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Case 6

IRS

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The IRS and Their Mission

The IRS is a company that is used to collect revenue for the US government. In 1988, for instance, the IRS had receive and processed more than 194 million tax returns, collected approximately \$935 billion, and dealt with 84 million taxpayer requests for information or assistance. It operated on a budget of \$5 billion in fiscal year 1988, with 120,000 employees in more than 700 offices in the United States and abroad.

The IRS organization consisted of a central office in Washington, D.C., and 63 regional district offices, in which collection was one of six divisions. Collection was responsible for handling cases in which the IRS had accounts receivable and that originated in one of 10 national service centers. Service centers were where taxpayer returns were filed and processed and bills for unpaid taxes or notices for unfiled returns were issued. Until 1983-1984, the collection operation, called the collection officer function (COF), was organized as 63 district office sites. The IRS then decided to automate and reorganize the COF where a major problem was keeping ahead of the of the inventory of work. Implementing technology reduced the collection sites from 63 district offices to 20 offices, each of which served multiple districts.

The IRS's mission is to provide a cost-effective management to its customers by collecting the proper amount of tax revenues at the least cost of the public. The IRS's primary function is to collect revenue for the US government.

The Problem

With the introduction of the new collection system, the ACS, employees and supervisors feel more dissatisfied and turned away when working at their jobs. Employees felt that there was

too much spying going on by the managers, and that instead of providing useful feedback and trying to provide quality control that they were simply trying to catch employees in the act of doing something wrong. “IT is leading to changes in our relationships with the organization and its members, in how we conduct our work, and in how we are supervised and evaluated.” (Cash). Managers on the other hand felt that having to write too many reviews were taking up too much time and would rather focus on things at hand like computer monitoring or telephone monitoring. All in all with the introduction of the ACS, productivity has gone up but will not stay that way if employees and managers are not satisfied with the current work conditions and environment they are currently operating in. This can also be described by Cash as, “Rapidly evolving information technologies are permeating our lives as employees and as private citizens” (Cash). As this new technology was quickly introduced and entered the lives of the employees and changed the way they currently operate.

Porter’s Five Forces

The first of the five forces is interindustry competition. This is low because money taken by the IRS is simply just given to the US government. There are no other forms of competition with the IRS.

The second of the five forces is threat of new entrants. This is also low because the IRS is the only organization in this market/area as they are apart of the US government and therefore will never have any new entrants into their market.

The third of the five forces is threat of substitutes. This again is low because without any competition or new entrants to look out for, there is no reason to be afraid of any threat of substitutes.

The fourth of the five forces is bargaining of suppliers. This can be seen as high as the only suppliers the IRS has is the system that they used, if something doesn't work out with the current system they are using and they have to switch to a different one, that can cost the IRS a lot of money just to implement.

The fifth of the five forces is bargaining of customers. This can be seen as low as the customers switching costs are very high, as no one else in the US does what the IRS does. They have no where else to go when it comes to paying taxes.

Stakeholders

Stakeholders that are apart of the IRS are: Managers, employees, and the US government. Managers are stakeholders because they expect things to go well with the company and the new ACS system. They need the company to keep doing well so that they can secure their jobs. This can be said the same for employees, they are stakeholders because they need their jobs to continue to get paid, but also need motivation and conditions when working at the IRS so that they can be more productive. Finally the US government is a stakeholder in this because they expect the IRS to do their job. They are in charge of getting taxpayer money to send to the government so that they may use that money for other funds or resources. You could say that the US government expects the IRS to work towards the goal, which can be said to be, "to make money now and in the future" (Goldratt).

Alternative Solutions

The first alternative solution is simply to just do nothing. While the productivity and increased for a short period, this wouldn't be a wise decisions as managers and employees alike

have expressed how they don't entirely like how the new system interacts with them. They feel they are being isolated from other members and are constantly being spied on/trying to get in trouble by the managers. "yet there is also greater potential for others to exert control over individuals through privacy-reducing on-line performance monitoring and database technologies." (Cash). They do not feel motivated by this current system and could just potentially end up getting stressed out which could cause massive harm to the company. I do not recommend taking this choice, as it will not help the company for the long term down the road. It could just simply end up backfiring at them if the employees are not addressed.

The second alternative solution is to restructure ACS's work organization into semi-autonomous teams. I don't see this as being a good option as it would require at least a \$1 million dollar investment to redesign the technology so that the teams could handles cases from start to finish. Not to mention with putting everyone into teams this would cause the pay scale to change, and would force the teams to a uniform pay scale and would certainly raise the wage bill. All in all this change would just cost the company too much money for a system that was just implemented, so I recommend not taking this choice.

The third alternative solution is to retrain ACS employees to become more versatile and able to handle all aspects of the collection function. This would have employees handling cases as best as they could from start to finish. This option would end up raising the pay scale like the other option beforehand, as to compensate employees for the additional skills required to handle all of the functions. There would also be more costs as it would take time and money just to retrain all of the employees. I recommend not taking this course of action, as it would be too much time and money to make when there are other options available for use. This also doesn't solve the issues of how employees aren't fully happy with how things are managed, as

employees are still worried about how the managers are handling things and are just trying to create dissonance by spying on them and getting them in trouble for making mistakes.

“However, as discussed above, monitoring systems raise concerns about employee privacy, as well as issues of deskilling and potentially unfair work standards.” (Cash)

The fourth and final alternative is to work within the present organization but to change the way the system was managed. This is what I would recommend the organization to do, as effectively handling the management of the operations can also improve employees’ reactions and could help make a difference in how effective the new system is. When it came down to it, there were seven different factors that were influencing employee’s reaction to ACS. They were: the immediacy of monitoring information feedback, the nature of the feedback, the clarity of the criteria used to rate performance, the method of monitoring, the supervisor’s knowledge of the job, the supervisor’s leadership style, and the employees’ prior disposition toward computer monitoring. If changes are made in the managing system that addresses all seven of those significant factors, it can change how employees are feeling towards ACS and could cause a better rate of productivity and effectiveness. Productivity was very good with the initial implementation, but this could have been mainly because of how stressed the employees were of the new system. “Productivity increases may be gradually ratcheted upward, placing new pressures on employees.” (Cash). With working on how the system is managed, there is a better likelihood to reduce the stress and concerns by the employees who are unsure with the system and those who are supervising. This in return will also help managers/supervisors change the way they are leading, and can push them into the direction of what the best way is to treat their employees and help them get their work done in good quality but also on time.