What Employees Should Know About Electronic Performance Monitoring

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What is electronic performance monitoring (EPM) technology and how does it affect the workplace? As stated by Ariss, Nykodym, and Cole-Laramore, in the Industrial Age, factories focused on employee productivity and equipment capacities to manage the cost of products. The mass production of items such as automobiles and clothing are examples where, according to M. R. Losey, “employee monitoring has been utilized in the manufacturing industry for several decades to track output, inventory, and general efficiency” (qtd. in Mishra and Crampton). “In the Information Age, those same techniques have found their way into the office environment. Today’s factories are found in offices where people work on computers collecting data, generating reports, and creating documents” (Ariss, Nykodym, and Cole-Laramore 22). Harper’s Index, January 2010, stated that the estimated change in the U.S. markets use of technology to monitor employees and the workplace since 2007 has risen 43 percent. Employers are seeing a rise in personal use of the Internet and phone at work, causing a major concern about the loss of employee productivity (not focused on a task or customer) and the possible misuse of corporate assets, such as computer network failures from high-volume usage and viruses, and firewall breaks that allow hackers to steal trade secrets and compromise confidential information. While the practice of using EPM appears justified from an employer point of view, how does EPM affect the workplace and employees? I plan to review statistics that show an alarming increase of monitoring by U.S. companies, address why the use of monitoring is on the rise, and discuss its effects on the work environment and employees.

Employees beware. Electronic monitoring of employees and consumers has quickly become the new norm in American organizations and society. While monitoring can protect an organization against theft and harassment suits, it also can help identify the misuse of corporate assets, which can result in employee terminations. According to the 2007 Electronic Monitoring & Surveillance Survey cosponsored by the American Management Association (AMA) and The ePolicy Institute, more than half of all employers combined fire workers for e-mail and Internet abuse (AMA Press Room):

A total of 28% of employers, out of the 304 U.S. companies surveyed, fired workers for the misuse of e-mail and the Internet for acts such as violation of company policy, inappropriate or offensive language, excessive personal use, and breach of confidentiality rules. Web surfing is a primary concern for employers, so much so, that more than 65% monitor its use through software that blocks connections to inappropriate Websites (this violation has increased 27% since the AMA/ePolicy 2001 survey). Additionally, employers engage in tracking content, keystrokes, and time spent at the keyboard (45%). Some even track and review stored computer files (43%), as well as monitoring the blogosphere (12%) and social networking sites (10%). Employers also engage in monitoring time spent on and number of phone calls, and record conversations and voicemail messages. The latest technology includes video surveillance to reduce counter theft, violence, and sabotage; global positioning systems (GPS) to track company vehicles and monitor company cell phones; and ID/Smartcards technology that monitors and controls employee access to buildings and data centers. Currently, a few companies are engaged in the highest forms of monitoring technology such as fingerprint scans, facial recognition, and iris
While monitoring is designed to improve performance and reduce the loss of company assets, its use can produce negative effects on an organization. Primarily, monitoring breaks down communication and creates a void in personal contact or observation between workers, managers, and customers. Sony Ariss, Nick Nykodym, and Aimee A. Cole-Laramore, researchers from the University of Toledo, College of Business Administration, examined how the new “virtual organization” has caused a reexamination of traditional controls. One aspect to be examined is traditional management styles. In Douglas McGregor’s 1960 book, *The Human Side of Enterprise*, he proposed two management theories to motivate employees. Both theories agree that management’s role is to assemble the factors of production, including people, for the economic benefit of the firm. Of the two, Theory X assumes that people work only for money and security. The Theory X approach relies on coercion, implicit threats, close supervision, and tight controls which in turn can result in hostility, low-output on purpose, and hard-line union demands (NetMBA). Theory X is used negatively when “[m]anagers. . . use electronic monitoring to micromanage rather than to benefit the company (AI-Shear, 2000)” (qtd. in Ariss, Nykodym, and Cole-Laramore 24).

G. Stoney Alder, a professor in the Management Department, College of Business and Technology at Western Illinois University wrote that:

> [while] GE’s customer satisfaction rate increased 96 percent after it implemented a telephone surveillance system (similar results for AT&T, MCI, and Pacific Bell) (Communications Daily, 1993; Gerdelman, 1993) . . . [a] number of case studies and empirical investigation indicate that EPM may prove detrimental to both organizations and their employees. Example: Research by Grant, Higgins, and Irving (1988) demonstrated that EPM may hinder an organizations performance by inducing workers to sacrifice product quality. . . . [m]onitored workers may focus exclusively on quantitative aspects of the job to the detriment of customer service (Lewis, 1999). (qtd. in Alder 325)

Furthermore, Alder stated that “critics counter that EPM invades consumer and employee privacy, decreases job satisfaction, increases stress, and engenders work environments characterized by diminished trust and negative work relationships (Greengard, 1996; Lewis, 1999; Piturro, 1989). Indeed, a frequent criticism of EPM is that monitored workers may sacrifice quality because monitoring produces a natural preoccupation with quantitative results [Grant & Higgins, 1989; Lewis, 1999] (qtd. in Alder 324-329).

The article “Big Brother Bosses” published in the *Economist* 2009, quotes Peter Cheese, managing director of Accenture’s talent and organization practices, “He warns: If you have to check up on employees all the time, then you probably have bigger issues than just productivity” (qtd. in “Big Brother Bosses”).

The reality is that monitoring can cause serious effects on employees both emotionally and physically. Monitoring affects employees’ self-esteem and confidence and causes complacency (do just what the company asks for), unnecessary stress, anxiety, paranoia, carpel tunnel syndrome, and nerve disorders. Research that supports this statement includes:

a study by Grant and Higgins (1991), 1,500 service workers were questioned on the monitoring practices of their employers, and 75 percent believed their work quality had suffered due to electronic monitoring [Grant and Higgins, 1991]. Some studies have linked anxiety, depression, and nervous disorders to the stress induced by workplace monitoring. Those who are monitored may be “constantly apprehensive
and inhibited” due to the constant presence of an “unseen audience” (Fairweather, 1999). . . . Some employees have even compared electronic monitoring to “working as a slave and being whipped, not in our bodies but in our minds.” One data processor felt her work life was intolerable because her screen periodically flashed. “You’re not working as fast as the person next to you” [Nussbaum, 1992]. (qtd. in Ariss, Nykodym, and Cole-Laramore 23-24)

Another way of categorizing how people respond to monitoring is based on culture. While many of us have knowledge about the different country-based cultures in the world today, Alder’s research references E. J. Wallach’s organizational cultures, such as the United States having an innovative culture (an environment that allows more personal freedom and less structured work procedures) compared to Japan’s supportive culture (family-type structure) (Alder 329). Alder’s research is based on the model that:

Wallach (1983). . . . identified and clearly defined three separate, measureable organizational cultures; bureaucratic, innovative, and supportive. . . . Innovative organizations provide workers with challenges and stimulation. These environments, however, also tend to be associated with high levels of worker stress and burnout. . . . The supportive company’s environment is fair, equal, safe, social, encouraging, relationship oriented, collaborative, and a giver of personal freedom. It attempts to base its style on humanistic principles. . . . Bureaucratic companies have clear lines of authority [hierarchical], structured, regulated, and procedural. . . . A bureaucratic culture has a nonsignificant negative association with satisfaction and involvement. Thus, it appears as though Wallach’s framework is a useful instrument for assessing culture’s impact on employee attitudes and behaviors. . . . Hood and Koberg (1989) found that both innovative and supportive cultures were positively associated with satisfaction and involvement and negatively associated with the propensity to leave the organization. (qtd. in Alder 328-329)

While the cost of monitoring software is becoming more affordable for organizations of all sizes, companies should approach using it with caution. J. H. Foegen, a professor of business at Winona State University, writes that technology should not be considered the end all solution. Foegen points out that management skills and logical thinking cannot be replaced by technology; it should be used primarily as a tool to help managers be more effective. Foegen also states that:

One dark side of technology . . . . is the psychological effect of electronic monitoring. One author wrote, “New technology is enabling management to monitor a worker every second of the day—counting key strokes and average work time, for each specific job function. . . . Many systems technicians now a carry a handheld computer with an employee control software program.” Members from one major union have complained about the pressure of meeting average-work-time quotas, the fear of being observed and the resulting stress, and the indignity of undercover monitoring. The Communications Workers of America has for years pushed for legislative and collective bargaining restrictions on monitoring. One operator-member in Texas got to the heart of the matter: “Absolutely nothing is secret or sacred during the seven and one-half hours you are plugged into that computer.” (qtd. in Foegen 45)
In addition, Dean Elmuti and Henry Davis, authors of “Not Worth the Bad Will” published in *Industrial Management* (2010), stated that:

Studies have shown time and time again that employees who are monitored have a decreased productivity rate. . . . Employee monitoring does not increase productivity when employees know they are being monitored. . . . One suggestion per Jack Cooper, former chief information officer at Bristol-Myers Squibb Co., and now president of JMCooper and Associates, is to “monitor only those elements of employee behavior that have a substantial effect on profitability.” He states that, “If it doesn’t have to do with the employees day-to-day work, it shouldn’t be monitored.” Conrad Cross, chief information officer for the city of Orlando, says that, “Employees are less likely to complain if they have some level of control over the monitoring, even if it’s only the freedom to check their own data. If they see the system as a way of helping them to do their job, then they will feel less that it is a way for management to spy on them.” Richard Hunter, a privacy analyst at Gartner, Inc., states “The point of the technology is to help employees to be more productive, not to make them paranoid.” (qtd. in Elmuti and Davis 5)

What is legal today might not be legal tomorrow because our legal system is having trouble keeping up with and interpreting the fast changing world of technology. EPM laws are in their infancy and are still being developed, analyzed, and interpreted by the U.S. judicial system (Wen and Gershuny 169). U.S. courts frequently struggle with the following:

the best workplace policy, with respect to monitoring, [which] needs to consider the value of creating a pleasant working environment as well as what is legally defensible. . . . In the early years, employee cases challenging monitoring under the established common law tort known as “invasion of privacy,” have been extraordinarily favorable to employers. Court decisions have supported employer monitoring of employees’ email [24]. Courts have even allowed the use of video cameras in employee changing rooms when the employer’s objective was to prevent theft. Despite these favorable decisions. . . . gaps exist between the capability of the employer to monitor and the factual scenarios of the cases brought to court. For example, although monitoring employee website visits is a common practice, only a few cases have currently challenged its legitimacy [18]. . . . In 1986, Congress updated the 1968 Omnibus Crime Control and Safe Streets Act with the Electronic Communications Privacy Act (ECPA). The courts and legislators are finding these statutes dense and confusing. The Ninth Circuit Court of Appeals considers this a “complex, often convoluted, area of the law.” This distinguished court apparently found the act so challenging that in an unusual move, it withdrew its original opinion in one case and reversed itself [16]. Proposals for revising the act abound [15]. (qtd. in Wen and Gershuny 169)

To achieve a balance or win-win perspective on monitoring requires employers and the employees to act responsibly toward one another. Employees need to remain focused on their work and minimize personal use of company property. Employers should develop a policy (involving the employees in the process, if possible) that applies to everyone in the company, in writing, and openly discuss with all employees to clarify and avoid misinterpretations. Alder argues that “consistent with research on organizational justice and participative decision making. . . . monitoring systems will be perceived as more fair if the monitored employees are involved in the design and implementation of
Alder suggests that employers and employees should collaboratively create a workplace monitoring policy to establish common goals that may relieve stressful issues. One way is for management to explain why the company feels they need a monitoring policy, and then allow the workers to voice their opinions and offer constructive suggestions to make the policy effective but unobtrusive. This method establishes a buy-in to a mutually agreed on policy that both the employer and the employees accept. In some cases, loyal employees fully embrace having a policy, secretly hoping that employees who previously abused company privileges will be held accountable for their actions.

Beyond being responsible there are legal issues that concern both employers and employees regarding the use of electronic monitoring. Dennis R. Nolan, from the University of South Carolina, Columbia, addressed the need for both the employee (to self-monitor personal use of the Internet at work) and the employer (to avoid overuse of monitoring technology that would cause unnecessary stress to employees) to not overstep ethical and responsible boundaries. Nolan notes that there is a fine line between privacy and profitability when analyzing the reasons for workplace monitoring, noting that:

> Employers and employees alike can and should act to minimize the intrusions, employees by avoiding questionable use of employer-provided equipment and systems, and employers by adopting reasonable rather than draconian computer and communications policies. The temptation is great for employers to overreach: avoiding that temptation may well be a bigger challenge than the possibility of employee’s misconduct. (qtd. in Nolan 229)

Jeffrey M. Stanton, PhD and Kathryn R. Stam, PhD, worked on a four-year research project that suggests the need for a balanced approach to workplace monitoring; one that protects the employer’s assets and respects the employee’s privacy and value to the company. One significant finding was that organizations simply do not devote the time necessary to develop and maintain an up-to-date monitoring policy. Stanton and Stam found:

> …consistently among managers, information technology professionals, and employees alike: In many organizations, policies are frequently nonexistent and, in those cases where they have been written down, are frequently not disseminated, enforced, or updated. . . . [I]t should be evident that policies are largely a management construct, presumably developed in service of positively influencing behavior throughout the organization. . . . an organizational policy is documentation concerning right behavior, where rightness is determined on the basis of the organization’s mission and values. . . . while the concept of policy as a behavioral tool was not foreign, the idea that policies needed to contain motivational mechanisms was. (qtd. in Stanton and Stam 236-237)

To date, according to Apama Nancherla, “Only Delaware and Connecticut require companies to inform employees about monitoring activity. Interestingly enough, the vast majority of employers notified workers that monitoring is practiced, though their methods of notification are not failsafe.”

Elmuti and Davis stated, “If the employers are going to monitor employees, they need to have a policy explaining what monitoring will take place and get employee consent. If the employee consents to the policy, the expectation of privacy is gone, and the legal liability for the employer is reduced” (30).

Manny Avramidis, senior vice president of global human resources at AMA, suggests that “Surveillance policies are drafted in the company’s best interest, but it is HR’s responsibility during
onboarding to give specific scenarios to employees to make these policies clear, he says. . . . Seventy percent of organizations informed employees via an employee handbook; 40 percent relied on email notices; 35 percent used written notices; 32 percent used Intranet postings; and 27 percent incorporated it into on-site training—the recommended method of increasing compliance” (qtd. in Nancherla).

Conclusion

U.S. companies have and always will continue to look for ways to produce more with less overhead expense and employees, in order to price their product attractively to the consumer. Over the past 20-plus years, monitoring has swung from counting assembly line products in factories to the office environment collecting employee data on the use of time in the office and on equipment such as keystrokes, and company versus personal use of computers, the Internet, emails, and telephones. The Economist (2009) article “Big Brother Bosses” presented findings from Gartner Research (a consultancy and leader in the monitoring software market) about the increase in security monitoring software from 2008 to 2009. Based on Gartner’s research, networking forensic software is the fastest-growing technology and “Gartner found that spending on security software rose by 18.6 percent to $13.5 billion in 2008 . . . The market for security information, . . . which can be used to mine emails for keywords and security breaches, grew by 50 percent.” It is alarming to see, that within one year, there was a 50 percent increase in the use of employee monitoring software. Is all this monitoring necessary when, studies show that while monitoring may produce some positive short-term results on productivity, the long-term negative effect on the workplace deteriorates the relationships between management and workers and causes unnecessary stress, and emotional and physical health problems for employees? A manager with good leadership skills doesn’t need to use electronic monitoring; a manager can increase company loyalty and productivity by respecting employees and acknowledging their contributions. As an employee who works in a monitored environment, I feel anxious, nervous, and time pressured to complete projects on schedule while maintaining billable hour standards, and, at times, the quality of the final product does suffer due to insufficient time allocation. An example of this is when gathering the required information for a project it takes an inordinate amount of time forcing quality control measures, such as proofing, to be skipped in order to meet a firm deadline.

The majority of the quantitative information written about EPM weighs heavily in favor of businesses: companies protecting themselves from information leaks, non-company related internet usage that reduces employee productivity, increases in a company’s risk of network crippling viruses, and breaches that threaten confidential information. In contrast, few reports have quantified the emotional and physical effects on employees or offered suggestions to help relieve or reduce the stress-related symptoms. Further study is needed to determine the long-term health ramifications for employees managed using electronic performance monitoring.

Works Cited


