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IRS Case Analysis

Case Overview

This case is about the implementation of a new automated system that the IRS wanted to use. They wanted to implement this new automated system because holding taxpayer data on paper in different locations throughout the US was inefficient. The new system would store taxpayer information in a centralized database. The automated system looked like it came with increased production, but Mr. Brown (the assistant commissioner of the IRS) soon realized that production could be higher and would decline if two problems weren't addressed. The first problem being that the way the work was organized, and the second being the monitoring of employees.

Five Forces Analysis

Competitive Rivalry : Low

The IRS is a government ran company and there is no other private companies in the US that do the same job as they do.

Threat of New Entrants : Low

threat of substitutes is also low because there is no way for a private institution to have the same legal permissions as the IRS does.

Threat of Substitutes : Low

There is no threat of new entrants is low because it is highly unlikely the government establishes a 2nd competitor to the IRS.

Bargaining Power of Supplier

The Automated Collection System is the main “supplier” for the IRS as it contains all necessary information that they need in order to operate. If something were to happen to the system, the IRS would not be able to operate as efficient.

Bargaining Power of Consumers

The consumers in this scenario are the US citizens that are being monitored and they have no real power over how much they owe the IRS in taxes.

Organizational Mission

The organizational mission as stated in the case was to “collect the proper amount of tax revenues at the least cost to the public.”. The IRS had the responsibility of handling more

than 194 million tax returns, \$935 billion dollars, and 83 million taxpayer requests. All of this was handled on a \$5 billion budget with 120,000 employees across the United States.

Company's Strategy

The IRS consisted of a central office in Washington D.C. along with 64 other regional district offices. Collection was one of six divisions. The collection division was responsible for handling cases that originated in one of the 10 national service centers. The collection office used to be called the Collection Office Function (COF) before reorganizing and automating it. The COF system was replaced by the Automated Collection System which was a computerized inventory control system consisting of three computer components. The components were an integrated data retrieval system, IBM, and a Rockwell automated call distributor.

Alternatives

Alternative 1 : Change ACS monitoring and management

I believe that the reason that workers are not responding well to the new system is for a multitude of reasons. Hackman & Oldham's module outlines a number of areas that can be pointed to as for why the workers are not responding well to the ACS system. Supervisors "referred to themselves as glorified watch dogs". This points to the Skill Variety part of the module. Managers feel that they don't do anything other than monitor employees and that the job does not take on variety. Employees stated that "it was made routine rather than spontaneous" when referring to the telephone monitoring. In Hackman & Oldham's module, Feedback and Autonomy were 2 of the 5 predictors when determining job satisfaction. I think

that employees on every level are unsatisfied and changing the way that if they can make employees feel less micromanaged, it'd help the autonomy of letting them feel like they have freedom which in turn would help turn out better numbers and output with the new ACS system.

Alternative 2: No Action

If people at the top of the company feel that the system is benefiting the company , then they can make the decision to leave things as they are and force the employees to adapt. Eventually, employees will adapt and either accept the system and do their job or quit if they do not like the new system.

Recommendation

I believe that changing the management style and monitoring of employees is paramount in being able to achieve maximum output. Employees struggling with the new system is going to be a challenge but they don't want the employees' struggles to effect their productivity. If the employees keep feeling as if they have no control , variety, or too much feedback, retaining the employees may become a problem and productivity will lower.

Citations

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