IRS CASE WRITE-UP

CIS 410-01 – Management of Information Systems

MARVIN WEAVER
DR. ROBERT BARKER
28 March 2021

Case Background / Problem

In this case we read about the IRS deciding to implement a new automated system to streamline their collection services. Up until 1984 the IRS did most of its collecting through the collection office function (COF), this process used mainly paper, and was an outdated technique, that could potentially take an employee three hours to find something they might need. At this point the IRS consisted of a headquarters in Washington D.C., and 63 regional district offices spread out throughout the country. Due to this major inefficiency, the IRS decided to implement an Automated Collection System (ACS), which would allow the IRS to store all of their taxpayer information within a database. This would eliminate the IRS's need for physical paper filing, and in turn decrease the time it took an employee to retrieve account information.

The Automated Collection System is a database that would be a computerized inventory control system consisting of three components: an Integrated Data Retrieval System (IDRS), IBM, and a Rockwell Automated Call Distributor (ACD). The ACS also contained a prioritizing function within the system, it was broken into tiers: 1) time-constraint cases, 2) assigned-employee cases, and 3) scheduled follow-up-date cases. The new system also called for a changing of structure within the IRS, and therefore removed the IRS's previously used COF's, and that department dwindled down to a process within an ACS call site. Each ACS call site was coordinated along three rudimentary functions: contact, investigation (paralleled the work process of the COF), and research.

The biggest problem within this case was not the actual implementation of the ACS, but rather was the employee's response to how their workflow processes have changed, and how they are constantly monitored while on the phone with taxpayers. "'Tight' control provides clear, narrow specifications of acceptable behaviors and results, and over relatively short time periods." (Cash) The employees of the IRS went from having freedom and being allowed to move around and talk amongst colleagues; to being confined to their cubicle, and work on cases after case with little to no face-to-face interaction. Another issue that arose with the implementation of ACS was the new way in which they evaluated and monitored the employees of the IRS. Monitoring can be good, as stated by Cash, "Electronic monitoring systems can help improve efficiency and reduce errors by providing workers with timely and accurate performance feedback." (Cash). The employees were monitored in three ways: computer monitoring, telephone monitoring, and teach reviews. In my opinion, monitoring can be used correctly to help stimulate efficiency within a company, but I believe the IRS took it a little too far. IRS supervisors were required to listen to one hour of calls between employee and taxpayer. After listening to the calls, the supervisor would meet with his employees one-on-one, and provide feedback to them on how to improve their workflow. I see this as a lack of trust by superior, and complete misuse of a supervisor's time, taking up about 15 hours of the supervisor's time weekly.

Employees need to feel some sense of accomplishment in order to continue to do a good job, but when employees do not have a clear understanding of their responsibilities, then how can an employee feel motivated to continue to work hard and do a good job at any level of the hierarchy? (Morgan) The IRS has begun to micromanage its employees, although I do see the need for documentation of computer monitoring and telephone monitoring. I do not see the need for a supervisor to listen to calls, on a regular basis, to evaluate their staff. Overall, employees did not enjoy working for the IRS after the implementation of ACS.

Industry Competitive Analysis

Competitive Rivalry: Low

The competitive rivalry is low because the IRS is run by the government, and there is no other institution that can do what the IRS does. Even if the ACS software could easily be replicated and/or improved upon if a company wanted too; the government is the only entity that can allow companies within this industry.

Threat of New Entrants: Low

The threat of new entrants is also low, because, as stated above, the government is the only entity that can allow any other company to enter the market. Which in my opinion would not be a wise decision, because every U.S. citizen already pays taxes to the IRS, and no one else.

Threat of Substitutes: Low

The threat of substitutes is also low because the IRS has no one within the market to compete with. “The threat of substitutes is low when: consumer switching cost are high, substitute product is more expensive than industry product, substitute product quality is inferior to industry product quality, substitute performance is inferior to industry product performance, no substitute product is available.” ("Porter's Five Forces; Strategy Skills.") As stated above, the U.S. government is the only entity that can allow someone into the industry.

Bargaining Power of Suppliers: High

The bargaining power of suppliers is high because the IRS relies heavily on the ACS, and if the ACS were to crash or be hacked, the repercussions could be vast. The IRS would not have any way of calculating a U.S. citizen's amount due for taxes, which could lead to laws being broken or major consequences.

Bargaining Power of Customers: Low

The bargaining power of the customer is relative zero, because the customer in this case is any U.S. citizen, and as a citizen they do not have any control over how much they pay for their taxes.

Stakeholders

- **IRS Employees**

  The employees are affected by the decision because most already do not enjoy working for the IRS after the implementation of the ACS, and they may be looking for a new job if the IRS does not institute new policies or a new software that does not require the employees to constantly my micromanaged.

- **IRS Supervisors**

  The supervisors have a vested stake in the decision because currently they spend roughly 15 hours a week performing employee monitoring. The supervisors also do not enjoy performing reviews with their employees, which results in them also being unhappy within the organization.

- **IRS Executives**

The IRS executive have a vested stake in the decision because regardless of the high turnover on cases since the implementation of the ACS, they still need ensure that they will have employees. Preferably employees who do not hate coming into work every day.

- **U.S. Government**

The U.S. government has a stake in the decision made because they rely on the IRS for income, in the form of taxes paid by U.S. citizens.

Alternatives

Do Nothing

This would entail the IRS not changing anything, maintain the use of the ACS and continuing to manage their employees the same way. The employees of the IRS would continue to be micromanaged, resulting in the continuation of frustrated employees. The Supervisors within the IRS would continue to waste their time conducting all their employee monitoring and one-on-one performance reviews weekly. The IRS's executives would have to access the situation that comes into fruition with the continued use of the ACS. The U.S. government would be reliant on the success of the newly implemented ACS within the IRS, because the rely on the IRS as a source of their revenue, in the form of taxes.

Change the way the ACS is monitored/managed

If the IRS decided to restructure the way in which they managed their employees, they might see an increase in employee satisfaction. This does not mean that the IRS should not monitor the computers and phone calls their employees make, but I think the IRS should take a step back in their approach of how they manage their employees. Morgan states, “Employees productivity can be measured and updated every minute of the day, work stress in such situations is at an all-time high.” (Morgan) Currently, the supervisors are required to meet with their employees once a week and discuss how they can improve upon their service, but this requires the supervisors to listen to at least an hour of calls a day between employee and taxpayer. This is a large waste of time for both the supervisors and employees, because the employees feel as though someone is always watching them and the supervisors have to spend large amounts of time conducting performance reviews weekly.

If the IRS decided to change the way in which they managed, the employees would start to feel less micromanaged, potentially resulting in a higher employee satisfaction. The supervisors wouldn’t have to waste about 15 hours a week conducting employee performance reviews. The IRS executives could potentially see a lower turnover rate, and they would not have employees that don’t want to be working. The U.S. government would not really care because they would receive their money regardless.

Retrain the Employees

This decision would involve retraining the IRS employees, within the ACS, to be able “to become more versatile and able to handle all aspects of the collection function.” (Cash) If the IRS decided to retrain their employees, I believe they would see an increase in productivity, but if they continue to manage their employees the in the same manor, they will continue to see disgruntled employees. I believe the employees of the IRS would back this decision because they would be receiving a formal training on how to navigate through the newly implemented ACS.

The supervisors would back this decision because it would educate their employees more on the system and potentially increase their productivity. The IRS executives would back this decision because they would see an increase in efficiency and potentially a decrease in case turnover. The U.S. government again would be indifferent because they will get their money one way or another.

Recommendation

I would recommend that the IRS proceed with the decision to change the way the ACS is monitor/managed. I see this as the best option for all the stakeholders because currently the IRS does not have an issue with productivity, but rather they are experiencing a high rate of unsatisfied employees. The IRS's goal is to increase employee satisfaction and simultaneously decreasing the case turnover rate. Their challenge is motivating their employees, and encouraging them to be independent, not micromanaging them to the point that they do not even see a point in working for the IRS. Like stated above, productivity has not been an issue this far since the implementation of the ACS, but I see this as a direct outcome of the ACS being implemented. The goal of the IRS should be to increase autonomy of their employees and push them to be able to complete a case from start to finish, without the aid of any of their superiors. By encouraging autonomy, the IRS should see an increase in employee decision making, and an increase in productivity and hopefully a higher quality of work. By instituting new managing controls the IRS has the potential to completely restructure the way their business operates. Instead of micromanaging their employees, they would be encouraging autonomy and freedom to make their own decisions. As a result, the IRS should see an increase in employee satisfaction and an overall decrease in turnover time between cases.

Works Cited

Morgan, Gareth. Images of Organizations. Sage Publications. Book. 1986. Jan 22, 2019

Cash, James I. Building the Information-Age Organization: Structure Control and Information

"Porter's Five Forces; Strategy Skills." 2013. free-management-ebooks.com. March 2018