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'Decommissioned vessels' — performance management and older workers in technologically-intensive service work

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ABSTRACT

Despite increasing policy emphasis on developing and retaining an aging workforce, this paper demonstrates employer use of electronic performance monitoring (EPM) as part of performance management which can adversely affect older workers. We focus specifically on the use of EPM which is used to identify a proportion of the workforce as 'underperformers,' often referred to as forced distribution rating systems. Evidence is presented from union informants representing employees in two technologically-intensive service sectors: the financial sector and telecommunications. These sectors were among the first to utilize technology in a way which had transformative implications for work processes and people management in white-collar service work. In both sectors and across clerical and engineering work contexts, the data show the use of EPM by managers to guide punitive performance management for sickness absence and perceived reduced capability. Older workers emerge as a vulnerable group, with manager decisions shown to be based on age stereotypes. We argue that increasingly pervasive use of digitized performance monitoring may intensify age discrimination in performance management.

1. Introduction

Previous technological forecasting focused on the impact of the (then) neglected service sector (Miozzo and Soete, 2001). Technological and organizational innovations in software, control systems, integrated circuits and telecommunications made it possible to generate, analyze and diffuse large quantities of information at minimal costs. This rapid convergence of technologies had transformative implications for business structure and digitization in white-collar service work, especially in financial services and telecommunications (Howcroft and Richardson, 2012).

These transformations simultaneously facilitated the digitization of human resource management (HRM) activities. Electronic HRM (e-HRM), encompassing both administrative (e.g. attendance management) and managerial activities (e.g. performance management), has reached an advanced level of adoption (Strohmeier and Kabst, 2009). However, recent research cautions that it brings new risks as well as opportunities (Parry and Strohmeier, 2014). This paper focuses on the increasing use of digitized data as an integral part of performance appraisals. One outcome of this practice is more rigorous identification of underperformers and their subjection to improvement and/or disciplinary measures (Taylor, 2013). We propose that the increased use of such metrics presents a risk with respect to the fair treatment of older workers.

Pressurized outcomes for employees do not ineluctably follow from the capacity of the technologies to deliver the metrics. It is their capacity *within* contexts that matters; notably competitive markets, the imperatives of cost-cutting and austerity, the need to lean processes and to downsize. Under conditions of inter-sectoral competition in the finance sector (banking and insurance) and telecommunications and of tightened cost constraints following the crash of the dot.com bubble, micro-management was bound up with intensified

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targets for individual workers (Carter et al., 2011). Thus, a changed direction in HRM policy (Thompson, 2011) in the post-2008 context of cost cutting and downsizing has motivated the wider adoption of system-generated statistics reflecting individual performance.

Recession and economic restructuring is thought to make older workers more exposed to 'opportunistic downsizing' (Minda, 1997). During the most recent economic downturn, there is already evidence that lawsuits related to age discrimination have increased (Rothenberg and Gardner, 2011). More easily accessible, integrated digitized performance data present further, and as yet under-researched, challenges for older employees due to the potential for misuse as part of wider performance management (PM) systems. Our study focuses on financial services and telecommunications, sectors which embody the rapid digitization of work processes (Miozzo and Soete, 2001) and, simultaneously, HR activities such as PM. We pose two research questions: (1) what is the nature of digitized metrics used for performance evaluation in technologically-intensive service work, and (2) what evidence is there that this aspect of e-HRM for performance management potentially adversely affects older workers?

We begin by considering the nature of electronic performance monitoring in service work, and the potential for age-related stereotyping when used in performance evaluations. Section 3 locates stereotyping within the wider context of changing HRM practice and presents evidence that PM is increasingly being used as a tool for the 'managed exit' of older workers. Sections 4 and 5 present our study and data based on evidence from retail banking and telecommunications, and Section 6 discusses how the findings extend our understanding of the digitization of HRM within technologically-intensive white collar service work with a particular concern for older workers. The paper concludes with the implications for practice and policy directed at supporting an aging workforce.

2. Electronic performance monitoring and age

Electronic performance monitoring (EPM) of indicators such as speed, accuracy and errors provides substantial operational advantages for managers in terms of immediacy and consistency of reporting. The socio-technical environment of the call (or contact) center was an early manifestation of such pervasive monitoring in service work (Bain et al., 2002). Digitized management information systems churned out a plethora of statistics, including average handling times, call waiting or queuing times, and 'not ready' and wrap times. Key performance indicators in the form of service level agreements became yardsticks against which employee performance was evaluated.

An example of the software which generated the statistics upon which performance targets were based was Siemens' Blue Pumpkin (Taylor and Bain, 2007). This package had the capability, simultaneously, of optimizing staffing levels, scheduling workflows, measuring output and monitoring adherence, as well as calibrating the 'precise' numbers of operators required to meet demand, enabling costly 'non-engaged' labor to be eliminated. Contemporary systems incorporate similar technologies, but are more extensive in their span of control (e.g. Verint, 2014). Parallel innovations occurred in retailing through electronic point of sales technologies, and in the increasingly digitized back office (Boreham et al., 2008).

On the one hand, EPM is positive for older workers. Diminishing physical or cognitive capacities become less relevant with increasing automation (for physical work) and computerization (e.g. for memory or computation tasks). Objective criteria also are less prone to stereotyping than subjective ratings. For example, supervisors tend to rate older subordinates' performance lower than younger subordinates doing the same job regardless of qualifications (Latham and Mann, 2006), commonly due to stereotypes concerning characteristics such as emotional resilience (Rauschenbach et al., 2012).

On the other hand, there is evidence of a spillover effect from objective measures, such as sales volume, to subjective evaluations (Bol and Smith, 2011). Supervisors are prone to evaluation 'halo' or 'horn' effects, where performance on one criterion influences a rating of another (e.g. timekeeping) either positively or negatively, respectively. Underlying such judgments are further cognitive biases. For example, older employees' poor performance is more likely to be attributed to stable causes (e.g. age-related cognitive decline) and younger employees' poor performance to controllable causes (e.g. a lack of job knowledge which is trainable) (Cox and Baier, 2014).

EPM also narrows the focus to task performance, ignoring discretionary behaviors, such as organizational citizenship behavior. Age is generally thought to be an advantage for the latter (Ng and Feldman, 2008). As performance targets become more quantifiable in terms of volume, speed, errors or physical/cognitive effort, appraisals are less likely to consider discretionary behaviors based on values or 'softer' skills (Wells et al., 2007). This shift adversely affects older workers in performance evaluations. More generally, EPM is recommended only for developmental purposes given its potential to intensify work pressure and increase stress (McNall and Roch, 2007; Stanton, 2000).

3. Performance management and the older worker

The dominant discourse of performance management (PM) recommends transparent performance evaluations which facilitate development and reward (Pulakos and O'Leary, 2011). Underperformance is managed with feedback and support, while rater subjectivity is overcome through appropriate procedures, for example, by gathering performance data from multiple sources. This paradigm has come under increasing strain with pressures for efficiency-enhancing HRM systems. EPM and software generating organizational triggers that drill down to the individual have combined to produce performance improvement and punitive sickness absence measures (Taylor, 2013). In the UK, compromise agreements (CIPD, 2011) provide payments to terminate employment without redress to claims in employment tribunals.

One controversial PM approach is the forced distribution rating system (FDRS) which focuses on relative rather than absolute individual performance appraisals differentiating high, average and low performers. While rewarding the best, FDRSs also terminate a percentage of underperformers annually in order to revitalize organizations. Such systems were prevalent in the US, despite litigation on age-related employment discrimination (Osborne and McCann, 2004), and negative outcomes; e.g. perceived unfairness and turnover

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