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<div align="center">IRS Case 6 Analysis</div>

The Issue:

 The Internal Revenue Service (IRS) is the organization that does the tax collection for the

United States government. The IRS has just implemented a new IT system that has made their

tax collection much more efficient and less costly, but it has had a massive issue: turnover has

increased as high as 100% and employee morale has drastically decreased. With the current state

of the job market, we must minimize turnover and find a way to fix the employee's morale with

the new system.

Mission, Generic Strategy, Porter's 5, and Organizational Structure:

The IRS's mission statement is "Collect the correct amount of taxes from the people at the least

cost in an efficient, fair, and integral way" The IRS does this by using one of Porter's generic

strategies. The IRS uses a cost-focused strategy so that they can follow their mission statement

by being as cost-effective as possible so that they cost the people as little as possible. Porter's

five forces are used to be able to see how healthy a company is, they consist of the threat of

substitutes, threat of entrants, bargaining power of suppliers, bargaining power of customers, and

the threat of competitive rivalry. The IRS's threat of substitutes is very low because they are

used by the government and would have to be seriously failing at their job to be replaced by

another organization. Being a government entity is also a very high entry barrier and it would be

extremely difficult to substitute the IRS for another service. The market of tax collecting is

typically only done by one organization so the IRS would have to have an extreme failure to even be considered for substitution The threat of new entrants is extremely low because of the large entry barriers that the IRS has in being a government organization. These entry barriers protect the IRS from any new entrants to the market and it would be near impossible to enter this market because of them. The IRS's suppliers' bargaining power is not something to worry about. The suppliers to the IRS are taxpayers, they supply the money to the IRS so that the customer the government gets their share of taxes. The taxpayers must pay their taxes or be subject to imprisonment, so they have no bargaining power they are essentially forced to supply to the IRS. The customer's bargaining power is something to be monitored. The government is the customer must be kept satisfied with the performance of the IRS or else it will make changes to gain satisfaction with the IRS's service. If the IRS does a poor enough job, it might even be replaced by an organization that can perform the task at hand. The threat of competitive rivalry is nonexistent in this current market and is not a worry. The IRS is the only government organization that collects taxes so there are no other organizations that the IRS is competing with. Therefore, the IRS does not need to worry about the competitive rivalry. The IRS's organizational structure is a divisional one. It is currently divided into 6 divisions: resource management division, examination division, collection division, employee plans, and exempt organizations division, criminal investigation division, and taxpayer service division. The new IT system has been implemented at the collective office function (COF) and has transitioned into the automated collection system (ACS). The ACS is made up of an IDRS (integrated data retrieval system), IBM mainframe, and an ACD (automated call distributor). The COF system involved plenty of collaboration and the ACS system involved barely any collaboration. The

COF system also worked on a single case to completion and the ACS system made employees only work on bits and pieces of cases.

Key stakeholders:

The key stakeholders at the IRS are the government, the citizens of the United States, and employees at the IRS. If the IRS is successful at collecting tax money the government which is, consider to be technically the IRS's will be satisfied and continue to use the IRS as their tax collecting organization. If the IRS does poorly the government would be upset and could potentially make some changes or replace the tax collecting organization. If the IRS is successful, then the citizens will be less stressed when filing taxes efficiently and easily. If the IRS has issues at collecting taxes citizens would be more stressed during tax season and if the service was poor some citizens might face criminal charges for not paying their taxes. If the IRS is successful at collecting taxes their employees will continue to get promoted and paid more. If the IRS does poorly employees could get laid off and have more work to do which would increase their amount of stress. The IRS must do well at collecting taxes so that the government, citizens, and its employees will all prosper.

Alternatives and impacts:

The IRS's new ACS system has done well in reducing the cost and increasing efficiencies across the IRS, yet employee morale is at an all-time low and turnover is at an all-time high. Three ways to fix this would be to change the review processes, restructure the work organization, and retrain employees so they can finish the entire case. According to tutor2u "Hackman & Oldham's job characteristics model is based on the belief that the TASK itself is key to employee motivation" (tutor2u 0:38). If we look at the task differences between the COF and ACS, we will see many key issues that are causing decreased morale and increased turnover. Hackman and

Oldham theorized 5 job characteristics that can predict job satisfaction. According to tutor2u, they are: "Job Satisfaction: Skill Variety, Task Identity, Task Identity, Autonomy, and Job Feedback" (tutor2u 3:58) If we look at each characteristic of job satisfaction, we can see what exactly changed and if our alternatives will make a positive impact on job satisfaction. According to tutor2u: "Skill Variety this is all about how many different skills and talents the job or task requires of the employees. (…) as a general guide the more variety a job has, the more skills a job has the greater is the likelihood of job satisfaction and therefore motivation" (tutor2u 1:06). The skill variety has decreased in the change from COF to ACS, instead of working on many tasks to finish one case, the employee now only needs the skills to finish their small part of a case on the computer. The decrease of skill is a potential factor in why motivation has decreased. According to tutor2u when talking about task identity "whether there is a clearly defined beginning middle and end to a task. Does the worker know what he or she is supposed to be doing? Perhaps more importantly does he or she know when it is completed?" (tutor2u 1:43). There has been a slight change to task identity with the implementation of the new IT system. Before everyone in the office would work on a case until it was completed, with the new ACS change workers are only working on their small bit of the case, and whilst they will know if their part was done successfully, they've lost the reward that comes from a fully completing cases. This loss of reward could be another reason for decreased morale and motivation. According to tutor2u when talking about task significance "is asking the question whether the job or task has a substantial impact, does it matter? Either to the individual or the organization? In other words, is the job or task meaningful?" (tutor2u 2:23). Again, I can see a small impact on the IT switch to task significance because instead of working on completing the whole case which feels more meaningful, the employees are only working on a piece of a case, and they cannot see how their

piece helps other employees complete their part of the job. This decrease could be another factor for the decrease in motivation. According to tutor2u when talking about autonomy: "this is really about how much freedom an individual has to accomplish his or her tasks at work." (tutor2u 3:00). Autonomy has been drastically decreased with the switch to the ACS system. During the COF system employees would collaborate in a variety of ways to get the case done together and there wasn't a set-in-stone way of finishing the task in this system they had more autonomy. In the ACS system, employees have no more autonomy they must do their work as it is displayed on the computer, and they're not allowed to do it any other way. This drastic decrease in autonomy potentially is the reason for the drop in morale and increase in turnover. According to tutor 2u when talking about job feedback: "the fifth characteristic of a satisfying job is where the employee is kept in the loop about performance. Whether they're doing well or not and of course feedback if its negative ideally is constructively identifying ways in which the job could be done better time" (tutor2u 3:28). The feedback has increased with the change to the ACS system. The only issue is that the feedback is not helping employees or managers. For managers, it is on average taking up 33 of their 40-hour work weeks and employees are starting to become annoyed with a large amount of reviewing and feedback that they are receiving. The issue is that there is too much feedback, and this is hurting the IRS instead of helping it and could potentially be another reason why morale has decreased. The first solution is to focus on the feedback issues and change the way reviews are done currently. If we improved reviews according to Hackman and Oldham's job characteristics model, we could potentially improve job satisfaction which would also help increase morale and lead to a decrease in turnover. To improve feedback, we must change the current review processes. Currently, the reviews happen too frequently which takes up too much of the mangers time. If we reduce the frequency of the reviews and focus on

giving employees more detailed feedback this will increase the feedback characteristic of job satisfaction. If this characteristic is improved, it could potentially improve job satisfaction which would improve morale and decrease turnover. With improved job satisfaction employees would be more efficient and motivated to complete work which would mean higher raises and better treatment. With Improved job satisfaction, the employees would be more motivated and work harder which would make the IRS perform well and make the Government receive their taxes efficiently and effectively. With Improved job satisfaction, the employees would be more motivated and work harder which would make the IRS perform well and make it easier for citizens to file their taxes which would, in turn, decrease the stress of the citizens. Another solution is to restructure the work organization into semi-autonomous teams. Doing this would improve: the autonomy of the job because managers would just want the cases finished and wouldn't care how they get done, the jobs task significantly because employees would be able to see how their job helps the group accomplish the entire case, and the jobs task identity would increase as well because workers would get a higher sense of reward on finishing entire cases instead of just completing tiny bits of cases. The skill variety and feedback characteristics would stay the same. Improving these three job characteristics has a higher chance of increasing the morale of employees and decreasing turnover. With improved job satisfaction employees would be more efficient and motivated to complete work which would mean higher raises and better treatment. With Improved job satisfaction, the employees would be more motivated and work harder which would make the IRS perform well and make the Government receive their taxes efficiently and effectively. With Improved job satisfaction, the employees would be more motivated and work harder which would make the IRS perform well and make it easier for citizens to file their taxes which would, in turn, decrease the stress of the citizens. The last

solution is to train the employees so that they can complete entire cases on their own. If employees could complete the entire case on their many job satisfaction characteristics would be improved: the jobs task identity would improve because workers would know that the job is finished when they finish the case, the jobs skill variety would increase because workers would need more skills to finish the entire case, and the task significance would increase because workers would finish whole cases and get a higher sense of satisfaction. These increases in 3 job satisfaction characteristics have a high potential to increase job satisfaction. With improved job satisfaction employees would be more efficient and motivated to complete work which would mean higher raises and better treatment. With Improved job satisfaction, the employees would be more motivated and work harder which would make the IRS perform well and make the Government receive their taxes efficiently and effectively. With Improved job satisfaction, the employees would be more motivated and work harder which would make the IRS perform well and make it easier for citizens to file their taxes which would, in turn, decrease the stress of the citizens.

The best alternative and why:

I believe that the IRS should reconstruct the ACS into semi-autonomous teams so that job satisfaction will increase. The main issue with improving feedback is that instead of increasing three of hackman and Oldham's job satisfaction characteristics it only increases one thereby reducing the probability that job satisfaction will increase. The keyword tutor2u uses is "probability" because hackman and Oldham's model talks about increasing the probability that a job will be more satisfying and by increasing more characteristics this probability will increase. So we shouldn't only fix the feedback because it only addresses a single character so that's why the job teams would be a better option: because they improve more job characteristics. The semi-

autonomous teams are better than further training employees because Hackman and Oldham's job satisfaction characteristics are improved less with the training solution. With training skills, variety will increase dramatically but I believe working in a group will provide workers with a higher improvement to task identity and task significance than increased training will. The decision will the most improvement to Hackman and Oldham characteristics will have a higher probability in an actual job satisfaction improvement that is why a task group reorganization would be the best option.

Conclusion:

If the IRS changes the job organization to semi-autonomous teams, they have the highest probability to improve job satisfaction which would improve employee morale and decrease turnover. The government would continue to be happy with the IRS's work and would continue to use them as their tax-collection organization. The employees would be more satisfied and motivated to do well in their work. The citizens of the United States would be able to efficiently and effectively file their taxes which helps them be less stressed and easily avoid penalties for not paying their taxes.

Source:

Tutor2u, director. Hackman & Oldham's Job Characteristics Model. YouTube, YouTube, 26

Feb. 2018, https://www.youtube.com/watch?v=tWBLeOD8SN8&t=37s Accessed 12 Nov.

2021.