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“Tax Reform: An Administrative Approach”

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1 – INTRODUCTION

Tax reform is a subject that has definitively been transformed into a priority on the agenda of the Brazilian National Congress. There are so many appeals of the society in the sense of tax simplification, that the parliamentarians finally see themselves compelled to reflect on the subject. There are many pending proposals and others are still coming. Such proposals, however, limit the discussion on the structural aspects of the tax system: the definition of taxes, the competence to institute them and to manage them, the partition of revenues, and the division of responsibilities at the different levels of the Federation. The economical and judicial approaches are usually evidenced in these discussions. An administrative perspective, however, must be added to the debate. A tax reform will not advance if it ignores the institutional framework that is between the State (tax collector) vis-à-vis the citizen (taxpayer).

Tax administration in Brazil is facing a growing credibility crisis. At first, the justification for that crisis could be attributed to the internal problems of the organizations that administer the tax system. However, this hypothesis seems insufficient when we came across the fact that the crisis is generalized. It occurs in the tax administrations at the different levels of the Federation. Therefore, the causes of this crisis are not only internal to these organizations. It must also be caused externally, by the State (tax collector), and by the citizen (taxpayer).

Even within this context, the internal problems of these organizations are the major cause of this crisis. Therefore, this paper discusses the organizational problems of the most important Brazilian tax administration institution: the Secretaria da Receita Federal. The current problems are investigated and solutions are proposed. Afterwards, in order to improve the discussion, other papers are suggested concerning the same analysis for the tax administration institutions at all other levels of the Federation.

It is stimulating to bring this administrative approach for the discussions involving the process of tax reform. Brazilian society got used to hearing that this reform is important because the tax system is inefficient. However, there is another component. The sore spots of the institutional apparatus that put the citizen (taxpayer) in contact with the system imposed by the State (tax collector) should also be taken into account.

2 – METHODOLOGY

In the paper, the investigation of the organizational problems of the Receita Federal is led through a methodology that uses concepts introduced by a theoretical model denominated organization design. In this model, the definition of a variable of any of the organizational dimensions is a process that requests a systematic investigation integrated with all the other interdependent dimensions. In this sense, an integrated design of the variables of the different organizational dimensions is considered.

The organizational design is a theoretical concept that provides an integrated view of the different focuses that occupied the administrative theory in the course of the century. Presented by Galbraith (1977), the model contemplates in the organizational variables these several currents of the administrative thought. Such variables are contained in five organizational dimensions. Table 1 shows a correlation between some of the theoretical approaches and the organizational dimensions considered in the model.

The model has three fundamental propositions:

- a. the principal organizational variables are intimately interdependent;
- b. to obtain the performance level expected it is indispensable that the design of the several organizational variables be coherent and compatible;

- c. in the design of the organizational variables, the choices should be adapted to the nature of the task (activity) of the organization.

Table 1 - Correlation: theoretical approaches and the organizational dimensions

THEORETICAL APPROACH	ORGANIZATIONAL DIMENSION
Classical	Structure
Traditional (Human Relations) and Modern (Organizational Development) Humanism	People Reward Systems
Behaviorism and New Management	Information and Decision-Making Process
Systemic and Contingential	Task (its nature determines the behavior of the variables of the other dimensions)

In this last proposition, the contingential perspective of the model is implicit. When the nature of the tasks and the environmental relationships are certain, the design should drive the organization toward a more classic-bureaucratic-mechanical posture, while when they are uncertain there should be a humanistic-behavioristic-organic posture. The uncertainty is the difference between the necessary information to perform the task and that information available to the organization before its beginning.

The ideal design should represent an intermediate position in a *continuum* wherein the extremities are two antagonistic hypotheses: the mechanical or organic design, since no tasks are totally certain or completely uncertain. To reach this ideal design, the model proposes the need of some differentiation degree in a same organization, in some segments considering more mechanical while in other more organic aspects. Even adopting one or the other posture, some additional adjustment should be considered: the dimension of the organization, its development degree and the level of the segment under attention.

To achieve the expected organizational performance level, the model proposes:

- a. the elaboration of a diagnosis of the situation (nature of the tasks and environmental relationships);

- b. the elaboration of a diagnosis of the organizational design adopted, in its different dimensions and respective variables, detecting its predominant conception: mechanical or organic;
- c. the confirmation or reconception of the organizational design, in the whole or partly, considering an adaptation to the diagnosed situations.

Therefore, the paper:

- a. elaborates a diagnosis of the nature of the task carried out by the Receita Federal and its relationships with its environment;
- b. elaborates a diagnosis of the organizational design now adopted by the Receita Federal, in its different dimensions and respective variables, detecting its predominant conception: mechanical or organic;
- c. reconceives, in part, the organizational design of the Receita Federal, considering the diagnosed and identified situations.

Because of the great amount of organizational variables that can be considered, this study is limited to the following ones, by organizational dimension:

- a. Task: diversity, uncertainty level, and environmental relationships;
- b. Structure: departmentalization, centralization and delegation, norms and procedures, and conflict resolution;
- c. Information and Decision-Making Process: planning, control, coordination, relationships between the units, and computerized systems;
- d. People and Reward Systems: positions, recruitment and selection, allocation of the human resources, training and development, motivation, and leadership styles.

3 – DIAGNOSIS OF THE TASK

To diagnose the nature of the task carried out by the Receita Federal, the diversity of the task should be first considered. Actually, there is not one, but countless tasks that compete for the accomplishment of the organizational common objectives. There is logic in the design of these tasks. Usually, they are subdivided in a such way that when executed in coordination they can assure the effective accomplishment of those objectives. The efficient use of the available resources should be also assured.

Quite generally, a systemic subdivision of the task in the organization can be identified. They appear in six major functions: audit; collection; customs; programming and logistics; taxation and judgment; and technology and information systems. Such functions are spread through the organizational units and each one deals with a specific aspect of the organizational action:

Audit – exercises the audit procedures of the federal taxes, except the customs tax;

Collection – controls the activities related to the federal revenue collection;

Customs – exercises the customs control over the external trade activities;

Programming and Logistics – takes care of the administrative aspects in the organization;

Taxation and Judgment – takes care of the fiscal benefits and special regime concessions and of the judgement in first instance of fiscal administrative procedures;

Technology and Information Systems – is responsible for the computerized systems in the organization.

There are other generic tasks that are directly carried out by the central and regional units of the organization. The major tasks are: economical-fiscal studies;

ethical issues; national and international relations; special programs; tax studies; and tax collection-taxpayer integration.

The uncertainty level of the task as a whole can be considered variable. There are tasks that have a high level of certainty while there are tasks where there is absolutely no certainty in the way how to proceed. For example, the taxation and judgment procedures are generally well defined in the norms and there is no doubt about the rules to be followed. On the other hand, the audit and customs procedures are so dynamic that one can expect a large variety of situations where a specific norm cannot be found. The audit official can wait and postpone his decisions, but the customs official cannot. Most of the times, the customs decisions must be taken without further consultation. There is no time to wait.

Environmental relationships are also very variable. In general, the taxpayer does not desire the audit procedures and tries to make them difficult in order to avoid the payment of the taxes. On the other hand, in some cases involving customs procedures, the importer is interested in the conclusion of the procedure because he knows he cannot possess his goods without it.

To summarize, the nature of the task carried out by the Receita Federal suggests an organization where there are a large variety of systemic functions in which the task is subdivided. In addition, a variable level of certainty and of environmental relationships is identified in those different situations in which the task is carried out.

4 – DIAGNOSIS OF THE CURRENT ORGANIZATIONAL DESIGN

Having concluded the task dimension, the organizational design teaches that a diagnosis of the current situation for the other dimensions of the model should be

elaborated. In this sense, the structure dimension will be initially considered where the classical foundations of the administrative theory will serve as reference. Later, the information and decision-making process dimension will be considered starting with the reflections from the behaviorism and new management theories. Finally, the people and systems of rewards dimensions will be considered together where the human relations and the organizational development foundations will prevail.

4.1 – Structure

The structure, one of the dimensions considered by the model, can include several organizational variables. In fact, the contribution from the classical authors in the administrative theory is quite wide and definitive. There were many themes treated by the three movements¹ that served as the base for the classical approach. Nevertheless, this diagnosis will be limited to the variables: departmentalization, centralization and delegation, norms and procedures, and conflict resolution.

4.1.1 – Departmentalization

The Receita Federal has defined its formal organization through an internal regiment (BRAZIL, 1998). In this document the department units and its several attributions are determined. From this document, it can be concluded that the functional and the geographical location are the departmentalization types adopted in the organization.

The functional type divides the organization in the following systems: audit, collection, customs, programming and logistics, taxation and judgment, and technology and information systems. These systems are reproduced in the top of the hierarchical structure through the central units of the organization represented by the respective coordinations. The projections of these systems in the regional and local units

¹ The Taylor's School of the Scientific Administration, the Fayol's Classic Theory and the Weber's Bureaucracy Theory.

appear in form of divisions, services, and sections. There are other coordinations related to the more generic functions in the central units that are reproduced only in the regional units.

The geographical location type divides the organization in ten fiscal areas joining the states of the Federation by criteria of geographical proximity and detaching the states of larger economical importance. Hierarchically, each fiscal area is commanded by a superintendent that is located in the city of larger importance of the area. The following shows the distribution of the fiscal areas and their headquarters:

- 1st - Federal District, Goiás, Mato Grosso, Mato Grosso do Sul, and Tocantins – Headquarter: Brasília;
- 2nd - Pará, Acre, Amazonas, Rondônia, Roraima, and Amapá – Headquarter: Belém;
- 3rd - Ceará, Maranhão, and Piauí – Headquarter: Fortaleza;
- 4th - Pernambuco, Alagoas, Paraíba, and Rio Grande do Norte – Headquarter: Recife;
- 5th - Bahia and Sergipe – Headquarter: Salvador;
- 6th - Minas Gerais – Headquarter: Belo Horizonte;
- 7th - Rio de Janeiro and Espírito Santo – Headquarter: Rio de Janeiro;
- 8th - São Paulo – Headquarter: São Paulo;
- 9th - Paraná and Santa Catarina – Headquarter: Curitiba;
- 10th - Rio Grande do Sul – Headquarter: Porto Alegre.

These fiscal areas represent the units at the regional level. In addition to them there are some independent regional units in which the judgment of the fiscal administrative procedures take place.

At an inferior hierarchical level there are the local units. Each of these units has jurisdiction over a partial area of the national territory that may be a group or

fraction of municipal districts or neighborhoods or still the primary zone under control of customs at the ports, airports or borders.

Such departmentalization criteria seem to be quite appropriate for the objectives of the organization. However, when the specialization of work caused by the departmentalization is seen as an unquestionable dogma, those problems related to inflexibility that are so harmful to the organization start appearing.

4.1.2 – Centralization and Delegation

The Receita Federal is organized, under the point of view of the vertical division of the work, according to three levels: central, regional and local units. Most of the decisions on planning, norms and procedures, how to treat the exceptions, distribution of the tasks, and initiatives to modify routines and procedures are concentrated in the central units. Due to this attribute, the regional units simply transfer decisions down to the lowest levels of the hierarchical structure. The existence of the regional units has been justified to lessen the problem that their absence would cause in the organization's span of control.

Once important decisions are made in the central units of the organization, less important decisions are delegated to the regional and local units. Usually, these are decisions to be applied in particular cases since the central units have already made the general decision. Considering that most of the times there are many particular decisions to be made, they are often subdelegated to the leadership of the several divisions, services and sections that exist in the structures of the units.

In brief, the decision-making process of the Receita Federal is quite centralized. Delegation is only used when the decisions are repetitive.

4.1.3 – Norms and Procedures

This variable is the most outstanding characteristic of the organization. The amount of instructions and all types of norms is countless. The rules and procedures in these norms try to define the right way to proceed of practically all the activities in the organization. There is so much concern with norms that even the unlikely situations are considered, as an insane attempt to foresee what is not visible.

The execution of the work is strictly controlled by rules. They now can be seen as the end instead of the means in the organization. The normative spirit that permeates the whole organizational structure is unbelievable. Even the divisions, services and sections of the small units issue their own service orders that, written in the imperative, try to reinforce the bosses' authority impeding the subordinates to explore their creativity and, consequently, get more motivated.

The worst is that even the employees wish to work under the protection of such rules. The culture of norms became so strong that it cut the capacity to generate solutions at the base of the hierarchical structure. Whenever a situation is not established, the operational level itself demands the regulation. This behavior seems to derive from the juridical background of many of the employees. They bring with themselves the maxim: “the common citizen is allowed to do everything that the law does not prohibit, on the other hand the public employee is prohibited from doing everything that the law omits.” Nowadays, when the change is the tone of the organizational environment, such behavior must be reviewed.

4.1.4 – Conflict Resolution

The Receita Federal has several ways in which conflicts appear: between the authority of the knowledge and the hierarchical authority, between the formal and the informal organization, and between the employees and the users of the organization. The first has been increasing lately. On behalf of the renewal, the leadership has been exercised

by young and recently employed servants, to the detriment of the experts and older individuals. This causes serious conflicts among the authority of the knowledge, which was formed as a result of a long experience, and the hierarchical authority, which was conquered thanks to the smallest distrust.

The way of working with these conflicts is quite inconstant in the organization. It depends much more on the personality and on the bosses' formation than on any strategic recommendation from the central administration. Perhaps, that is why few try to understand conflict as an opportunity for both parts to interact in order to get a larger development. Most consider them bad and prefer to ignore them, to minimize them or, in the last case, to appeal to the providence from the hierarchical superior.

This negative attitude towards conflicts impedes the organization from learning from its own mistakes. Instead of that, conflicts are perpetuated through time influencing the organizational environment and people's motivation.

4.2 – Information and Decision-Making Process

This dimension gathers the organizational variables considered in the behaviorism and new management theory. In this diagnosis the current organizational design is seen through decision and information mechanisms. The following variables will be examined: planning, control, coordination, relationships between the units, and computerized systems.

4.2.1 – Planning

There is no planning effort noticed in the organization. The demand for some planning is only for budget purposes. Even so, this is much more an incrementalist budget than a well-designed programming budget that considers the objectives of the

organizational action. The budget forecasts follow the uni-dimensional-traditional criterion of the expenditure categories.

Some actions without any concern with the formalities of a planning are eventually adopted by the central administration. However, the administrators at the operational levels rarely take part. Such actions are planned and simply communicated down to the lowest levels of the hierarchical structure.

The absence of a planning policy is reflected in the behavior of the employees and the organization itself. Without a sharp formulation of the objectives, there is no way to confront the results and, therefore, the organization seems to drive without direction.

4.2.2 – Control

As mentioned, the organization is not used to defining objectives. Consequently, there are no results to be demanded and control is performed on the means instead of the ends. For this reason, a procedural ritual is adopted for the decision-making process. Each decision needs to be formally documented so that the demanded publicity of the administrative acts is assured.

Such way to understand the public administration again seems to derive from the juridical background of the majority of the employees. This explains the multiplication of the administrative processes in the organization. The control on the means is understood as the organization's principal objective that is why the procedural culture is justified.

Although there is this exaggerated concern in guaranteeing that the control on the means can be exercised, the control itself is hardly exercised. Several processes are filled with mistakes that could be a start to a responsibility check. The

registration in the frequency sheets is totally different from what were really accomplished. Several reports requested about the activities carried out are virtually laid aside. As there are not enough control actions to make these documents useful, they have only one destiny: the garbage, where all will stop after the regular five years in the files.

The good news is that lately the organization is more worried about the internal control on ethical issues. They used to be a taboo in the organization. Beyond other actions, a corrective coordination was created as a central unit. Its purpose is to promote preventive and repressive actions relative to ethics and the functional discipline.

4.2.3 – Coordination

Coordination is fundamental in such a complex organization as the Receita Federal. The excessive division of work in countless activities causes the specialization in functions. This leads individuals more and more to lose the global view and act simply on details. Therefore, coordination is necessary to guarantee the prevention and the correction of risks related to the division of work. Coordination must converge and harmonize all the individual efforts to the larger organizational objectives.

The most used mechanisms to achieve the coordination in the Receita Federal are norms, procedures and hierarchical authority. Unfortunately, such mechanisms have not been enough to guarantee a good coordination of the actions. When different units are represented in some meetings, usually by their headers, there are few changes of experiences and definition of common directions. There are no meetings or events between the intermediate and operational levels of the different units that could propitiate some integration. Because of this, it is usual to see some users complaining about the variety of treatment adopted for similar objects in the different units.

4.2.4 – Relationships Between the Units

Considering the structure of the Receita Federal, there is little relationship between the units. One would wish much more communication between the units. Excepting the leaders of the units, the employees rarely know each other. The constant publication of the collection indexes creates a competitive, but sometimes insane, environment between the units. This reflects the personal vanity of certain leaders, which are exactly those who compete with each other.

However, such a behavior is less accentuated internally in the units. In each local unit, the work forces individuals to communicate because activities are more related. In this case, people allocated in the projections of the several systems know each other and exchange information for the best development of their tasks. There is a larger tendency to the constitution of informal organizations.

4.2.5 – Computerized Systems

The Receita Federal is an organization that works fundamentally with information. So it is natural that the appearance of computer science has altered its work methods substantially. The implantation of the computerized systems was decisive so that old routines were abandoned for new procedures. These systems created a lot of changes in the organization of the work.

Many are the systems of general use in the organization: internal electronic mail, access to Internet, the moving process system, the tributary credits collection system, the external trade system, the seized goods system, the infraction solemnities issue system, and so on. In addition, the economical-fiscal information system and the decisions system will be soon available. The first will allow an integrated vision of all the taxpayers' fiscal situation and the second will allow a wide popularization of the decisions made in the administrative processes seeking the formation of an administrative jurisprudence.

The creation of a computerized system to the Receita Federal is under the responsibility of a public company, the Serviço Federal de Processamento de Dados – SERPRO. Despite the great scale in which the organization was computerized, the quality of the rendered service is not considered good as it is a monopolist relationship. Any alteration in the systems must follow a slow ritual to be rendered. The delay in the answer for the demands impedes the desirable flexibility that computerized systems have to satisfy in order to assist the habitual changes in the organizational environment.

Furthermore, the quality of the developed systems is also not good. Usually, a great amount of data is added to the systems without any application that allows consulting them in a structured way. To give any statistical information is difficult when it is immediately required. The great amount of data supplied by the several systems was not appropriately modeled so that the organization cannot have a clear vision of the information that is really available. There are a lot of redundancy and ignorance about what is really available to the decision-making process of the organization.

4.3 – People and Reward Systems

These dimensions gather the organizational variables related with the traditional (human relations school) and modern (organizational development) humanistic theories. Satisfaction and motivation issues will be contemplated in the following variables: positions, recruitment and selection, allocation of the human resources, training and development, motivation, and leadership styles.

4.3.1 – Positions

The majority of the Receita Federal's employees belong to the career Auditoria da Receita Federal. Such a career includes the positions of Auditor-Fiscal da Receita Federal - AFRF and of Técnico da Receita Federal - TRF. There are some exclusive attributions defined to the AFRF in the tributary legislation. Meanwhile,

exclusive competences are not attributed to the TRF. They must aid the AFRF in the execution of their tasks. Among the attributions of exclusive competence of the AFRF are included: to constitute the tributary credit, to make decisions in fiscal administrative processes and tributary consultations, and to execute audit procedures.

In each unit there are other employees with less education than the AFRF and the TRF. They occupy several other positions generally used in the federal public administration. Such employees execute different support activities like secretary, reception clerk or automobile driver.

To exercise the leadership there are some positions of trust which are defined as Função Gratificada – FG – or Direção e Assessoramento Superior – DAS. These positions are political appointees, common in all federal public administration, and the individuals assume them temporarily.

4.3.2 – Recruitment and Selection

To occupy an AFRF position one needs to apply for a public exam of national ambit in which concepts that includes several areas of knowledge are covered. The localities offered for initial placement of the approved ones embrace different areas of the Country. In the great majority those are inhospitable places like small towns in the interior and border areas. To the TRF the initial placement is offered separately in each of the ten fiscal areas delimited at the Country. This particularity gives a more national dimension to the attributions of the AFRF. For this reason, during their initial years, they are commonly applying a transfer that seeks to move between units.

The positions of trust are of free choice and the nomination of their members is the competence of occupying a hierarchically superior position. In spite of free choice, the AFRF are nominated for almost all positions of trust in the Receita Federal. In some cases, where there are no AFRF exclusive activities, to nominate a TRF or even other

employees to the positions of trust is common. The great exception is the Receita Federal header position, which is normally chosen out of the organization.

4.3.3 – Allocation of the Human Resources

The allocation of the human resources in the Receita Federal do not consider a plan of functional ascension with an appropriate system of merits that could provide to the employees the opportunity to progress increasingly in their professional careers. The employees' allocation is much more associated with the personal preferences and even by chance. The central administration only organizes the quantitative of placements for the entrance and transfer applications, where the classification and the antique criteria prevail, respectively. There is not any resumé or performance evaluation. Actually, this only happens indirectly when an indication of names for the positions of trust is needed. Even so, these positions are altered in accordance with the current administrator's will.

The situation is still worse in the customs system. The placements at the border cities are considered inhospitable. In these places, practically all the AFRF have recently entered in the career. They all want to apply for transfer. Naturally, a fall in the quality of the rendered services is expected. On the other hand, there are employees with more than thirty years in the largest ports and airports of the Country. They are satisfied with their placement and have no perspective of a functional ascension. They are simply waiting for their retirement time.

4.3.4 – Training and Development

Because Receita Federal gathers the customs taxes and the internal taxes under a same administration, its human resource has to be able to develop activities in both areas. However, they are very different from each other and it creates a lot of difficulties for the human resources administration. There are several examples of typically internal tax

units that have difficulties in executing some few customs activities attributed to them. Their employees are not prepared to execute these activities. The typical customs tax units are also not appropriately prepared for the activities of auditing the internal taxes. The central and regional units do not coordinate the administration of both areas satisfactorily, even between the subunits that compose their internal structure.

Receita Federal employees are more concerned with the geographical location in where they will exercise their activities. Only later they will look for the area that more interests them. For this reason, an AFRF recently entered in the career will be concerned with the place of the national territory in what he or she will live in the following years and will make his or her choice of area considering this perspective. All initial training will reflect this option. However, if this first place is still not the one preferred, he or she will apply for a new transfer and again the area will not matter. Only when location is considered satisfied he or she will come to the question of the preference area. But then, if there is a preference, perhaps he or she must restart a new training journey and the most likely is to leave everything as it is.

This entire situation can be attributed to a lack of a well-designed wage system. Actually, until very recently, an AFRF in the end of the career, if not exercising a leadership position, would receive just a little more wage than the recently entered. This difference was less than 20%. In spite of such a disincentive, many still found motivation and tried to develop by them. Sometimes they could arrive at a very excellent level and be compared to the high quality employees of the better private companies. But, unfortunately, most preferred to take shelter under the mantle of the stability and simply allow time to pass. And what is worse, a minority preferred to drive their career on less ethical roads. The good news is that a new wage policy has recently been approved and the difference between the beginning and the end of the career was sensibly increased. There is hope of new better days.

4.3.5 – Motivation

In general, motivation within the organization is very low. The lack of a more significant wage perspective inhibits any motivational strategy for long period. Many times an AFRF is invited to exercise a header function and tries to attract their closer friends to exercise the principal positions in the unit. In this case, the hierarchical top of the unit is motivated. However, they do not have instruments to spread the motivation down to the other levels of the organizational hierarchy.

The administration of the wage and human resource policies for the entire federal public administration is now conducted by the Secretaria de Recursos Humanos from the Ministério do Planejamento, Orçamento e Gestão. In other words, the Receita Federal does not have any influence in these policies. Consequently, it cannot promote actions to improve their personnel's motivation. This, in fact, is an essential point in the organizational discussion. If the organizational design foresees the coherence of the modeled variables, how can you model an organization that cannot influence the variables of two fundamental dimensions?

4.3.6 – Leadership Styles

As is already mentioned, leaders occupy the positions of trust. Therefore, these positions are a free choice for a hierarchical superior. However, such a choice does not necessarily follow the criterion of the administrative or even technical capacity. Many times, it is patronage, trust, or friendship that is important. Because of this, the positions of trust are occupied by several kinds of personalities. Each boss trying to impose his or her leadership style. Some do not have any vocation to be a leader.

There are bosses that act with excessive rigidity and impose an autocratic leadership. Their subordinates live under tension, frustration and, above all, demonstrate excessive aggressiveness. However, other bosses prefer a more liberal leadership so that it makes the climate among the subordinates better off. But, in this case, the productivity is

mediocre. Some more prepared bosses exercise a more democratic and cooperative leadership, which produces better results.

Aside from the formal leadership, there are many experienced employees that usually had already exercised key positions in the organization. As these employees are recognized for their technical or managerial capacity, they assume a natural and informal leadership that despite not being accepted by the central administration exercises enormous influence on the general opinion within the organization.

5 – RECONCEPTION OF THE ORGANIZATIONAL DESIGN

Once the diagnoses are done, the conceptual model adopted teaches that it is time now to reconceive, at least in part, the organizational design of the Receita Federal, considering the diagnosed situations. This reconception should use the fundamental propositions of the model: the interdependence of the variables, the coherence and compatibility of the design, and the adaptation of the choices to the nature of the tasks.

Following the same logic adopted in the diagnoses and even in the conceptual model, the design will be presented by organizational dimension. First, the dimension task will soon be considered. Then, the new organizational design will be presented and will show the choices of variables related to the dimensions: structure, information and decision-making process, and people and reward systems. Although there is a sequence adopted, this formality will be flexible whenever some consideration on a variable of another dimension is necessary to the best elucidation.

5.1 – Task

The variety of tasks and the inconstant level of certainty and of environmental relationships suggest that a mix of the mechanical and organic posture

should be assigned to the organizational design. In this sense, the subdivision of the labor in the different systemic functions guarantees the mechanical approach that seems quite adequate to the relative stability desired in the governmental organizations. Nevertheless, some flexibility must disrupt the strong specialization that is seen as an unquestionable dogma in the organization.

To assure that the specialization can be flexible, the internal regiment should be seen more as an adviser than as a task code. Those tasks that seem not to be attributed to a specific department, but are clearly organization's tasks, should be considered accountable for the total employees in the organization. In other words, employees must have a complete view of the organization. They have to feel the organization's tasks as their own tasks.

5.2 – Structure

The reconception of variables that compose the structure dimension of the organization will be conducted here from the tasks carried out in the organization. In this sense, the organizational structure has to give support to the systemic functions in which the task is subdivided.

The departmentalized structure as it was advanced in the diagnosis seems to be adequate to the functional and geographical subdivision of the task. However, it is always important to remember that some flexibility must be guaranteed whenever an important change in the environmental conditions requires an adjustment in this departmentalized structure.

Talking about the centralization of the decisions, another problem mentioned in the diagnosis is that a complete reformulation of this practice should be promoted. With tasks whose uncertainty levels are so high, the Receita Federal cannot hinder their agents' capacity to formulate immediate solutions to the emerging problems.

The formal delegations of competence, so disseminated in the organization, do not seem in synchronicity with the extremely changeable reality of the organizational environment. It would be best if they were substituted by formal delegations of incompetence, which means that formal decisions would be declared to the local units saying what should not be done. The trust in the administrators and the autonomy of the local units must be stimulated if the organization intends to enter a new age.

The number of norms and procedures also needs to be reviewed. They are so many that it is impossible to assure which one is denoted to a specific case. In the customs system there are many norms that were enacted considering the marine transport as the only transportation mean playing in the international trade. There must be a consolidation of the customs norms. The norms and procedures in the Receita Federal should attend to the flexibility demand of a changing world.

The way conflicts can be solved should be spread out to the employees at all hierarchical levels. The multiplication of the electronic communication can be an important instrument to diffuse the idea that conflict can be better for the organizational experience than worse for personal embarrassments. With this, the institution can be transformed in a modern learning organization.

5.3 – Information and Decision-Making Process

The variables treated in this organizational dimension in the diagnosis will be covered here from the conclusions obtained with the investigation on the new paradigms inserted in the proposal of the managerial public administration. Probably, for being considered an institution that executes exclusive activities of State, the Receita Federal will be transformed in an executive agency. Therefore, the organization must develop the two fundamental instruments in order to adhere to the project: strategic planning and administration contract. The variables can be completely reformulated in the organization from the perspectives inserted in these instruments.

Planning now serves for the budget demands of the organization. It should be reconceived with the same sense that has already transformed the governmental budget theory. The uni-dimensional-traditional criterion of the expenditure categories has developed to the three-dimensional criterion of the budget-program. This emphasizes another two components: the purposes of the organizational action and the multi-year dimension of the budget. Despite the critics to these rational budget models², their power to evaluate the performance levels in the organizations justifies the efforts to implement them.

What is intended here is that the work to be developed by the elaboration of the strategic planning results in a programming structure that makes the adoption of the budget-program in the administration of the financial resources destined to the new executive agency possible. When allocating these resources the programs and their multi-year extension must be considered in addition to the traditional expenditure categories. With the adoption of the programming structure, the organization can take advantage of the entire potential that an integrated planning, programming and budget system can provide.

The planning should take into consideration the tasks just as they were modeled. The resulting programming structure will be a consequence of these tasks. From the identification of these programs, the necessary goals to reach the largest objectives that will consist in the strategic planning of the organization can be defined. Such goals should be established for programs and for certain period of time, so that they can take part in the administration contract. Then, the indicators that will allow the measuring of the organization performance according to what was agreed in the contract should be defined. This brings us to the other variable considered in the diagnosis: the control.

With the administration contract, a lot of things can change in the way controls are conducted in the organization. Certain practices that evidence the procedural and bureaucratic culture should be relented. Larger flexibility to the decision-making

² Such critics come from the Incrementalist Theory, starting with the classical article “*The Science of the Muddling Through*”, from Charles Lindlbom, in 1959.

process and to the administration should be permitted. The exaggerated concern with the controls on the means should be substituted by the concern in that the results agreed in the contract are reached. The corrective coordination's actions should be intensified in the sense of promoting a larger assimilation of the ethical values by the entire organization. Because of this, the maintenance of piles of filed documents awaiting unlikely audits will not be necessary.

Perhaps the most important component to be added to the adhesion in the project of executive agencies is that it foresees the sharing of information and the integration of the employees in the planning process. It also foresees mechanisms that guarantee the flow of information between the institution and the society, on a two-way street. By participating in the formulation of planning and accompanying the reached results, the administrators and employees of the operational levels of the agency will win in motivation and will reduce their isolated complaints. By evaluating the organization not just by the strategic nucleus of the State, but also by the society, the social control of the agency is guaranteed and this is fundamental to the organizational performance in the sense of its effectiveness.

The next variables examined in the diagnosis were coordination and relationships between the units. Both were not considered satisfactory and for this reason they are subject here to the same treatment and they will be analyzed together.

There are a lot of local units in the organization, but it is consistent with the complexity of the attributions and with the dimensions of the Country. But, the regional units should be maintained in the structure of the organization not only to solve the problem of the span of control. The regional units must promote a larger convergence and integration between the units, so that they can act harmoniously with the organizational objectives.

In this sense, the regional units should try to organize more events to make discussion and reflection on the problems possible. These problems are not

standardized but many times can perfectly be solved in the local units. It is important that in the new strategic context everybody knows the short and long-term organizational objectives. This should be reaffirmed in each meeting. New technological resources, such as the electronic mail and videoconference equipment, are already available in the organization. They should be used more with the intention of disseminating a widespread integration.

Finally, SERPRO's monopoly must be broken to improve the computerized systems variable. The autonomy to be granted to the organization with the adherence in the project of executive agencies should be enough to cut this umbilical cord. All problems illustrated in the diagnosis will surely be lessened if the Receita Federal can hire other companies to render services in this area.

The threat of competition may be enough to make this relationship with SERPRO better off, since the Receita Federal is the SERPRO's largest customer. But, even continuing with the SERPRO, autonomy in the area of computerized systems must be granted. The entire organization works essentially with the information that is a vital element for its mission success. Therefore, in more and more dependent on information systems and computerized resources future, the Receita Federal cannot be at the mercy of only one-company's services, even if it is the best in the market.

5.4 – People and Reward Systems

While treating the variables of these last two organizational dimensions the autonomy should again be considered. To begin, any proposal of flexibility in the public administration must also include the conduction of wages and human resource policies. This is still not fully meditated in the project of executive agencies. However, there is an intention to move in this direction.

Before that, it is important to guarantee a wider autonomy for the organization so that one can wait for more satisfactory results. This autonomy has to include, as much as possible, all the variables included in the different organizational dimensions. And this also embraces the administration of the wages and human resource policies. One cannot want performance improvement with the outrageous treatment that is now being granted to the federal employees.

Once these considerations are done, it is time to analyze each of the variables examined in the diagnosis. According to what is in the project of executive agencies, the positions that exercise support activities should be excluded from the regular functional employees. In the case of Receita Federal, those are the positions that exclude the Auditoria da Receita Federal career. Those must be obtained from outside the organization.

A quite convenient idea is the definition of the exclusive attributions of each position. This will contribute to the reduction of the competence conflicts in the organization. With this objective and to reinforce the hierarchy of the positions, the exclusive attributions of AFRF must be first defined, later the exclusive attributions of AFRF and TRF. Logically, what is not included there will be free attribution even for the contracted support employees from private companies.

To guarantee a larger autonomy, all positions, including the positions of trust, should be managed by the organization. So, the number of vacancies, the way to access them and the wages would be defined by the organization itself obeying the presuppositions of budget responsibility, public exams to enter in effective positions, and constitutional limits of wages. Unfortunately, it seems that this true autonomy is still not contemplated in the project of executive agencies. In fact, this can turn the strategy more difficult.

The second treated variable in the diagnosis is the recruitment and selection that, for the effective positions, is being satisfactorily led through the public

exams. In fact, such exams are quite difficult, guarantee a high level of the selected employees and are the most democratic way to enter the organization.

However, two provisions should be made: the frequency of such exams and the form in what their proclamations are edited. Now, there is not a regular frequency to guarantee to the candidates an adequate preparation. The exams are not offered at regular intervals. Perhaps for that, there is a fear that very rigid criteria do not allow for the totality of offered vacancies to be filled. So, the proclamations are misunderstood and it makes possible ambiguous interpretations. The result is a lot of claims in the courts that disrupt the entire process and facilitate more entrances than the offered vacancies. The solution goes by a periodic and less variable recruitment, in the same ways that are practiced by the military and diplomatic careers.

Considering the selection for the positions of trust, there is not an instrument to facilitate the choice of individuals in the organization. For leadership positions, to ally the technical with the managerial capacity is important. On the other hand, for staff positions, the technical capacity is more important. Therefore, a database that maintains information about these capacities on all employees must be available in the organization.

The two following proposals will be fundamental to solve the mentioned problems for the three subsequent variables of the diagnosis, so they should be considered together. The variables are the allocation of human resources; training and development; and motivation.

In this sense, the first proposal again is mirrored in what is good in the military and diplomatic means. It is also usual in other several countries in the world. A tributary academy where the employee selected by a public exam would be prepared for the career must be created in the organizational structure of the new executive agency. Perhaps the tributary academy could even be an adaptation of the current Escola de Administração Fazendária – ESAF.

The initial graduation could be put on a level with a master degree. The new employee would be required to learn the theoretical knowledge demanded for the function. It happens today, but not with enough intensity. In addition, this graduation would take into account several simulated practical applications of the acquired knowledge and insistently reinforce those so necessary ethical values to the function. The most important is the use of the academy for the development of continuous training that periodically the employees should submit in order to guarantee their functional ascension.

For those who believe the creation of an academy as the model here suggested is very costly, it should be argued that a high level graduation represents a strong Receita Federal that can bring countless benefits to the economy of the Country. This can easily justify the invested capital. Besides, due to the diversity of the attributions of the Receita Federal, the last exams are already addressing the employees' studies for four different areas: customs, taxation and judgement, audit, and tax administration. With so much complexity and with such inherent themes to the organization, the graduation and the continuous training should be treated in a more careful way.

The other proposal is the employees' professional development through the implantation of career plans for the effective positions that contemplate a basic presupposition of the administration of human resources: the functional ascension in a gradual and progressive scale. Naturally, when ascending in the functional scale the employee will be conquering not only larger responsibilities, but also new challenges and improved wages. This ascension will have to consider a well designed criterion of performance evaluation based on the merit, in the personal effort of continuous training, and on seniority. Recently, the career was contemplated with a more adequate gradual scale of wages; however, the definition of the functional ascension criterion is lacking.

With the presented proposals, the pointed problems in the diagnosis will be largely solved. The allocation of the human resources should flow progressively from the most inhospitable areas to the great centers assisting a criterion of professional ascension. To get this ascension, the employee will have to drive the training according to

the demands of the road in which he or she is progressing. In this sense, the training and the development will be motivated due to the expectation of professional promotion in the career in a plan that contemplates larger span of wages. This positively will influence in the long-term personal motivation. Still in the motivational aspect, it should also be included another short-term component already mentioned that is the most influential participation in the planning decisions and in the organizational control.

Finally, the last variable of the diagnosis that should be analyzed is leadership styles. According to what was said, only with managerial training the employees of the organization can ascend to the leadership positions. Such training is fundamental to the growth of the managerial and leadership capacities. Considering that this should be a demand of the entire federal public administration, the suggestion is that the Escola Nacional de Administração Pública – ENAP – may promote these trainings.

6 – CONCLUSION

This paper does not intend to deny the necessity of a tax reform in Brazil. There is no doubt that it is essential to improve Brazilian competitiveness in the global market. It also can provide a larger tax basis that will make the system more equitable. In fact, the paper wishes to call the attention to the point that a tax reform will not reach its objectives if it does not come with an organizational reform in the governmental institutions that will administer the new system. The case presented here is very convenient because it deals with the Receita Federal that is the most relevant among these institutions.

In the recommended organizational design a more organic adjustment was performed to the majority of the reconceived variables. This is because the Receita Federal is an organization that is extremely driven by the bureaucratic paradigm. In spite of that, some mechanical aspects were maintained and even reinforced. The contingential

perspective implicitly presented in the conceptual model confirms that both mechanical and organic aspects could result of the organizational differentiation.

It is well worth pointing out the importance that other organizational problems in the Receita Federal could be discussed in a more academic perspective. Organizational strategic decisions that cause strong impact on the entire society usually are based only on internal discussions in the organization. They could be better if there were preliminary studies free from the dogmatic convictions inserted into the minds of the organization's employees.

The problems and solutions that were raised here can probably be applied to the majority of the state and municipal tax collector institutions. The efforts that the governments at all level in the Brazilian Federation should make to reconceive the organizational design of these organizations will certainly be compensated. If the tax reform is passed the chance cannot be lost.

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