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CIS410: Management of Information Systems

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Case 5-1: IRS

**Mission**

The Internal Revenue Service organization's mission is to collect revenue in the forms of tax payments from the public in order to finance the United States of America. Through this method of funding, the organization is able to develop programs and necessities that the country and its citizens need.

**Generic Strategy**

The generic strategy of the Internal Revenue Service is cost leadership. In performing business operations through collecting tax revenue, the organization aims to collect large masses of money from the public at the lowest price for both the public and itself. This is beneficial because the organization can gain the trust of the public as well as applying the funding for the country.

**Problem**

With the growing population within the country, the demand for handling all these payments increases. This puts a strain on the organization, especially when the original system consisted mainly through paper applications. However, with the implementation of ACS, (Automation Collection System, it was able to facilitate the business processes. "A company's success depends on the ability to innovate and integrate new technologies into service offerings." (Kalakota and Robinson 65). However, a notable feature of the system is the monitoring services over its employees. With this service, it is able to monitor employees' actions through the system and phone calls. However, there are mixed emotions in regards to the monitoring services stating that the monitoring services help boost employee performance or violate employee privacy within the workforce. Employees feel that the system can turn against them stating that the feedback does not come in a timely manner and becomes irrelevant when it finally comes. Others

feel that some biased managers may turn out to be against them. All these factors are concerns for the current system.

### **Porter Five Forces**

#### **1. Bargaining Power - Buyers**

The bargaining power of buyers is considered relatively low. According to government regulation, all citizens within the country are subject to paying taxes. These taxes act as revenue for the government and the country to implement the social and governmental programs for the citizens. For this scenario, the buyers are considered to be citizens of the United States since they are responsible for paying taxes. Because of this, buyers do not have much bargaining power from avoiding to pay taxes. If however, buyers do not comply with paying taxes, they suffer extreme consequences. It is important for the Internal Revenue Service to fulfill their responsibilities and maintain their integrity so that the buyers will be more willing to pay their taxes.

#### **2. Bargaining Power - Suppliers**

The bargaining power of suppliers is considered relatively low. The suppliers in this scenario with the Internal Revenue Service is considered to be the citizens of the United States. The revenue received from citizen's tax payments, it is considered to be the supplier for the Internal Revenue Service. The money helps fund and promote growth for the organization as well as other governmental sectors. When the citizens do not pay their taxes, they are subject to dire consequences.

#### **3. Inter-Industry Competition**

For the inter-industry competition, the Internal Revenue Service poses a low threat. Because this is the main governmental organization that is responsible for collecting taxes, there is low to

none competition. Also, based off the information from the case, there was no notable competition for the Internal Revenue Service.

#### **4. Threat of new entrants**

The threat of new entrants is relatively low. The Internal Revenue Service is the sole organization that is responsible for collecting tax revenues from citizens. There is a low possibility for new entrants because the governmental organization has already been established. Having to invoke upon a new organization to collect taxes would be difficult in terms of gaining the public's trust.

#### **5. Threat of substitutes**

The threat of substitutes is relatively low. Based off Case 5-1, there is no information in regards to substitutes for the Internal Revenue Service. The importance of the Internal Revenue Service is that it is the sole organization that is responsible for gathering funds for the government as well as the United States.

### **Stakeholders**

#### **1. Employees**

Employees within the Internal Revenue Service are responsible for working on the tax payments from citizens. After implementing the ACS (Automated Collection System), employees are monitored within the system through their phone calls and work done on cases. This is mean to improve efficiency so that business processes can be done. After monitoring employees through the system, they are evaluated based off their performance and observations. Employees are supportive of these actions while others are not. It is important for the employees to understand or accept whatever changes are necessary within the workplace. Some employees feel trapped at the terminal in fear of being suspected of not working. In addition to that, it is also essential that

employees' rights are not being violated. "People with complex needs that must be satisfied if they are to lead full and healthy lives and to perform effectively in the workplace." (Morgan 35). Otherwise, employee turnover will start to increase and the business will not have employees to perform business operations.

## **2. Managers**

The managers within the Internal Revenue Service help run business operations as they help lead the employees. For the Internal Revenue Service's situation, the managers have an important decision to make in regards to the new system. With the improved system, it helps boost productivity for the organization which helps manage tax payments from the citizens. The aim with the monitoring services with ACS is to monitor employees through their phone calls in regards to incoming and outgoing calls with clients. Also, it monitors time spent on the computer and what cases employees are working on. The matter becomes more serious when the employees have mixed feelings in regards to the system. Managers have to decide how to have employees understand the policy so that cohesiveness within the workplace can take place. However, it is also important to take into consideration the state of the organization so that the business processes can be fulfilled

## **3. Customers**

The customers are an important stakeholder for the organization. Citizens help provide funding for the organization from their tax payments. With the newly automated system, it is possible to improve customer service. Monitoring the actions of employees through utilization of the system, can help improve how employees fulfill customer needs.

## **Alternatives**

1. Do Nothing
2. Restructure ACS's work organization into semi-autonomous teams
3. Retrain ACS employees
4. Change Management

**Do Nothing:** This alternative has the Internal Revenue Service do nothing. The management at the Internal Revenue Service can decide not to change the policy in regards to monitoring employees' within the system. Whether or not the employees decide to accept the policy, the monitoring of employees will continue so that feedback and improvements can be done. Management can monitor phone calls and work done on cases so that they can work on what needs to improve. This can benefit the company by observing which customers are strong and which are weak. Implementing this can help provide feedback for employees so that they can improve on what they are weak at.

**Restructure ACS's work organization into semi-autonomous teams:** Organizing the employees into semi-autonomous teams can help improve the situation in terms of privacy while being able to improve the work on cases. With these teams, activity on working the cases will be monitored and only for that aspect of the business operations. "They thus find it difficult to become fully committed members of the team, and dual loyalties and responsibilities is usually erode team effectiveness." (Morgan 54). However, individual performance will be monitored by the team and give feedback in that area. Also, the financial cost reaches to about \$1 million dollars to formulate the teams and assemble the technology structure. This is considered an extra cost and eliminate the different pay scales, ultimately leading to an increase in payable wages.

**Retrain employees:** With the intense workload the Internal Revenue Service, it is important for employees to handle all aspects of the business processes. Because of the new system implemented, it was hard for employees to navigate through information. This was considered detrimental in employee performance when contacting clients, as they would not be able to find their information to validate them. This puts a strain on both parties because the needs of the customer are being hindered. Providing training for employees to handle the system will be beneficial because they can handle all aspects of the collection function. This will in turn boost productivity as well as improve employee and client interactions. However, this will be an expense to provide the training for employees.

**Change management within the system:** Another alternative is for the Internal Revenue Service to work with the current organization but change how the system is managed. According to Morgan, “management must be concerned, above all else, with achieving alignments and good fits.” (Morgan 44). Improving the management of the system can lead to employee acceptance of the system. After observing reviews of system by employees, several aspects of have been brought up such as immediacy of the feedback, nature of feedback, clarity of performance, monitoring methods, supervisor knowledge, and employee attitude over computer monitoring. Focusing on these areas for the system can help with comforting employees. These changes will have to come from the top in order for it to be effective. However, this can unify management and the employees so that cohesiveness in the workplace will be preserved.

### **Proposed Solution**

Based on the given alternatives, changing the management for the system is the best course of action. “Success in the next generation means a significant in strategy.” (Kalakota and Ronbinson 208). Focusing management can help fix employee attitude towards the system. Management can take responsibility to notify employees about the monitoring services and explain the purpose of it. This can help employees better understand that the service is meant to improve employee performance and listen to any concerns that they may have. This will be up to the management to take action in that matter. Employees voiced concerns in regards to the system’s invasion of privacy and timeliness of feedback. Calls and work on cases were monitored which pressured employees feeling that someone was always watching them. Sometimes, employees felt prejudiced by biased managers that used the reports to find something wrong. Improving these problems helps improve employee attitude towards the system and makes them more comfortable in the workplace. Using the current system will also allow managers to improve upon any weak employees so that the business process can be fulfilled.



### Works Cited

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Morgan, Gareth, *Images of Organization*, Thousand Oaks, Sage Publisher, 1995

Kalakota, Ravi and Robinson, Marcia, *e-Business 2.0 Roadmap for Success*, Upper Saddle River, 2001