*Problem Faced by The IRS*

The IRS is suffering from a high turnover rate after the implementation of the new automated system. Employee retention is the issue at hand especially due to labor shortages and undesirability of a government job.

*Industry Competitive Analysis*

Mission Statement: The goal of the IRS is to efficiently process “customer” taxes and issue returns or bills depending on circumstances.

Generic Strategy: General strategy for the IRS is cost leadership in processing taxes in an efficient manner for collection or return of taxpayer income

Porter’s 5 Forces (*Michaux 1)*:

1. Competitive Rivalry – Low, there are only a couple of other companies that could be considered rivals to the IRS but for the most part hold most of the power as a government backed agency.
2. Supplier Power – High, Suppliers are the IT service providers and labor, in this scenario there is a labor shortage and with turnover so high the suppliers in this scenario do have some bargaining power
3. Buyer Power – Low, the “buyers” are essentially anyone who pays taxes and there is very little any of them can do to avoid this. The IRS holds all of the power due to the law requiring taxes must be filed and processed
4. Threat of Substitution – Low, even if you use a tax service in the end the taxes will be processed by the IRS. The tax service becomes more of a middle man than a substitute
5. Threat of New Entry – Low, to have government backing and the reach to work with customers across the US would be extremely difficult to build and compete with

Value Chain vs Value Shop: Value shop providing logistical service of processing taxes

Org Structure: Functional organization *(Cash 108)* following cost leadership with a central leadership being reported to.

*Stakeholders*

Customers – The customers, people filing taxes don’t necessarily want the company to succeed as much as they need it to. Taxes are already a sometimes confusing or frustrating thing to work with and therefore it’s in the customer’s best interest to have a company that’s been doing it a while to handle it and ensure it’s done correctly

Employees –The employees have a desire to see the IRS succeed to continue to pay their bills and support their families

Government- The government requires the services of the IRS to continue to process tax documents and therefore have a vested interest in their success

*Actions & Effects*

1. Reduce monitoring of employees on a constant basis and make it a random occasional review on a rotation schedule supplemented by data on employee cases: By reducing the monitoring this opens up the company to have more of a community feeling it had beforehand that seemed to work, while not eliminating the feedback that can be provided by monitoring employees on a case. As of now the employees feel as though there is *constant* scrutiny, this prevents any pleasantry or community to be established. When employees don’t have the full idea of how to pursue a case, they cannot ask for assistance without feeling as though they will be hurt by the break in work. If the employees feel as though they can talk, they will not only use it for personal discussion, but it will also allow them to ask for help. This will help to improve skill variety *(Hackman 1)* by allowing them to pick up on other employees’ expertise and add it to their own through experience. This will also improve autonomy *(Hackman 2)* through allowing employees to attempt to find solutions on their own outside their station without feeling as though if they do, they will be penalized. Both aspects of the job being improved should also assist in productivity, job satisfaction, and motivation of employees to seek out solutions on their own.
2. Pursue the idea of small teams with batch cases: Under this scenario the autonomy of the employee is increased exponentially, they can work within their team but in general they do not have to hand off tasks to other divisions and can pursue their job to the end, which also ends up increasing skill variety. Because they are in a focused group the communication will be open and picking up on skills from other employees when working through different cases, knowledge from other employees will be taken in. Under this feedback *(Hackman 3)* can be provided at a team level on a less rushed schedule. By having fewer groups to evaluate there should also be more time for proper feedback to be established. If the feedback loop is tighter and the feedback makes it back to the employees faster this will also help to increase productivity and motivation. If an employee receives feedback a week after their call was monitored, they may forget how the call went and the feedback may not make as much sense in context with calls they made in the current week. This also frees up supervisors to not have to perform quite as many evaluations.
3. Make no changes: Under this scenario, the company would continue to operate as it currently is. This would allow the newer employees to continue to learn and adapt to the way things are currently running while the initial loss of more experienced employees cannot be reversed. Bringing in newer employees is a difficult task and the way the monitoring and informal structure of the company is currently performing those newer employees will not last long, constant scrutiny, poor feedback, incomplete assets for following through on a case, these factors will continue to build up and as employees leave the perception of the IRS will become one of constant monitoring and scrutiny. This potentially dissuades newer employees from applying and doesn’t leave them in a position to remedy the high turnover it currently faces.

*My Choice*

My choice would be to implement small groups for taking on batches of cases. By opening up communication I feel as though you solve most of the dissatisfaction present in the current feedback from customers, a lot of them miss the way things used to be or don’t know how it used to be and still dislike the idea of constant supervision with little communication. A team setup allows for conversation and community to be had within your group which is better than being tied to a monitor alone all day. As I said before it also frees up supervisors and opens the option for cross training which benefit the company in the long run. As employees become more adept with different aspects of the job they can be divided up to lead newer groups and foster more growth and community. With feedback coming back after observing groups the team can break down the feedback further and find what tasks suit everyone the best to continue to adapt to the situations. Metrics from the analyst would still be in use for individual performance evaluation but this information should be shared in full rather than in pieces so employees can see how they perform overall to decide on further improvement individually.

*Citations*

Michaux Stéphanie, Cadiat, A.-C., & Probert, C. (2015). *Porter's five forces*. 50Minutes.com.

1. Performed an industry competitive analysis with Porter’s 5 forces

Cash, J. I. (1994). *Building the information-age organization: Structure, control, and information technologies*. Irwin.

(108) Cash describes a Functional organizational structure and its properties

Hackman, J. and Oldham, G., 1980. *Work redesign*. Reading, MA: Addison-Wesley Publishing Company.

1. Skill variety described as a core characteristic that influences motivation, productivity, and job satisfaction
2. Autonomy described as a core characteristic that influences motivation, productivity, and job satisfaction
3. Feedback described as a core characteristic that influences motivation, productivity, and job satisfaction