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CIS410-01

Case: IRS

Due: Thursday, March 28, 2019

**OVERVIEW**

The IRS’s primary function was to collect revenue for the US government which was initially created in 1862 for assessing the nation’s first ever income tax. This originally for the Civil War. In the 1960’s IT assumed a central role in the IRS when the agency integrated manual and computerized processing of tax returns into a basic processing system design that remained in place until 1989. There were issues with upgrading the system because of limitations due to the fact that the system was still based on technology from the 1950s.

This led to the effort of creating the automated collection system (ACS) which was a massive effort of modernization. This would automate a segment of the IRS’s collection operations which as Mr Brown said, he wanted to implement this system while minimizing any negative impact on the employees. He did not want to be like some other companies in the private sector that had no concern about their employees. He wanted the IRS to be a good place to work.

The ACS call site was organized into three basic functions. There was the contact function, investigation function, and the research function. There were also three distinct sources of performance monitoring which were computer monitoring, telephone monitoring, and teach reviews. The computer monitoring provided managers information on call volume, talk time, calls attempted, idle time, etc. With telephone monitoring, supervisors listened to calls and rated the employee based on certain criteria. During teach reviews, the supervisor went over the cases with the employee to ensure they were being handled properly.

**PROBLEM**

One of the main issues that the IRS had to deal with were the bad reviews they were receiving from supervisors and employees about the ACS system. A lot of the COF (Collection Office Function) employees that had seniority did not go to ACS which caused them to lose a lot of the technical knowledge they possessed with the changeover to the new system. They had to hire many people from outside of the organization which needed to be trained from scratch. There were stories circulating around about how it would be like tied to the computer terminal all day. Many IT advances are not linear, continuous, or even predictable. It is difficult to predict the effects of a discontinuous technology on employment prospects, quality of work life, and career paths (Cash).

There was an issue with employees and supervisors feeling scrutinized since everyone was able to observe everyone else. There was much more performance monitoring in place with ACS. This was driven by the new technology and part by management’s insistence that reviews be done to monitor the benefits of the new automated system and its effect on employee performance. This led to some of the supervisor’s feeling like glorified watch dogs. At the same time, supervisors felt that they did not have much autonomy because they were constantly being watched. Software can be designed to constrain the user or give the user great discretion (Cash).

**Core Job Characteristics**

**Skill Variety –** With the change from COF to ACS many employees felt that their jobs were over simplified which led to their jobs feeling more elementary, routine, and less meaningfulness.

**Task Identity –** With the new system, task identity decreased since employees weren’t involved in the entire process anymore. With ACS, cases that were not solved were sent out in the field to collection colleagues whom they did not have any contact with. So if ACS didn’t solve it with what they were equipped with, it left their hands and they did not get to see the cases through.

**Task Significance –** I would think task significance would go up since with the new system, there would be many more cases solved. With proper recognition, this should be a motivator.

**Autonomy –** With the new system, more controls were put in place. Employees taking calls felt like everything they were doing was being watched and criticized. This would drastically reduce their autonomy since during the teach reviews, doing things by the book would constantly be reinforced.

**Feedback –** Since more controls were in place for monitoring, this allows for more potential. This will help give employees more sense of accomplishment when they can visibly see their improvements. This would give employees a way to stand out and get noticed. Being at a job and never truly knowing how you are doing can be less motivating. But when it is in numbers, you can clearly see your performance, and this will give you something to work for. The new system would be great for feedback.

**MISSION**

To collect the proper amount of tax revenues at the least cost to the public, and in the manner that warrants the highest degree of public confidence in our integrity, efficiency, and fairness.

**ORGANIZATIONAL STRUCTURE**

The organizational strategy of the IRS is functional since it is a government organization. All the information flows from the top to bottom. When an organization grows beyond the affairs that can be handled by a single group of people and one boss, management usually opts to form a functional structure (Cash).

**GENERIC STRATEGY**

The generic strategy of the IRS would be cost leadership since they wanted to focus on keeping their operations at the least cost to the public while collecting the proper amount of tax revenues.

**PORTER’S FIVE FORCES**

Organizations use the Five Forces Analysis to help them make a qualitative evaluation of their strategic position (Porter).

***COMPETITIVE RIVALRY***

Competitive rivalry would be extremely low since no one else could step in and decide they want to start collecting tax money.

***THREAT OF NEW ENTRY***

Threat of new entry would be low since the government would not create another organization for the same or similar purpose, they would just enhance the existing organization to meet their needs.

***BARGAINING POWER OF CUSTOMERS***

Bargaining power would be low since people cannot refuse to pay taxes to the IRS just because they want to. Taxes also cannot be negotiated.

***BARGAINING POWER OF SUPPLIERS***

Bargaining power of suppliers could be high since IBM and Rockwell could increase their prices within reason since they are the only ones that are working with the IRS.

***THREAT OF SUBSTITUTES***

Threat of substitutes would be low because there would likely be contracts in place and being the government, they couldn’t quickly or easily make a decision to switch to a different system without a very good reason.

**STAKEHOLDERS**

**Employees –** This would be anyone working for the IRS that is using the new system or impacted by the new system.

**Customers –** The customers would be the tax payers that are interacting with the IRS while they use the new system.

**IBM –** IBM is the company that created the ACS system.

**ALTERNATIVES**

**DO NOTHING**

If the IRS were to decide to do nothing, then it is likely that they would continue to see a high turnover rate due to the lack of job satisfaction. This will lead to inconsistencies with their mission to collect a proper amount of tax revenues at the least cost to the public since they would be spending a lot of money in training the constant new hires.

**Employees -** This would have a negative impact on employees since they are being watched so closely. They will not want to go to work and the IRS will see a high amount of absenteeism due to the lack of motivation.

**Customers –** The customers or tax payers would be negatively impacted and see inconsistent service due to the constant circulation of new employees. There could be missed opportunities of paying taxes.

**IBM –** This could potentially make IBM look bad if the employees do not like or want to use the software they created. This would have a negative impact on IBM as well.

**CHANGE THE WAY EMPLOYEES ARE MONITORED**

With this alternative, employees would be monitored less. The idea would be to give them more breathing room. Instead of doing the teach reviews weekly, do them monthly. This will help remove some of the pressure from the employees.

**Employees –** This would have a positive impact on the employee’s perception of how they are being monitored. Morale would likely go up with the employees currently working there.

**Customers –** If this improves retention, customers/tax payers will likely see better service since employees that know what they are doing will stay.

**IBM –** If retention improves, IBM’s software will look more successful since employees would show more enthusiasm towards it.

**PROVIDE CROSS TRAINING BETWEEN DIFFERENT FUNCTIONS**

If employees were to learn all aspects of the different functions this would likely increase their motivation due to improvements in skill variety. At the same time though, if they are focused on multiple different functions, performance can go down for the IRS. If they were to stick to one function and master it, they could look better rather than being the jack of all trades.

**Employees –** Employees would likely perceive this as a positive but when it comes time for their performance evaluation it would be hard to properly measure them if they are split between the different functions. In the end, I would say this would be a negative impact

**Customers –** With the inefficiencies that comes from splitting employees across the different functions, it is likely the customers would see this as a negative impact.

**IBM –** This alternative would probably not have a big impact on IBM.

**RECOMMENDATION**

My recommendation would be to do nothing. No employee would be happy about going from not being monitored to being monitored. Especially the lazy ones who probably weren’t doing much to begin with. These employees probably loved their job when they could get away with doing nothing but now that they are being monitored, they hate it. To me, I would love being monitored so I could get feed back so that I can improve since I am very competitive in nature. Without proper monitoring, how will employees know when they have accomplished something? Employees need to feel some sense of accomplishment to continue to do a good job, but when employees do not have a clear understanding of their responsibilities, then how can an employee feel motived to continue to work hard and do a good job at any level of hierarchy? (Morgan) I would want to know how I am doing compared to everyone else. I believe that the high turnover rate would be temporary and that there will be a certain weed out period where all the people who got away with doing nothing would quit. The new people that are hired shouldn’t find it nearly as bad since they weren’t around for the period with no real monitoring. The new ACS system should drastically improve efficiency and if the goal is to make money, an action that moves us toward making money is productive, and an action that takes away from making money is non-productive (Goldratt). The controls in place weren’t necessarily there to punish employees, they were there to give them feedback so they could better themselves at their jobs. Tight control provides clear, narrow specifications of acceptable behaviors and results, and over relatively short time periods (Cash).

**Works Cited**

Goldratt, Eliyahu M., and Jeff Cox. *The Goal: a Process of Ongoing Improvement*. Routelege, 2016.

“Porter’s Five Forces: Strategy Skills.” Team FME, 2013, pp 1-33

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Morgan, Gareth Images of Organization. SAGE publications, CA, 1986