

Electronic Monitoring

and

Control at Work:

What Is It Good For?

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Advances in digital technologies have made it easy for employers to increase their monitoring of employees at work—whether through e-mail-tracking, electronic monitoring of voice and technology-based interactions, or requirements to use software systems to log productive activities in real time. This type of industrialization of service work has affected millions of workers in increasingly complex jobs—from nurses responding to patient inquiries to field-based technicians and sales account representatives monitored via their computers.

In this article, I focus on the strategies and outcomes of performance-monitoring based on the research literature and a recent multi-year study of call centers in seventeen countries in the United States, Europe, and emerging market economies.¹ This is a useful context to examine this question because call centers are at the forefront of developing ever more sophisticated “innovations” in monitoring, which have then spread to a much wider range of occupational groups and workplaces. Research from this context offers the best evidence of how intensive monitoring affects the well-being of employees and the performance of organizations. Call centers provide customer service via remote technology-mediated offices that attempt to maximize individual

employee productivity via work processes designed to standardize interactions with customers and minimize employee discretion. Continuous electronic monitoring is the key mechanism for enforcing management control of this process by collecting a wide range of real-time performance metrics to evaluate employee behavior.

The trend toward intensive workplace monitoring also has accelerated in recent years due to heightened cost competition and the outsourcing and offshoring of service work. The international call center study, for example, showed that subcontractors in virtually all of the fifteen countries in the study made greater use of electronic monitoring and control systems, with the most intensive systems found in Indian centers.²

Employers argue that these systems enhance the efficiency and effectiveness of employee performance and customer service. But what evidence do we have that this is true? And at what cost to employees?

What Does Continuous Monitoring Do to Employees?

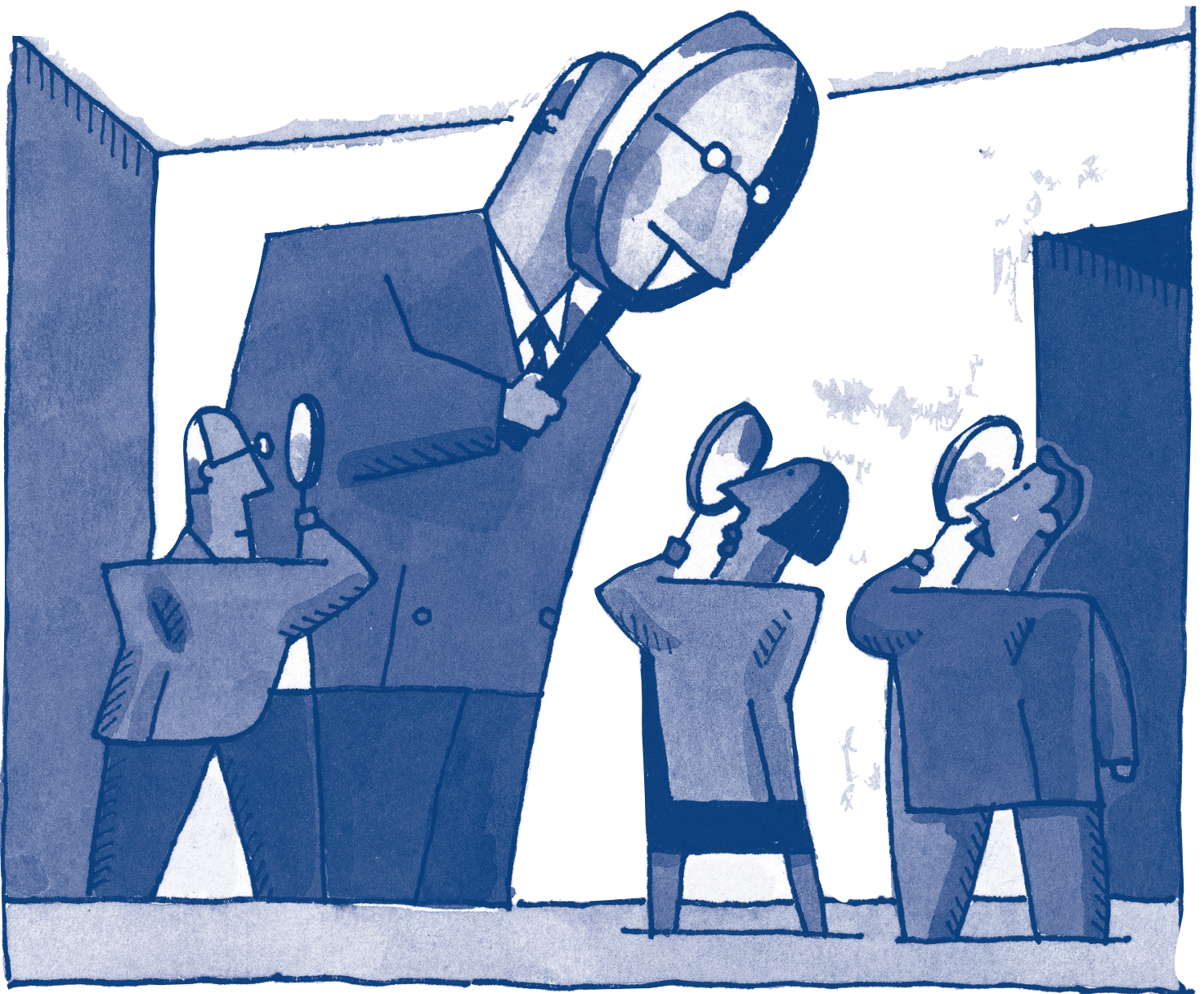
Standardized work with little discretion and continuous monitoring typically leads to monotony, job dissatisfaction, low morale, and job-related stress—a finding that is well established in a wide range of workplaces as well as call cen-

ters.³ In our own field research, workers reported that intensive monitoring makes them feel that they are mere extensions of machines—objects, not human beings. In fact, recent innovations in monitoring have moved beyond audio systems to track the keystrokes that workers use—their hands as mechanical extensions of their computers. Workers also feel exposed and vulnerable as their privacy is violated throughout the workday. And they feel they are treated like children, who require constant parental oversight so that they do not “misbehave.” This

message of mistrust is particularly important and signals to employees that that they may be subject to discipline by superiors who are watching them. These onerous conditions lead to higher job-related stress, resulting in higher absenteeism and turnover.⁴

Real-time monitoring also often leads to work intensification, as employees are continuously reminded of their performance standing and of the queue of callers waiting on the line who need a rapid response. The systems also facilitate or encourage longer work hours and over-

time violations because employees’ official work time is supposed to be captured by their computer logs, but they are often asked to work off-the-clock before they log on or after they log off each day. The Department of Labor has identified overtime violations as particularly problematic in call centers. Several companies have paid millions in back wages for these violations, including Group Health (\$1.6 million), Humana, Inc. (\$1 million), Cingular Wireless (\$5.1 million), and Teleperformance, USA (\$2 million). Several other class action lawsuits are pending.⁵



Why Is Technology-Based Monitoring So Widespread?

Electronic monitoring systems have diffused rapidly because they provide a quick fix for performance management. Technology vendors and consultants have widely marketed these systems as simple solutions for improving workforce performance. They allow companies to cut indirect costs by substituting technology for supervisory labor and to write off the costs of investment in physical capital when they cannot write off the costs of investing in human capital. They allow the remaining managers to do their jobs by reading computer printouts rather than interacting with employees and providing leadership and inspiration for good work.

But Does It Benefit Business Performance?

Many managers argue that these technology-driven HR practices make good business sense—even if employees are dissatisfied—because they offer better management control over quality and productivity. Individual employees who are continuously monitored, for example, may work harder than they otherwise would because they fear they will be disciplined if they do not. Psychologists have found, however, that gains from this type of work intensification are short-lived as they are offset by longer-term burnout or exhaustion.⁶

High levels of performance-monitoring and control also lead to high rates of turnover, which is costly to firms. In the U.S. study of call centers, for example, those that made high use of electronic monitoring and standardized processes had absenteeism rates of 9 percent, quit rates of 23 percent, and total turnover of 45 percent each year. By contrast, those with low monitoring and control had rates that were half those levels.⁷

In theory, high turnover could lead to better performance and customer ser-

vice—for example, if employees with poor performance records leave and are replaced with new hires with better skills or abilities. But most empirical evidence shows that this is not the case—as in a recent academic review, which reported that thirteen of fifteen organizational studies found that higher turnover undermined customer service quality.⁸

Turnover can undermine organizational performance for several reasons. First, it raises labor costs, including those of selection, recruitment, and initial training. And it lowers productivity because new employees are not as proficient as experienced ones. The international call center study found that replacing one agent equals about 16 percent of the gross annual earnings of a call-center worker—that is, the simple replacement costs of one worker equals about two months of a typical worker's pay. If lost productivity is included, the costs of replacement are three to four months of a typical worker's pay.⁹

Third, research shows that longer-term employees are likely to be more loyal or committed to an organization than new employees, which translates into higher levels of motivation to work harder for organizational success.¹⁰

Finally, high turnover leads to overall disruption of operations. Managers spend substantially more time on selecting, recruiting, and training, as well as on the logistics of incorporating new employees into the organization—time that could be spent on improving customer service. Workforce instability undermines the social fabric of the workplace—what some scholars have referred to as “social capital”—the relationships of trust that allow employees to learn from one another, solve problems, and achieve better performance.¹¹

What Are the Alternatives to Pervasive Monitoring?

One solution to pervasive monitoring is to place limits on how it is used—a

potential solution at least in union workplaces where shop stewards are vigilant. Psychologists have shown, for example, that workplaces with higher levels of trust that use monitoring for developmental purposes mitigate the negative effects of monitoring.¹² Union representatives have argued, however, that monitoring is more often used for punitive rather than developmental purposes or to pick out less able employees for discipline or dismissal. In response, unions such as the Communications Workers of America have developed model contract language that sets out conditions for using electronic monitoring—including the right of employees to know when they are being monitored, the right to immediate feedback from supervisors who listen in on phone calls, and the right to developmental assistance when monitoring identifies performance issues.

More generally, not all workplaces rely on intensive monitoring. The practice is much more prevalent in the United States, for example, than it is in Europe. The recent international call center study found that European centers offered significantly higher job discretion and lower electronic monitoring. This is due in part to the fact that union representation is substantially higher—fully 70 percent of European centers had union and/or works council representation, compared to less than 10 percent in the United States. Works councils are groups of elected workplace representatives who negotiate with management to solve work-related issues, and they have pushed management to achieve quality service via cooperation and trust rather than through monitoring and control systems.

In non-union sites—the overwhelming majority of workplaces in the United States—not all managers believe that intensive monitoring is effective. Some realize that better performance is achieved by building relationships of trust with employees and inspiring excellence and pride in work. The large literature on

high involvement work systems has shown that employees solve problems, learn, share knowledge, and perform better at work when they have the scope and discretion to do so.¹³ Clearly, in knowledge-based economies of the twenty-first century, where learning and innovation are central to competitiveness, it is time to put outmoded twentieth century management tools of monitoring and control to rest.

NOTES

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