. As the analysis framework applied indicates, SARS's leadership recognises that

entrepreneurship is fundamental to its current status and continued growth. In line with the requirements, as mentioned earlier in the reference to Morris et al. (2009), each of the six outcomes is active at SARS, thus providing the platform for corporate entrepreneurship in this public sector organisation.

Although not explicitly spoken of at SARS nor described in interviews per se, it can be said confidently that entrepreneurial thinking and action are at play. Insightful strategic thinking about innovative practices (for example, Interfront and collaborative work with other government departments) and proactive policies and practices (for instance, human resource policies, and fiscal citizenship) underscore CE in the public sector.

Examining risk more broadly, we find certain elements in the organisation (for instance, managing a system of tax returns and being unable to review each submission) not comparable to the private sector in this respect. However, underperformance of the organisation and implementing strategies or innovations, should they fail, would position the organisation less favourably and could reduce confidence in said organisation, which in turn, could affect compliance. The other possible knock-on effects on the state are self-evident.

Wealth creation is a strong aspect of CE in the private sector; however, when we speak of public enterprises, this is usually not the case. As SARS occupies the unique position of “creating wealth”, albeit for public benefit, it adds another dynamic overlay with private sector entrepreneurship, corporate entrepreneurship and social entrepreneurship⁴.

The four elements that constitute a CE strategy, according to Ireland et al. (2009, 25), namely entrepreneurial strategic vision, pro-entrepreneurship organisational architecture, entrepreneurial process and behaviour as exhibited across the organisational hierarchy, are all found at SARS. While the research findings supporting this latter point may be or may not be that strongly substantiated beyond those who develop strategy, the process engineers certainly contribute to the six outcomes. Thus, there are signs of entrepreneurial processes and behaviours across the organisational hierarchy.

The SARS Strategic Plan and in particular, the point of “continually” changing and not merely “finishing” once the modernisation phase has been complete, speak to the vision aspect noted by Ireland et al. (2009). In fact, if we recite the vision of the organisation, innovation, as intentional, is at the forefront (Morris and Jones 1999). The vision of SARS is “to become an innovative revenue and customs agency that enhances economic growth and social development, and supports our integration into the global economy in a way that benefits all South Africans”⁵.

An organisation with an entrepreneurial orientation is innovative, proactive and risk-taking, as noted earlier. These dimensions emerge repeatedly in this study, especially the

4 For instance, tax revenue collected amounted to R900 billion (2014) and grew by R86.2 billion (10.6%) compared with the previous year.

5 SARS Strategic Plans 2013/14–2017/18

elements of innovation and proactivity. These two elements appear jointly, and the one should inform the other. Examples of these are, *inter alia*, the e-filing system, customer orientation and the creation of new markets, working with government departments (DHA), employee training and development.

SARS's proactivity is perhaps a product of the organisation's historical circumstance; however, it may also be part of the demands for social development. Thus, it appears that SARS staff are well aware of the value and necessity of being proactive (being a motivator), as their innovative practices have assisted them in widening the tax base and growing revenue and in turn, being able to provide those funds necessary for development.

It is informative then to revisit Schumpeter (1950) who states that "the entrepreneurial alertness takes place in the mind of the politician and the consequences can be compared with those of a technological innovation, namely to reform or revolutionize the pattern of production by exploiting an invention". Furthermore, it is insightful to refer to Roberts's classification of public entrepreneurs. He notes in particular, "executive entrepreneurs hold leadership positions without having been elected" (Roberts 1992, 62–63). Thus, at SARS, a combination of political and executive entrepreneurs are actually the embodiments of the individual and the team interacting to produce the six outcomes.

In addition – and it is a point that reinforces the arguments central to this study – entrepreneurship holds "pretty much the same principles" (Drucker 2007, 131), regardless of the setting. As Morris et al. (2008, 103) succinctly argue, "organizations can be characterized, then, in terms of their entrepreneurial orientation or intensity, which is a reflection both of how many entrepreneurial things they are doing, and how innovative, risky, and proactive those things tend to be. The basic steps in this process identified [in the private sector] should be no different in a non-profit or public sector context."

CONCLUSION

Utilising a "private sector" framework of analysis and lens, through which to view a public sector organisation in South Africa, this article has identified entrepreneurial and innovative activities as well as entrepreneurial strategy development and entrepreneurial orientation in the organisation investigated. An examination of corporate entrepreneurship and the elements that underscore this construct from an "established organisation" perspective reinforces the argument that entrepreneurship can occur in any setting. This idea has been found to be true in this research.

This article has also demonstrated that corporate entrepreneurship in a public organisation should not be limited or compared to CE in the private sector, as has often mistakenly been the case. In fact, we have seen that it may be more useful to include social entrepreneurship insights in corporate entrepreneurship and explore how

an established organisation can serve the public, to which it is accountable, in a more efficient and innovative way.

It is clear that these innovative practices can be found in many public concerns, as business processes, structures, models and systems that are in place can be changed by improving their entrepreneurial intensity (EI) to become more proactive, innovative and risk oriented. Furthermore, an increased EI may also result in new service products being offered to customers/clients to improve the quality of service delivery, as SARS has done. It is also proven that human resources management practices are also more entrepreneurial, resulting in innovative ideas that are implemented.

Finally, while SARS is undoubtedly unique to the public sector landscape in South Africa, it has also contributed to this uniqueness by creating a method of operating in line with corporate entrepreneurship practices.

RECOMMENDATIONS

It is clear that all stakeholders in the public sector can take note of a number of the findings of this article to become more entrepreneurial. Interventions aimed at structures, processes, systems, strategies and organisational cultures as well as human resources management practices are all opportunities that can increase the entrepreneurial intensity of these entities. Local, provincial and national governments need to apply these principles to enhance more creative service delivery to their clients. The business model of a local government is a classic example of corporate entrepreneurship that can be institutionalised effectively. In South Africa, procurement of two major product lines (water and electricity) is in bulk and the product is redistributed to clients, meaning that the local government takes on the role of a retailer to their customers/clients. They need to take note that an entrepreneurial orientation, as proven in these results, will not only foster innovation, but also enhance the quality of the services they offer. This applies to state agencies and government-owned enterprises (SOEs) that need to increase their level of entrepreneurial intensity to satisfy their clients' needs in order to become more effective, efficient and economical eventually.

It is therefore top management's responsibility to instil and facilitate changes towards entrepreneurship in the public sector. Top management must also take note that new corporate strategies, new products or services, new ventures, new business models, new internal processes and new markets – methods practised by SARS as this research has proven – require entrepreneurial leadership and an entrepreneurial human resources management process that can facilitate such innovative, proactive and risk-oriented behaviour.

Although it has been highlighted that this is an exploratory study, a single method of research was utilised. One reason for this was that no other information (quantitative data) was available to the researcher at the time of data collection. At the same time, the intention of the research project was not to verify by means of triangulation

methods (Denzin 1978) what key informants relayed, but rather to understand the key informants' perceptions of certain phenomenon, that is, entrepreneurial activities in their organisation. The author agrees with this early classic work by (Denzin 1978), and future research can use such a design very effectively.

Thus, the research was not seeking to examine if a strategy was being implemented, but whether the strategy was developed according to the research questions above. As SARS is unique in the South African public sector landscape because it is a revenue authority and an agency, it places this entity in a different category from other government departments, as does its position of administrative autonomy. It is recommended that policy and strategic decisions in the public sector be informed by these findings. Although very little empirical evidence on corporate entrepreneurship in the public sector is available in South Africa, the article contributes to the body of knowledge regarding CE in the public sector in a very significant way. The theoretical framework by Morris et al. (2009, 430) has never been applied to the public management domain. The configuration of SARS means that it may be difficult to draw generalisations from the findings. A further recommendation on corporate entrepreneurship in the public sector, given the little research that has been conducted in South Africa, is to embark on an empirical research project with a longitudinal research design, with the aim of determining the state of corporate entrepreneurship skills of staff members of state entities. If any skills gaps are found, the outcomes of different development interventions may result in very interesting findings, possibly related to structures, processes, systems, strategies and organisational culture as well as human resources management practices that can serve as a fertile ground for further research.

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