IRS Case Analysis

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CIS 410 - 50

April 1, 2021

The Problem

The IRS, or Internal Revenue Service, is a branch of the federal government whose focus and job is to collect and process taxes from both individuals and companies within the United States. Because some people incorrectly file or do not file at all, there is a separate division of the IRS who set out to receive proper payment.

The IRS started out with the COF which was a physical system that needed manual labor to compile paperwork in different sections of the office. Because of this setup, employee interaction was high, but the productivity remained pretty low. It also caused issues when needing to locate files for walk-ins and callers, since they had to manually find each document.

Due to these huge issues, the IRS switched to the ACS in 1984. This was a system that was fully electronic and allowed the IRS to digitally store files. Receiving, creating, filing and retrieving documents became universally easier for the IRS because of this change. This new system did not come without its own set of issues though. The employees of the IRS had become accustomed to constant interaction and socialization. Instead now, they sat alone at their workstations. To add to this, monitoring was setup and dissatisfaction rose even more. James Cash talks about this and says, “Electronic monitoring systems can help improve efficiency and reduce errors” but in this case, employees became more unhappy and distrust was built up between their employers” (Cash). Some of this feedback was of course helpful, but the employees thought they were taking it too far. Cash goes on to state “Monitoring can have the effect of disconnecting the worker” (Cash), and that’s certainly what was happening. Even Morgan goes on to state that employee who are monitored extremely closely may come to face increased stress in the workplace (Morgan).

Porter's Five Forces

Porter's Five Forces is not the same in this case, as it is in others. Since the IRS is not operating like a normal business, but as the federal government, the forces to do not really apply. Of course, they are still in it to make money, there are no threats of new entrants, substitutes, or competition since the government does not have or need multiple collection agencies (Porter). Their budget of around $5 billion alone is basically impossible for anyone to compete with.

As for the suppliers, those are the taxpayers within the United States. They have to pay taxes or suffer consequences, so there typically won't be any issue with suppliers. Even if they do not pay, at some point they'll be found and forced to pay out, so the only issue could be time, which is the bargaining power.

Stakeholder Analysis

Shareholders: The shareholders would be the government. Without the IRS, funding of the government would be a nightmare or require a different organization. The normal shareholders are not a thing since this is not exactly a company that can have ownership.

Employees: The employees are those that are working for the IRS and the government. Without the IRS, or with it working poorly, government workers would be looking for work. IRS employees are affected by the decisions here because they need to feel motivated. Without motivation the IRS as a whole and its employees would suffer.

Customers: The customers are the US Citizens and the US government. The US citizens are the ones paying to the IRS and need a well-oiled machine with clearly laid out tasks to do so. The government are customers since they are receiving the benefits that the IRS brings. If there is a lack of motivation within the IRS, the government will have backups with their funding.

Do Nothing

The first option for the IRS would be to choose to do nothing and take no actions. With a growing turnover rate within the IRS due to unsatisfaction, this would only further increase the turnover rate. Productivity will still remain high, since the implementation of ACS but without workers, or constantly bringing on new workers who only stay for a short period, this wouldn't matter.

Option A: Retraining Employees

The second option would be for the IRS to retrain their employees to handle every aspect of the collection case from start to finish. One of reasons for unhappiness stems from the lack of skill variety and advancement. Retraining would address both issues at a smaller cost than revamping the entire system. Employees would be able to take the collection case from start to finish increasing their task significance. With that being said, task identity would decrease since everyone is doing the same thing. Either way, this would potentially boost the feelings of employees at a lower cost of just retraining employees, instead of implementing a whole new system.

Option B: Change Supervising/Management

The final option for the IRS would be to alter the way supervising and management works. One of the main issues is the distrust shown by the employers and being returned by the employees. The guidelines for management and supervisors can be altered to keep productivity high, while bringing employee satisfaction back up from the bottom.

Employees privacy concerns would be addressed leading to a better work environment. They would not feel like they are being constantly watched or listened to which gives them freedom in their work which is a huge benefit. If an employee is hired, it is because management thinks they can do a job sufficiently, and they should have the opportunity to prove that.

This would be a cost-effective strategy as nothing significant would have to change for the employees. Training management to change their monitoring would be more cost effective than training all the employees since there are less managers and supervisors. They also would not need to learn new skills, just change their viewing and treatment of the employees.

Recommendation

My recommendation is for the IRS to alter how management and supervisors are monitoring their employees. This comes at less of a cost to the already massive budget of the government and the IRS alone.

Allowing more freedom to the employees will change the way the work environment feels. There is more freedom to be a little more social with coworkers, and management would no longer be the bad guy to the employees. Instead, management can listen to what the employees have to say and are not constantly showing their superiority over their employees.

This will allow productivity to remain high, with the ACS systems still being utilized to their full extent. There would also be less transitional problems that retraining all employees to work on a case from start to finish. Retraining management addresses many of the issues the IRS is facing at a much lower price than any other options, while still focusing on the employees work and their work environment.

Works Cited

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