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Case #6  
IRS

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IRS is a piece of the federal government that handles tax documents, returns, and money owed to them or the government. Their mission is to “Provide America's taxpayers top quality service by helping them understand and meet their tax responsibilities and enforce the law with integrity and fairness to all” (IRS Homepage). They have been absolutely swarmed with paperwork. So much so that it has become unbearable and flat out unworkable. Their deadlines to citizens turned into mere suggestions due to the time it actually took them to follow up. They were losing credibility due to a majority of the cases being lost. Time was being spent on mostly just attempting to find a case in question, let alone actually finding a solution and completing a case. The IRS adopted a new information system that enabled them to automate a lot of the processes in order to make the system as a whole more efficient.

The IRS had prided themselves internally on being a nice place to work. However, with the adoption of this system, they cut their regional locations to almost thirty-percent of what it used to be and cut their employees from these locations in half. Long term employees are important to an organization and losing that many is very detrimental, if the low morale keeps up, they could very likely lose more. Employees that have been at an organization for a long period of time are especially important when implementing change because “Employees who have been with the company for many years have considerable knowledge of the company’s culture and its products and services. They have experienced many changes within the workplace, and consequently understand what works and what doesn’t” (Ferguson). Not only that, employees were monitored all of the time, they were treated like pieces of a machine rather than human beings. Their reviews from this monitoring were typically to catch someone in the act of messing up rather than helping them or encouraging them. These one-sided reviews can be hurtful to the employee, culture, and morale (Johnson). This caused the turnover rate to be high and the work conditions to be low. Before explaining further and stating which decision IRS should adopt, one must first understand the organization and the environment that it resides in and all of the people involved in this decision. To do this we will look at some of Porter’s five forces (Porter).

Typically, we would look at all five environmental forces on an organization, but for a branch of the government, some of these forces have little to no effect on the IRS or simply don’t exist in the first place. First, we will talk about the customers and the power they have over the IRS. Customers are an important power because “When a strong group of buyers is present in the market, it can significantly impact a company” or organization (Martin). Although customers in the sense of the IRS aren’t your everyday customers, the people that are paying money into this organization still have power over them. Currently, the customers, or taxpayers have a massive power over the IRS: time. Due to the slow nature of case completion and the flat-out loss of information, taxpayers had little to no reason to pay their overdue balances on time. The case mentions that a 10-day notice was more like a few months because taxpayers knew for a fact that the IRS would not follow up quickly. This power must immediately be limited to avoid further loss of information and valuable time.

Due to this being a niche organization for the federal government, there really are no other organizations or any other threats to consider. New entrants aren’t a force here due to the fact that no new company is going to take over a government branch. There are no substitutes for a government branch when citizens are forced to work with them by law. There is no intra-industry competition for the IRS to be worried about. There are no important suppliers that can hurt the IRS. Because of this, most of the problems the IRS has are internal and due to these internal issues, it’s allowing citizens to take advantage that has a negative impact on the government and IRS specifically.

Now that we understand IRS as an organization and the environment that they reside in, we need to discuss the decisions that are plausible for IRS as an organization to make going forward. I will stick to three most plausible decisions, define the main stakeholders involved in the decision, and lastly, how the decision will affect them and why it’s the correct or wrong choice for the organization as a whole.

Stakeholders are people that are impacted by changes in an organization. The main stakeholders I will reference are the customers who Peter Drucker describes as the most important stakeholders (Drucker), the government, and employees. These stakeholders are the ones that are most heavily affected by any major decision in the organization. These are the people that should be taken into account when deciding any major decision crisis.

The first decision is to simply change the way that management monitored employees. This certainly could help with the fact that employees sometimes felt like they were imprisoned and that the reviews were more of a “gotcha” than helpful criticism. However, it would remain unsatisfactory that the different departments had no interaction with each other or that each department never saw a case from start to finish. This would cause there to be down time just for each department to get adjusted to a case that they were not accustomed to. Whereas, if they saw it from start to finish, they’d only have to get well acquainted to the case once, in one group or department. Customers or taxpayers would most likely still see some delay in follow ups if they don’t pay on time so their power over the time involved would remain somewhat sketchy. The government would be somewhat pleased do to the increased employee morale but would still see some efficiency be lost due to the cases never seeing a start and finish within the same department. Employees would certainly be happier due to them not feeling as monitored or even just simply seeing the monitoring as being more effective. Employees like being noticed for their accomplishments, so monitoring can be good for both parties (Miksen). However, if used incorrectly like it is currently it can cause extremely low levels of employee morale. This option is therefore ruled out.

The next decision would be to train employees to personally handle the cases from start to finish themselves instead of it getting passed to three different departments. This option is good in that it will help reduce down time needed for each department to get acquainted with the same case. However, there will need to be a massive amount of training. People that specialize in one aspect of the organization will have to learn all aspects. With most of these employees being older, long term employees, it is hard to reinvent the way they handle their tasks and the number of tasks that they must complete. This option will most likely reduce the power that tax payers have over them time wise, which is a good thing. The government would be pleased if, in a perfect world, employees could learn the skills to handle the full case themselves which is unlikely with the current staff, yet possible. Employees will still continue to be monitored in a seemingly negative light. This option, is therefore ruled out due to it’s riskiness and the contingency on current employees being able to adapt to brand new tasks.

The final decision would be to create teams that handle a case from start to finish and change reviews to be more positive, allowing them to see a case from start to finish while allowing employees to continue on with their specialties and strengths to avoid a massive amount of training. Some money will need to be spent on adjusting the system to this but will most likely be cheaper than retraining all employees to handle cases completely themselves. This will reduce the downtime that is involved with passing a case to a department which you have no communication with thus lessening the power tax payers have over them where they stretch deadlines until they’re paper thin. It will also increase employee morale while not changing the way the observation of employees is handled. This avoids any further training of supervisors as far as monitoring goes. It will keep the government happy due to the quicker turn around times from opening a case, to receiving payment from the taxpayer.

The last decision is the better option because it lessens the power taxpayers have over the IRS regarding time. It also makes employees happier and improves morale which usually increases productivity, in fact, “When staff morale is high, everyone works well. Productivity in general improves when the staff love to come to work. You’ll find that some people will arrive early or stay late without expecting rewards, just because they love being at work and enjoy the tasks. If you want an effective workplace with high levels of productivity, work towards making your staff enjoy the workplace” (Millett). Lastly, it allows for the case to be learned and looked over by one team, one time. This increases efficiency by not having to have discrepancies between non-communicating departments and not having to practically learn the case three times as an organization.

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