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CIS 410 – 01

IRS Case

The IRS is a government agency that has recently gone through a reengineering

effort, what was a paper based system is now a fairly simple computer centered

process in which employees now work at their own individual terminals in order to complete the inventory of collections the IRS needs to handle. It brought about a one-hundred percent improvement in productivity in terms of closed cases, but also brought about massive turnover and low morale for employees and supervisors alike. The problem the IRS is facing has a root cause in the way they developed the new productivity centered computer system, and how they're managing their people with that new system. What it boils down to, is the system has deskilled and isolated employees from everyone except their supervisor, and supervisor roles and been watered down to almost nothing more than monitoring and providing feedback to employees. The jobs are boring, the work is not by any means fun, and there is no room to grow or prestige associated with the jobs these people are doing. The automated collection system violates almost everything in the Hackman-Oldham model, such as skill variety, task identity, autonomy, and task significance, the employees and supervisors alike will only continue to decrease in job satisfaction, which could affect productivity to the point where the IRS would actually be worse off than before.

In the decision making process, it is best to determine where an organization falls in terms of its risk propensity. With Porter's five forces analysis, determining which alternative will be best for the IRS and its stakeholders will be easier if it is known how much risk the organization is willing to take. The first force to consider is intra industry competition, for the IRS there is none, this organization serves a government function and is the only organization that deals with the collection of taxes in the way the IRS does. Threat of new entrants is extremely low; it is doubtful anyone from the private sector would enter competition for government business with the government itself, and there aren't any substitutes for people to turn to.

There are no suppliers to bargain with, and the power of customers is not really there as the IRS is acting on behalf of the government. The IRS also happens to not produce anything at all, it is an agency that works cases to collect taxes from citizens who are late on getting the government its money. Because of this, and the forces indicate that the IRS is a monopoly on the service it performs for the government indicate that the IRS works on a low-cost strategy, and is not generally a risk taking organization. Any alternative that presents high risk will not go over too well, but the risk is also relative to the worth of the organization, which will be considered in the alternatives shortly.

There are four stakeholders to consider in the case. First are employees, the issue revolves around them, the new system changed the way employees work and interact. Employees also do all of the actual work, so it is good to examine the situation with employees first in the following alternatives. Next are the supervisors, who ensure employees do their jobs at quality standards, and ensure interactions with customers are professional, courteous, and short as possible. Next we'll examine the customers, who currently has to speak to up to three different people to get their case settled. Finally, Tim Brown will have some consideration, he appears to be the one making the decision, so to understand how the alternatives affect him will help determine which alternative the IRS should choose.

The case lists three alternatives Brown is considering, as always there is a fourth, though it does not appear it will have any realistic consideration, fleshing out the alternative will highlight why that is, and likely assist in determining the next best course of action. The first of the four alternatives to consider will be to simply do nothing, basically continue operations as usual. This would be a problematic route, the best explanation for why rests in the Hackman-Oldham model mentioned

earlier. This model uses five core competencies to determine work outcomes. These competencies are skill variety, task identity, autonomy, task significance, and feedback. The work outcomes we went over in class to go with this that we will look at now and through the rest of the analysis are Job satisfaction, motivation, productivity, absenteeism, and turnover. Between the outcomes and competencies are moderators, which lead to the outcomes based on the competencies. These are knowledge and skills associated with a job, growth need strength, and context satisfaction. Throughout the case, it is demonstrated that ACS violates all core competencies, including feedback. Skill variety was reduced to about one skill per job when the ACS went into place, there are separate positions for contact, research, and investigation. Employees pretty much do one of these three things for various cases all day long. Task identity was diminished when the tasks previously performed by employees were segregated, now the IRS resembles more of an assembly line, when the case is finally solved, only a portion of the work that went into it goes to an employee or employees in each department. Autonomy has been reduced to nothing since the system determines what each employee will work on next. Employees have no power whatsoever in choosing what they will work on next. Task significance is also very low in these IRS jobs, especially the contact department. One employee even describes how others see them as simply people calling for cash, that's the extent of the utility and value these employees provide in the eyes of their contemporaries. It's difficult to find any satisfaction in a job with so little esteem. Feedback has become a regular part of employee evaluations, the only problem is it has become mundane, and has lost the effectiveness it once had in coaching and moving employees to do better, more consistent work. The ACS increased the amount of feedback employees got, which isn't inherently bad, but

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when the feedback happens so regularly people stop caring, and with this system, it seems that if the employee corrects one thing, the manager has to look for something else to correct. Instead of encouraging the work habits and behaviors supervisors want, supervisors are nit-picking at employees for things that may be less desirable, but have minimal impact on the overall operations and efficiency of the IRS. What this comes down to is too much negative reinforcement with no positive reinforcement to speak of.

With skill variety, task identity, and task significance all lowered, employees especially have a hard time finding meaningfulness in their jobs. If the jobs are not meaningful, job satisfaction decreases, motivation decreases, turnover goes up, absenteeism goes up, and productivity eventually falls. The jobs don't require a lot of knowledge and skill, don't provide opportunities for growth for people who need that in their career paths, and there is no context satisfaction if the employees are isolated like they are with the ACS system. No autonomy coupled with low task identity mean employees generally will not want to take responsibility for their work. The feedback provided by this system also does not lend itself to good knowledge of results, only what the employee did wrong once the case was resolved. To top it all off, the monitoring capabilities of the system further alienate employees from the organization of their employ. Morgan touches on this a little in chapter 9, he talks about how IT systems like the ACS create expectations of instantaneous results of complex problems, monitoring systems give updates of metrics everyday on everyone working, and these systems provide constant reminders of how well or how poorly one is doing in the moment, rather than overall. This leads work related stress to be at an all-time high, and can actually have negative consequences for employees who work under high stress constantly.

As far as the high turnover rate is concerned, it has to be caused by either the stress of being constantly watched, or the dissatisfaction employees feel from a number core satisfaction competencies the ACS fails to meet.

For the most part, the IRS had a decently successful implementation of a totally reengineered system for collections, but it still failed. According to Hammer, the organization is guilty of the tenth in the top ten ways to fail at reengineering, the IRS failed to consider its own people in the process. It is obvious enough employees were not happy with the way things were going as fifty percent of the collections teams left before the system was even implemented. At this point, it is clear that keeping the status quo is not an option, the system must be changed or scrapped. If things continue the way they have been, the IRS can only expect more problems in the coming months and years from within. This won't be a problem local to employees, supervisors have much of the same issues to deal with. The job of performance reviewer is pretty monotonous, and doesn't lend to much creativity or ambition in management. Supervisors spend most of the week reviewing work, then almost the entire rest of the week is spent meeting with employees to tell them what they did wrong. With this alternative, employees are still miserable, the job is dull and repetitive, and there isn't much respect to go along with it. Supervisors are stuck in the same boat. All they'd be doing is review after review, not a lot of room to grow personally or watch someone else grow because of their efforts. Now both employees and supervisors are still unsatisfied. Brown is going to continue to have to deal with high turnover and low morale, which makes his job harder. Customers also have to deal with a highly efficient, but convoluted system. I'm sure no one is in a hurry to pay the IRS if they can help it, so the faster service may not be ideal, but no one wants to call three different departments to settle a case, that just

makes the IRS an even bigger pain to deal with than they already are. In this
alternative, no one is happy.

Next consideration will go to the third alternative Brown lists, which is to keep the
system, and simply modify the way the system is managed using seven factors for
influencing employee attitudes towards the new system. The seven factors Brown is
thinking of working on are: the immediacy of monitoring information feedback, the
nature (positive or negative) of the feedback, the clarity of the criteria used to rate
performance, the method of monitoring (remote vs immediate) the supervisor's
knowledge of the job and leadership style, and the employees prior disposition
toward computer monitoring. While working on feedback would be good, making it
available sooner would not be helpful, it might even weaken the feedback further,
the best thing to do would be to stretch out how often employees receive feedback.
Finding ways to make feedback positive would be difficult due to the lack of task
identity and autonomy. If people cannot make decisions, it is difficult to reward
people for anything more than simply doing the job like they are supposed to.
Clearer criteria would also be good for giving employees an idea of when they are
succeeding and failing, and it would help generate some opportunities for positive
feedback. If the managers are the positive sort this may work out nicely in feedback
improvements, but the supervisors would also need to be trained how to do the
work of employees in order to better appreciate the people they are dealing with. I
am honestly not really sure what the seventh factor would have to do with anything,
unless Brown intends to fire everyone who doesn't like being watched. It's good to
effectively monitor the system, but if Brown doesn't solve the issues of no
autonomy, no task variety, no task identity, skill variety, or task significance, the
efforts to improve the system would be a pretty big waste. Looking at the

moderators mentioned earlier in conjunction with the Hackman-Oldham model, growth need strength and context satisfaction are still shot, meaning people still won't be satisfied working for the IRS, meaning turnover will continue at its present level if not increase. Looking at how Fried envisions IT in the coming age, it is a tool to empower employees to do their jobs to the best of their ability. He talks about employees writing their own little programs, the use of text editors, and personal database programs. All tools for employees to create themselves, to take ownership and exercise a bit of autonomy in how they complete their tasks. This system does the opposite, it regulates, schedules, and measures. There is no margin of freedom in the system to do anything in a creative or innovative way. With this option, employees may be a little less miserable, not necessarily more satisfied, if the feedback has some positive notes in it. Supervisors would not like the sudden scrutiny being placed on them to keep the people they have to do performance review on happy. That just puts an odd, dysfunctional dynamic between the supervisors and employees, where supervisors now have incentive to give good reviews to bad people for fear of reprimand for making an employee unhappy. Employees would be happier, but at the expense of the people Brown relies on to keep employees productive. Brown would come to find employee morale up slightly, while supervisor morale would drop even further. This would be worse than keeping things a little more even. You need enough supervisors to keep employees on track, without either, Brown is in trouble, but if employees find an unbalance in the power structure, it could be problematic, especially if he can't keep supervisors on payroll because their dissatisfaction is too high. Customers would likely experience lower quality service, and would still have to deal with three different departments. This

alternative gives employees slightly more happiness at the expense of every other stakeholder, this is not a valid option.

The next alternative to consider will be the second alternative Brown lists, which is to pile on to ACS employee responsibilities, giving them a wider range of tasks and having employees perform operations from start to finish, with training to handle all aspects of the collection function. On the whole, this is a more reasonable option than previously seen. With modern IT systems, organizations are going to have increasingly extensive capabilities to monitor their employees. Cash discusses how systems like ACS will be an issue in the information age. Systems will be designed to either constrain the employee, or empower them to better do their jobs. The ACS was a step in the direction of restraint, as indicated by the poor response employees had in using the system, but this alternative is a step in the right direction at least. By expanding job capabilities of each agent, the ACS will need to allow them to do the research, calling, and investigating to close out each case, it will break the monotony of the work IRS employees are doing, and would allow them greater skill variety, task identity, and task significance. Skill variety comes as agents are now required to handle each piece of the case, task identity returns as the employees now get to see each case through to the end, and employees, as well as others, begin to see the significance of the work each person does as no one is simply calling for cash, or just looking stuff up all day. Giving feedback would actually be meaningful in these more complex situations as well, as now supervisors can coach on legitimate weak points an employee might have with research or investigation rather than simply half-heartedly chastising employees for forgetting their lines. The job still lacks autonomy, but there is a need for considerable knowledge and skill, room to meet growth need strength, and context satisfaction

can be achieved for some, but probably not all employees. It is by far more preferable than doing nothing, or attempting to apply changes to vague and difficult quantify factors that may not do anything to change the situation at all. There will be training expenses associated with getting current and future employees up to speed on an individual basis, but if the IRS can keep people longer than a year, the increased cost of training people should even out quickly. With this alternative, employees will be mostly satisfied. Supervisors will have real coaching to do, so they will likely find their jobs more satisfying as well. Customers will likely appreciate only having to deal with one agent to close their case, and Brown will have fewer problems with turnover, and should see production return to their elevated levels after employees are through with training.

Finally, we will consider revising the current ACS system with an investment of over a million additional taxpayer dollars into the system, as well as the costs of retraining employees and implementing a uniform pay-scale. This final option would assemble individuals into teams with a case load, and evaluations would be passed by supervisors on teams as a collective. Individual performance would be monitored by the group, meaning members would likely need to report poor performers for the sake of group performance, meaning this system may be less susceptible to issues with supervisor bias. Now the group would need to take issue with someone before they were terminated, where previously employees cited in the new system if a supervisor did not like someone, it was all too easy to find a reason to terminate them. This alternative would have teams taking on caseloads, and deciding how to handle them from there. There would be more opportunity for the employees to decide what they worked on and when, which is an increase in autonomy. Since these teams would be made up of people with the combined skillsets to solve each

case within the group, there would be less of a need to focus on retraining current employees, but there would be added costs for getting new employees up to speed. It would not be much different from training new employees in the previous alternative, the cost goes up, but if productivity increases, this pays for itself. Wimp.com has a video that goes through studies done on the effects of different motivators used to incentivize people to perform, what made the biggest difference was not money, according to the video, the biggest difference came down to three factors which were autonomy, mastery, and sense of purpose. With autonomy, one company gave employees freedom once a quarter to work on whatever they wanted for a 24 hour period, no limits on what they wanted to try and achieve, it did not need approval or supervision, they were allowed to simply choose what they wanted to do. Performance and personal satisfaction in the employees increased dramatically in from this seemingly small period of time the company gave to employees, 96 hours a year, to just do what they wanted on the clock. The ACS currently has no room to autonomy, or sense of purpose. Mastery in one's job is an absolute must to the point where the job becomes dull, and without the other two factors, performance and satisfaction will not go anywhere but down. Revamping the system to allow some small sense of autonomy and reorganizing the employees into groups will allow the IRS to reap the benefits in terms of performance and satisfaction described in the video. The best part of it is there is only a small, but significant amount of autonomy going to the employees. The cases will still get worked, and employees don't even get to pick what goes in their caseloads, they do however get to prioritize to their preferences, meaning happier, more productive employees that will likely be able to handle more cases than mildly satisfied employees by themselves. Goldratt, in his book The Goal states that the goal of any

such organization, even those such as the IRS, have a single meaningful goal to make money now an in the future. In his other book It's Not Luck, Goldratt furthers this by giving two necessary conditions for success. These necessary conditions are making sure employees have safety and security now and in the future, and customers are satisfied now and in the future. What this comes down to is, in order to have a quality service like the IRS is after, which is also efficient, they need to take care of employees in order to take care of customers. A lot of effort has been made with the ACS to make the work more efficient, and an overall better experience for the customers. It would be a waste to go through all the effort only to let the system fail employees, who will in turn fail the customers. Kalakota calls this being customer focused. Nothing is more difficult, perilous, or important than this. It is true, there are not alternatives to the IRS for people to go to, but that does not mean taking care of them should not be a priority. If it gets bad enough, it isn't out of the question that a privately owned company could find a way to do things cheaper and more effectively. That would be the most extreme case, but it warrants consideration.

If nothing else, this is the only complete solution, it satisfies the Hackman-Oldham model completely. The skill variety is there, people will need to be trained to handle specific aspects of cases, then they can pick up the rest from group mates to be more versatile. Task identity is there, employees will have their names attached to the work that was done within the group, and they will be able to see the work through to the finish. Autonomy is ingrained in the system as employees prioritize the caseloads the group is handed. The same work gets done, just according to when employees prefer to handle which situation. Task significance returns as now employees are not stuck either calling for cash or investigating all day, they are

given prestige as the job they do is apparently more complex. Finally, feedback can be given meaningfully at two levels. First supervisors can rate the group overall, give general areas to improve, and press upon individuals where they see fit. The group can then self-evaluate, and help teams identify areas for individual's specific areas to improve. With this alternative, knowledge and skills are needed to get the job done, it's not a system of simple repetitive tasks. Growth need strength is there for employees who have a need to be challenged. Within the group, individuals can work on new kinds of cases and get help when they need it, so that challenge to learn and do well is there. Finally, context satisfaction is present. The job requires a degree of motivation and intelligence, doing it well is something to be proud of. With the five competencies and three moderators met, satisfaction, motivation, and productivity increase as absenteeism and turnover drop. This alternative requires some serious investment, over a million additional taxpayer dollars will be needed to get the system where it needs to be, but considering the IRS is sitting on over seven billion in inventory, a million seems like a drop in the bucket if productivity can significantly increase.

Of all the alternatives, revamping the system is the best option. It's costly, but it will lead to the best long-term results and the most stable increase in productivity. It will allow the RIS to attract sharp people who need a challenge, and will result in the happiest employees, supervisors and customers, which will also be good for Brown. The IRS not doing anything or simply saying they are going to focus on concepts rather than making real procedural changes won't do any good, and will likely only perpetuate the present issues of turnover and employee dissatisfaction. Putting more responsibilities on employees is the next best option, but still confining in that, if they aren't at their desks, employees will not be seen as working. At least

functioning as a group, some freedom of movement and autonomy in choosing what

to work on and when will be given to the employees, and at a small cost compared

to what the IRS is attempting to collect.

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