CIS 410-50

**IRS**

**Case Analysis**

**Case 6**

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**Executive Summary:**

In this case we take a look at the IRS, which had been transitioning to the new ACS system. The ACS system would improve a upon the old COF systems problems. ACS would help response time, ability to find cases faster, ability to follow up cases faster, and allow more control on incoming calls. Although this new form of automation would increase productivity for the IRS, the new system brought some new challenges to the table. The main problem with the new system is that it had a negative effect on the welfare of the employees. The ACS system isolated workers and discouraged interpersonal communication with coworkers. Although this allowed workers to be more productive, it only made the transition to the ACS more difficult. In this case I will be going over the case, the organizations mission, the organizational structure, the strategy of the company, the options that the IRS can take, the job characteristics model, motivation theory, hierarchy of needs, the stakeholders involved in this case, and my solution for the IRS.

**The Case:**

The main issue that is present in this case is job satisfaction and motivation from the implementation of the ACS system. This system automated a large portion of the tasks that an employee accomplishes while working for the IRS. Because, of the dipropionate job satisfaction, there were high turnover rates for the IRS, which even in some cases, resulted in one hundred percent turnover rates in some offices. Employees were having trouble with motivation on trying to adapt to the new system. Workers would not get the satisfaction of seeing a case go through to the end, because they were only given parts of the case to complete. Another reason was the increase use of monitoring in the ACS system. It was beneficial, but only to a certain point. The system helped show when employees were doing a good job and what they could improve on, but it also burdened the supervisors. This resulted in the growth of a negative feedback loop, which was discouraging for most. The ACS system needed change if the IRS was going to retain workers and improve job satisfaction within. “People, the primary resource, who must be supported and leveraged with appropriate structure, systems, and processes to achieve organizational success.” (Cash 81). The employees were the main resource to the IRS into producing an effective organization, and it was up to them to change it.

**Case Analysis:**

The IRS’s mission statement was to collect revenue for the US government, all while providing the least cost to the public and in a manner that warrants the highest degree of public confidence. They believe implementing the new ACS system will allow them to pursue their mission statement to their highest ability.

The organizational structure of the IRS is the functional structure. With Tim Brown being the assistant commissioner for the U.S. IRS, acting as the upper management, and the employees being under his supervision.

The generic strategy for the IRS would be the focus strategy. The IRS is trying to concentrate on their particular market and trying to meet the unique needs of customers, which would be the tax payers. They are also trying to develop a low cost product and solution for their market, which would be the ACS system they are implementing.

For the industry competitive analysis, the competition of the IRS is little to no competition. This is because they are the central collection agency of the U.S. government. There is no need for another official agency such as this. The threat of new entrants for the IRS is low. The threat of substitutes for the IRS is low. The bargaining power of customers and suppliers is low for the IRS. The taxpayer cannot negotiate on how much they pay in tax and the only suppliers for the IRS are its own employees, which do not have much bargaining power as well.

**Job Characteristics, Needs, and Motivation of IRS employees:**

With Hackman and Oldham’s 5 job characteristics that can predict job satisfaction, the new ACS model that the IRS is implementing does not fulfill the needs of the employees. Employees are subjected to the same work that doesn’t provide much variety. This leads to monotonous tasks that do not provide employees with the sense of completing valuable work and bringing effort and time to the organization. They were no longer required to know anything other than their specific assigned work. Low job tasks leads to low skills variety, which means the higher the level of skill variety the higher the job satisfaction. Task identity was another problem as they could no longer see the case throughout completion, and were subjected to either doing only part of tasks or doing different tasks for each case. The motivation problem was led by task insignificance, as they never saw the end result of completing the task. Autonomy was also a factor of low motivation, as employees were fed tasks through the automated system, which made employees feel like cogs in a machine. Job feedback was one another factor and also caused bad job satisfaction. The feedback that was given was negative at times without offering much constructive criticism, or even unhelpful criticism. The supervisors spent a huge amount of time monitoring and providing feedback to employees. This had an adverse effect as supervisors were unhappy with how much they had to monitor and provide feedback, which would lead to more negative reviews, and lead to negative motivation for employees. This produced a negative feedback loop for the IRS.

Along with this low job satisfaction the issues of motivation among employees was apparent. According to Herzberg’s Motivation theory, the factors that were leading to negative motivation were rife in the IRS working environment. The factors that lead to the negative effects of motivation were poor supervision, relationships, working conditions, salary, status, security, and company policy. IRS employees were exposed to all of these factors, with internal relationships and status being in the fore front of the problem. These factors were tarnished due to the automated system and workers being set in front of a terminal for most of the time. The motivating factors that lead to positive motivation were not apparent in the IRS. This led to high turnover rates, and time wasted to teach the newcomers how to work the system. “Every second of wasted time or inefficient use of time represented a loss of profit.” (Morgan 300). If this system was to set out to complete the mission is was made to do, which is efficiency, then better time management was needed to help complete that mission. The system may be efficient from a business standpoint, but with this efficiency with work output comes many other problems. The IRS needs more of a people focus rather than anything else. “Concern is more frequently focused on people and business than on technology.” (Fried 271). People is IRS’s number one resource and they should focus on that rather than technology.

When it comes to Maslow’s hierarchy of needs, it shows the importance of interpersonal relationships in the workplace. After physiological and safety needs are met, the next in the structure is the need for belonging. After that comes esteem needs and self-actualization, which was low and hard to achieve by the employees. The employees being isolated from one another helped them be more productive, but it also took away the first level of the model, which then had a chain effect to the higher portions of the hierarchy of needs.

**Options:**

**Do nothing option**: If the IRS were to do nothing and to keep implementing the ACS system as it stands, there would still be high turnover rates and low motivation among employees. This option would not be wise to go with considering all the problems that have been apparent with the system and all the complaints with the current system. The negative feedback loop would still occur within the organization and employee motivation would not improve. This method may cost less money than the other options, but it is not worth it in the long run. The stakeholders of IRS would be affected if there was nothing done. The stakeholders include taxpayers, IRS employees, supervisors, and the US government. The taxpayers would be affected by the IRS’s ability to collect tax efficiently and in a cost effective manner. By doing nothing, the taxpayer could experience working with a newcomer who does not know their job very well, which could hurt the outlook on the IRS and the relationship between the two parties. The employees would be affected by not having efficient job satisfaction and motivation to do their job, which may make them leave the IRS. The supervisors would be met with unhappy employees and have to spend extra resources and time hiring and training new employees. The US government would not be happy with the IRS as there is a high turnover rate for an important US agency.

**Restructure the ACS system to incorporate semi-autonomous teams:**

If the IRS were to restructure the current ACS system to include semi-autonomous teams instead of individual work, it could improve job satisfaction and motivation of employees drastically. Instead the IRS having a system where the job satisfaction and motivation of the job environment is bad for employees, they could have a system where employees feel more satisfied in their work. The current system isolated most employees and led to the lack of motivation for many, which led to a high turnover rate. If the IRS implemented a semi-autonomous system they could start to see employees enjoying their job more, being more of a team, being satisfied with the work they are outputting, and improve motivation. The transition into the ACS system would be received better with this option. “Leadership is an absolute requirement when you try to turn a new process design concept into a reality, because that is when change affects people directly. When change bites people, they bite back.” (Hammer 23). Change needs to be well received in an organization, if it isn’t, then employees will either leave or challenge the change, which we see in this case. They could fulfill the hierarchy of needs and the fulfill the basics of the motivation theory with this method. On the other hand, this method is sure to raise the amount of wages for workers, but the benefit far outweighs the problem. The stakeholders of the IRS would be affected if they go with this option. The taxpayer could expect an efficient system, which would reflect a positive public image of the IRS. The employees would be motivated and feel their work is fulfilling, which would decrease the amount of turnover. The supervisors would be happy to work with a system that improves efficiency and welfare of the employees. The US government will be content with the output and work that the IRS is doing as a whole.

**Retrain employees to become more versatile:** If the IRS were to retrain employees to become more versatile in their work, this could improve the motivation and job satisfaction problems they are facing. In the old COF system, employees were always on the move and very involved in their work. But with the new automated system, employees are often found dissatisfied with their work and felt like a cog in the machine. Going from active to stationary is what made many of the experienced employees leave the IRS after the ACS system was implemented. If the IRS retrained employees to be more versatile and train employees for additional responsibilities, the employees could feel like a part of a team again. They could be trained proceed through the whole case, which would improve with work satisfaction, and also be monitored after each case, which would provide better feedback and could bring autonomy to employees. “Training employees to strengthen skills or reinforce values; and assigning employees to position that develop their breadth or depth in knowledge.” (Fried 96). New skills for employees could be very valuable for the company. This could take some time and money to retrain employees, but for the long term this could be the right choice. “Although short-term innovation and adjustments are always possible, the forces of natural selection and the environment are ultimately in control.” (Morgan 54). The stakeholders of the IRS would be affected by this choice. The tax payers relationship with the IRS would improve, the employees motivation and job satisfaction would improve large amount. The supervisors would be happy to know productivity will be better, and employees can now do a wide array of tasks they could not do before. The US government would be pleased that the IRS is taking necessary steps to approve the agency.

**My Solution:**

My solution for the IRS is to restructure the current ACS system to incorporate semi-autonomous teams. This would improve employee motivation and job satisfaction drastically. This method could fulfill Maslow’s hierarchy of needs, bring the positives out of the basics of the motivation theory, and achieve the five characteristics of job satisfaction. This would also allow employees to work as a team, and not feel just another cog in the machine. The basic needs of the employees like positive encouragement and human interaction would be fulfilled. The IRS would save time and money not having to train new employees from the high turnover rate. There would be better constructive feedback, as supervisors can spend less time evaluating individuals and evaluate a team effort. The output and efficiency could improve with this option as well. The overall benefits of changing the ACS to incorporate outweigh the benefits of the other options, and I think is the very best option for the IRS to improve job satisfaction, motivation, and the high turnover rate of employees.

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