Performance Management and the New Workplace Tyranny

A Report for the Scottish Trades Union Congress

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1. Introduction

1.1 Origins of the Report – STUC Conference Resolution

The Scottish Trades Union Congress (STUC) Annual Conference of 2009, held in Perth, unanimously passed a resolution on Performance Management, proposed by the Communication Workers Union and seconded by Unite the Union (Finance Services Sector). The resolution acknowledged that Performance Management was now commonplace in public and private sector organisations, a central element in Human Resource Management (HRM) policy and practice.

Rather than being adopted as a means to encourage employees to improve their performance, the resolution suggested that Performance Management was all too often being used *'to pressurise workers into producing more, drive down wages and create quotas for underperformers and manage workers out of their jobs'*. Indeed, Performance Management processes were *'a particularly brutal method of making workers behave and react to company imposed standards'*. Workers who failed to measure up to strict Performance Management templates were being readily discarded, it was contended.

A key aspect of the resolution and, indeed, of the conference debate it stimulated, was the possible consequence that workers subjected to such exigencies might suffer mental health problems. Negative effects might be reflected in increased sickness absence rates. Delegates reported on cases from their own experience where mental health symptoms, particularly stress and depression, were, they believed, related to new intensive forms of 'people management'.

Given the importance of these concerns, the Conference resolved to commission a research report *'to establish the cost and affect Performance Management processes are having on the workforce and in various sectors, including the amount of management time which is spent implementing them'*. The concluding, and perhaps most important, sentence in the resolution requested that this research attempt to establish whether a link could be established between Performance Management processes and the rise in workplace mental health problems.

1.2 About the Author

Phil Taylor is Professor of Work and Employment Studies and Assistant Dean International at the Strathclyde Business School at the University of Strathclyde. Professor Taylor has researched and published extensively in areas that are relevant to the proposed study, including call centres, the white collar labour process, Human Resource Management, lean working, occupational health and safety, gender and work organization and trade unions and employee voice. He was a lead member of an Economic and Social Science Research Council project under the prestigious Future of Work Programme (see Baldry *et al*, 2007) and recently completed a three-year term as editor of the leading journal *Work, Employment and Society*. He assumed the editorship of another leading journal, *New Technology, Work and Employment* in January 2012.

1.3 Sources of Data and Literature

The original objective was for the research to be exclusively desk-based. The intention was that the author review the relevant secondary literature on Performance Management with a particular concentration on the effects on employees. However, a preliminary reading of HRM textbooks (e.g. Armstrong, 2009; Bach, 2005; Beardwell and Claydon, 2010; Torrington et al, 2002; Torrington et al, 2011) established that the bulk of the extant literature was managerially prescriptive and almost entirely failed to consider the consequences of Performance Management for workers, let alone suggest that these might be negative for employees' health and well-being.

Insofar as this mainstream HRM literature does reflect upon the condition of workers, it depicts Performance Management as being essentially benign, if not wholly beneficial, in its effects. As a result, it was deemed necessary to broaden the inquiry; firstly, by considering a wider body of literature and, secondly, by undertaking original research. Therefore, the report draws upon diverse primary and secondary sources as follows.

1.3.1 Academic Literature

First, an overview of the mainstream HRM literature on Performance Management and the limited critical coverage are necessary for contextualizing this study.

Second, the report considers academic research on the important changes occurring over the past decades in work organization, management control and the monitoring and measurement of output and performance. Work intensification, for example, has attracted much attention (e.g. Burchell, 2002; Green, 2001; 2006; McGovern et al, 2007) as has lean production and its transposition from manufacturing (e.g. Stewart et al, 2010; Womack et al, 1990) to the public sector (e.g. Radnor and Bucci, 2007; Carter et al, 2011a; 2011b; 2013). Less attention has been paid to related issues, notably sickness absence management (e.g. Taylor *et al*, 2010), despite their significance for the daily experience of work.

Third, it is necessary to reflect on the nature of HRM and the principal changes that have occurred in people management and the regulation of the employment relationship (see e.g. Thompson, 2012).

In sum, the report draws upon academic knowledge in several areas in order to contextualise this study; on performance management itself (both mainstream and critical), on diverse aspects of the changed organization of work, and on HRM and regulation in the employment relationship

1.3.2 Reports and Statistics

Significant material, in the form of official reports, government statistics and other documentary and survey data, is also considered. These additional sources are important for contextualising the study particularly, it is argued, in relation to work-related mental ill-health.

1.3.3 Primary Research – Interview Evidence

Directly addressing the problem of the paucity of evidence of contemporary developments in Performance Management and their effects on employees, primary research was undertaken in the form of interviews with trade union respondents in the financial services and telecommunications sectors. As indicated, it was delegates from trade unions in these sectors (Communication Workers Union and Unite the Union [Finance Sector]) who had proposed the resolution on Performance Management at the STUC Conference.

Semi-structured interviews were conducted with national and regional Full Time Officers (FTOs), seconded representatives and workplace reps and branch officers of both unions. In addition, at union conferences and seminars at which the author attended or participated, discussions focusing on Performance Management were recorded and transcribed.

Given the acknowledged importance of gender, additional interviews were conducted with members of the STUC Women's Committee. In order to gain additional insight into Performance Management practices, particularly as they affected vulnerable, non-unionised workers, an interview was conducted with the Director of an Employment Advice and Rights Centre.

Finally, a former senior Human Resource Manager of a major telecoms company gave an extended interview which detailed their experience of Performance Management and how it had been implemented. The contact details of this individual were given to the author by a CWU official. The interviewee had expressed their willingness to give a candid interview on Performance Management as they had been strongly opposed on ethical grounds to the practices they were being expected to implement. So strong was this individual's opposition to Performance Management that it had prompted their decision to resign their position with the company.

1.3.4 Primary Research – Company Documentation

Union respondents provided the author with comprehensive company documentation on Performance Management covering the period 2009-2012. In total, documentation was analysed for five banks, three insurance companies and two telecommunications organisations.

1.3.5 Summary and Structure

The outcome is a major report that synthesises extensive primary evidence and secondary data and extends far beyond the original, limited remit. The report is structured as follows.

Section 2 summarises the study's aims and objectives.

Section 3 detail the sources of primary evidence.

Section 4 provides a summary of Perfromance Management as it is considered within the 'mainstream' Human Resource Management academic literature.

Section 5 discusses the critical academic literature on Performance Management.

Section 6 reveiws some of the main elements in the changed contexts of work organization and the management of the employment relationship.

Section 7 is the heart of the report, documenting the impact and worker experiences of Performance Management on the workplace 'front line'. Evidence from union interviews, conferences and seminars is combined with that from company documentation.

Section 8 reports on union responses to Performance Management.

Section 9 considers the condition of Performance Management on more vulnerable workers in non-unionised workplaces.

Section 10 consists of an evaluative conclusion, which is followed by an Appendix and a full list of references

2 Aims and Objectives of Report

The report's aims and objectives derive from the concerns of the STUC resolution and can be summarised as follows:

- To provide an understanding of the mainstream textbook HRM literature on Performance Management.
- To consider the critical academic literature on Performance Management.
- To evaluate the principal changes that have occurred in the organization of work, management control and HRM practice that provide the context for emerging forms of Performance Management.
- To consider the academic evidence on the growth in intensification of work, workload and job strain in recent years, aspects of the work conditions that might impact on workers' experiences of mental ill-health.
- To summarise and evaluate the statistical evidence on the extent of occupationally related mental ill-health.
- To present primary data on Performance Management from interviews conducted with union officers and representatives, from union seminars and conferences, where these respondents report on the effects of Performance Management on workers.
- To analysis this primary evidence in relation to the STUC resolution regarding Performance Management, including the specific claims that Performance Management excessively pressurises workers into producing more, that it establishes quotas for underperformers and that it is causing the 'managed exit' of employees.
- To investigate the particular claim that workers subjected to Performance Management are increasingly experiencing mental ill-health and that Performance Management is leading to increased sickness absence.
- To consider the potential significance of a gendered experience to any negative effects for employees of Performance Management.

3 Data Sources and Research Methods

3.1 Semi-Structured Interviews

As indicated, primary research consisted of interviews and documentary evidence. Thirty-one interviews were conducted (Table 1) and typically were lasted 1.5 - 2 hours. The large majority (24) of these were semi-structured and were with national or regional union officers and lay representatives of Unite the Union (Finance Sector) or the Communication Workers Union. In order to provide additional evidence into the potentially important gendered effects, five members of the STUC's Women's Committee were interviewed, four of whom were lay reps or branch officers and one who was a full-time officer. These interviews gave evidence of sectors, beyond telecoms and financial services. Committee members were employed in the voluntary sector, local government, the civil service, the rail industry NHS. All of these interviews were recorded and transcribed and were then analysed inductively and thematically.

Table 1: Primary Data Sources – Interviews

Organisation	Interviewee	Date
Bank A	National Officer	11 January 2010
	Senior Rep	28 January 2010
	Workplace Rep	16 May 2011
	Senior Rep	4 September 2012
Bank B	National Officer	12 January 2010
	Workplace Rep	17 August 2011
	Workplace Rep	6 September 2012
Bank C	Senior Seconded Rep	4 January 2010
	Workplace Rep	22 April 2010
	Workplace Rep	4 September 2012
Bank D	Seconded Rep	29 May 2010
	Senior Rep	14 May 2012
Insurance A	Senior Rep	17 September 2010
Insurance B	National Officer	19 September 2010
Insurance C	Senior Rep	15 September 2011
	Senior Rep	5 September 2012
Telecoms	Regional Officer 1	13 January 2010
	Organiser	18 January 2010
	Branch Officer	1 February 2010
	National Officer 1	2 February 2010
	National Officer 2	2 February 2010
	National Officer 3	3 February 2010
	National Officer 4	3 February 2010
	Branch Secretary 1	24 May 2011
	Branch Secretary 2	8 September 2011
Employment Advice and Rights Centre	Director	22 January 2010
STUC Women's Committee	Regional Officer (Unite)	12 August 2010
	Branch Officer (RMT)	12 August 2010
	Branch Officer (Unite)	13 August 2010
	Branch Officer (PCS)	19 August 2010
	Branch Officer (Unison)	26 August 2010
Telecoms	Ex-HR Manager	3 December 2010

For the union interviews a common schedule of questions was utilised (see Appendix 1). Respondents were asked, firstly, to reflect on the origins of Performance Management in their organisation and when and how they had become of aware of it in their capacity as a trade union representative or officer. They were then asked to elaborate on the purposes and nature of these initial versions of Performance Management and to consider how the content and detail had changed over time. Interviewees were specifically probed at his stage for the potential effects of the financial crisis of 2008.

A specific line of inquiry was on the expansion of Performance Management to encompass more than Performance Appraisal with which it had been closely associated, if not synonymous. The questions then focused on the forms of measurement and evaluation implicated in these more developed versions of Performance Management, probing for quantitative targets, qualitative monitoring, behaviours, attitudes and so on.

The tensions between Performance Management as a means for determining reward and as a means for developing employees or driving improvement were explored. Questions then sought to understand more about the ways in which Performance Management has become increasingly focused on driving improvements in productivity and quality through the implementation of improvement plans named PIPs (Performance Improvement Plans) or their equivalents.

The schedule of questions then probed for potential disciplinary consequences of underperforming, including involuntary exit. Respondents were asked also about the ways in which individuals were banded in categories, the criteria used and so on. Specific questions were directed to the issues of forced distribution and, in particular, to the operation and effects of the Bell Curve.

The final section focuses on the important area, given the original motion and the objectives of the study, of the effects of Performance Management on employees and union members. Interviewees were asked this as an open question so that they would volunteer responses unprompted and undirected by the author. Following an initial response interviewees were then probed to report on the experiences of their members in relation to the consequences of Performance Management, including work intensity, job insecurity, mental ill-health (anxiety, stress and depression). Respondents were also asked to consider whether these effects were gendered.

Two additional interviews were conducted. The first was with the Director of an Employment Advice and Rights Centre. Many, but by no means all, of the ‘clients’ presenting at this centre were from non-unionised workplaces and therefore the Director was able to provide insight into the experiences of workers facing Performance Management in these environments. The second was with a former Human Resource Manager of a Telecoms company. This senior manager had recently resigned their position largely because of opposition to Performance Management practices and the impact on employees.

3.2 Union Conference and Seminars

An additional and complementary source of data came from union conferences, seminars and meetings attended by the author between 2009 and 2012 (Table 2). There were twenty-one of these in total and Performance Management was an important, and sometimes a single, agenda item. At each, the author delivered a presentation on the subject as a preliminary to a discussion by delegates/participants. At the national union conferences indicated, motions on Performance Management were proposed, debated and decided upon. In six cases the proceedings were recorded and transcribed. At the remainder, the author took handwritten notes which were typed up shortly thereafter.

For the most part, the report make general references to (as opposed to specific citations from) the evidence of these meetings and contributions made by delegates. However, the content of the very many contributions made by union reps, delegates and ordinary members confirmed in every respect the evidence from the semi-structured interviews.

Table 2: Union Seminars and Conferences

Union/Company	Event	Date
Unite the Union		
	Change at Work Seminar	3-7 Sep. 2012
	National Finance Sector Conference, Brighton	1 Dec. 2011
	Finance Sector, Change at Work Seminar, Eastbourne	17 May 2011
	Unite National Industrial Committee – Finance Sector, London	8 March 2011
	Regional Finance and Legal Committee, Glasgow	3 Sep 2010
	National Reps Meeting, Wortley Hall	29 June 2009
Bank A	National Reps Seminar, Eastbourne	30 May 2012
	National Reps Conference, Eastbourne	16 Nov. 2011
	National Reps Conference, Manchester	1 Oct. 2010
Bank B	National Reps Meeting, Glasgow	9 Sept. 2009
	National Reps Meeting, Glasgow	1 Oct. 2010
Bank C	Global Conference, Glasgow,	13 May 2011
	National Reps Conference, Glasgow	14 Sep. 2010
	National Committee, Glasgow	20 January 2010
Insurance A	Biennial National Reps Conference, Blackpool	11 Oct. 2011
CWU		
	Members Meeting, Swansea	8 Sep. 2011
	National Conference, Bournemouth	24 May 2011
	National Conference, Bournemouth	25 May 2010
	National Activists Meeting, Manchester	27 March 2010
	Telecoms Executive, London	2 Feb 2010
Unison	Glasgow City Council Branch Seminar, Glasgow	18 Nov. 2011

3.3 Company Documentation

Company documentation has provided another important complementary data source. As indicated above, relevant and extensive documentation was provided by union sources for five banks, three insurance firms and two telecommunications companies. Documents included guidelines on Performance Management for employees, for managers and team leaders, *pro forma* schedules and progress reports and other related HR papers. In most cases, more than one version of documents were made available to the author, reflecting the changes introduced during the course of the research period. Typically, the author acquired documentation for the years 2008-9 and also for the years 2010-11.

Of course, it is necessary to interpret this documentation critically for the obvious reason that the practice can diverge significantly from written policy prescription. The rhetoric can indeed depart from the reality. In fact, as far as the evidence from the trade union respondents is concerned this was indeed the case. Concretely, Performance Management and its component stages might be presented in benign terms, but in practice management might implement procedures in a punitive manner. Nevertheless, a reading of the documents reveals that formal policy and procedure did change across the research period, so that by the end of 2011 policies were more prescriptive in terms of detail, tighter in terms of timescales for personal improvement and more stringent in terms of penalties (including exit) for continued 'underperformance'.

3.4 Limitations and Strengths of the Study

This current study breaks new ground in that it reveals the impact of Performance Management and the experiences of workers on the front line of organizational life. Extensive primary research was undertaken over a three year period focusing largely, but not exclusively, on the financial services and telecommunications sectors.

The study depended on a layer of key informants. In this study, union respondents were the 'mechanism experts', to use Pawson and Tilley's (1997) term, capable of explicating the phenomena of Performance Management. Indeed, the roles played by these diverse union actors (full-time national and regional officers, seconded reps, branch officers, workplace reps) enabled them to convey, in different ways, the experiences of a broad population of employees, who are both union members and non-members.

The workplace representatives, whose contributions were made at the union meetings, seminars and conferences, occupy a unique position within the social relations of production. They are both observers of managerial initiatives but, more importantly, participants as representatives, highly attuned to the concerns and demands of their members and, frequently, their non-member fellow workers. As Danford *et al* (2003: 164) argue, workplace reps 'reflect the dynamic of change within the heartbeat of the union movement', providing alternative perspectives to those of employer sources or even full-time union officers. Thus, reps and lay branch officers, provided valuable, first-hand insight into worker experiences of Performance Management at the interface between the workfoce and management, articulating and transmitting the concerns of the former with the latter.

In Unite the Union (finance sector) and the Communication Workers Union, both full-time officers and seconded reps should be considered 'mechanism experts' of a different kind. Although not exposed to the day-to-day realities of Performance Management, they are responsible for negotiating with their respective companies, pursuing the issues and progressing the grievances that have been raised by members through the union structures and at conferences. All of FTOs and national based seconded reps interviewed had experience of being consulted by, or negotiating with, the companies for which they are responsible on Performance Management and its consequences.

One final strength of the research should be emphasised. The evidential basis is certainly extensive, given the constraints of resource and access, not merely in terms of the number of interviews but also the breadth and depth of testimony from the union meetings. Combining interview and meeting evidence *and* considering also the documentary sources constitutes a limited form of triangulation. Triangulation has been defined as ‘a method of cross-checking data from multiple sources to search for regularities in the research data’ (O'Donoghue and Punch, 2003: 78). The use of the qualifier ’limited’ is justified, though, since as has been noted the research did not include a conventional questionnaire/survey instrument. Often triangulation does involve combining quantitative with qualitative data (see Olson, 2004). On the positive side, however, there is no question that this data does generate the identifiable ‘regularities’ that are a criterion for the robustness of method.

4 Mainstream HRM Perspectives of Performance Management

4.1 Principles of Performance Management

The mainstream HRM literature claims that Performance Management is a systematic process for improving organisational effectiveness through developing the performance of teams, but most importantly that of individual workers. The fundamental concern of Performance Management is universally held to be the alignment of individual employees with organisational objectives. However, it is argued, this alignment is not to be imposed in a directive, top-down manner. As one of the most widely-read HRM textbook states, Performance Management is a means of getting better results 'by understanding and managing performance within an *agreed* framework of planned goals, standards and competency requirements' (Armstrong, 2009: 618). A widely-held definition of Performance Management is as,

> A process for establishing a *shared* understanding about what is to be achieved and how it is to be achieved and an approach to managing people that increases the probability of achieving success. (Weiss and Harte, 1997)

The critical words in this narrative are 'agreed' and 'shared'. The philosophy underpinning this mainstream perspective of Performance Management is of a mutuality of interest between employers and employees which assumes the voluntary nature of the agreement between the respective parties in the employment relationship. (Torrington *et al*, 2011)[1]. Armstrong (2009: 628) elaborates the concerns of PM as,

- enabling expectations to be defined and agreed in terms of the role responsibilities and accountabilities (expected to do), skills (expected to have) and behaviours (expected to be) [and]

- providing opportunities for individuals to identify their own goals and develop their skills and competencies

This assumption of mutuality, consensus and shared decision making recurs throughout the HRM texts. Torrington *et al* (2011: 269) articulate this developmental interpretation when they state that *'a view is emerging of performance management which centres on "dialogue", "shared understanding", "agreement" and "mutual commitment"'*(see also Armstrongh and Baron, 1998; 2004; 2005). Indeed, it is argued, as opposed to 'top down' practices that might hitherto have been associated with performance appraisal, organisations are now increasingly emphasising that employees should take greater ownership of their performance management.

These assumptions are reflected in virtually all of the company documentation reviewed in this study.

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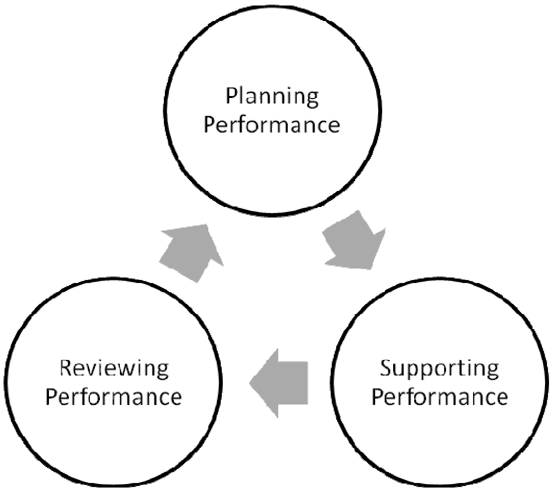
[1] It is notable that these HRM texts make no reference to the participation of trade unions in these 'voluntary' arrangements. The underlying assumption is individualistic, of a tacit agreement between individual employees and the employing organisation.

4.2 The Performance Cycle

Underlying the Performance Management process is the Performance Cycle (Diagram 1) paradigm, a virtuous circle which interconnects the three stages - planning performance, supporting performance and reviewing performance.

Diagram 1: The Performance Cycle



With regards to **planning performance**, the HRM texts emphasise the importance of a shared view of expected performance between manager and employee, which may be expressed, variously, in the traditional job description, key accountabilities, targets and essential competencies. Although the cycle is presented as beginning with a discrete planning meeting, that establishes clear goals and expectations for the forthcoming period, the literature acknowledges that it may follow directly on from, or even be part of, the review meeting that completes the cycle.

Box 1: Advantages of Performance Management

The main value of Performance Management is to:-

- communicate a shared vision of the purpose and values of the organisation
- define the expectations of what must be delivered and how it should be delivered
- ensure that people are aware of what constitutes high performance and how they need to achieve it
- enhance motivation, engagement and commitment by providing a means of recognising endeavour and achievement through feedback
- enable people to monitor their own performance and encourage dialogue about what needs to be done to improve importance

  Source: Armstrong and Baron (2005)

Therefore, the process should be seen as continuous rather than a series of discrete events and activities. The 'critical' point, according to Torrington *et al* (2002: 297), is that simply handing out a job description and a list of objectives or targets to employees is not adequate, and that performance expectations need to be understood and, where possible, 'involve a contribution from the employee'. Employee input, it is maintained, is key both to ensuring that any barriers to achieving objectives can be overcome and to evaluating whether an individual employee's objectives and targets are achievable. Indeed, the literature stresses line managers' commitment to planning the training, development and resources required for employees to meet their objectives.

In describing the **supporting performance** phase, the prescriptive literature reinforces the theme of Performance Management as a developmental process. In this account, the line manager is seen as the 'key enabler'. The diverse supporting and facilitating roles that the manager should adopt include: organising the resources for support; ensuring that off-line training is provided and takes place; revising performance targets if barriers make them unachievable; providing constructive and continuous feedback; providing practical job experiences to enhance critical skills; identifying information sources and other people who may assist an employee's development.

Although these versions of Performance Management insist that it is the employee's responsibility to achieve the agreed objectives, the manager, who must always be accessible for the employee, *'has a continuous role in providing support and guidance, and in oiling the organisational wheels'* (Torrington *et al*, 2002: 298). Providing the basis for self-development means that line managers must ensure that *'the support and guidance people need to develop is readily available'* (Armstrong, 2009: 619).

Reviewing performance is obviously a critical phase in the performance cycle and more detailed consideration will be given below to performance appraisal. It should be noted at this point that appraisal should be regarded as only one phase in the contemporary performance cycle but, historically, performance appraisal was often regarded as synonymous with Performance Management. Furthermore, appraisal should be seen as both culminating and dominating the cycle.

Consistent with the developmental ethos permeating the other two phases of the performance cycle, the HRM literature in general terms places the emphasis upon employees themselves for undertaking at least part of their own review on an ongoing basis *'in order to plan their work and priorities and also to highlight to the manager well in advance if the agreed performance will not be delivered by the agreed dates'* (Torrington, 2002: 299).

4.3 Performance Appraisal

Appraisal systems formalise the review stage of the performance cycle. Invariably, appraisal systems were devised at the centre of organisations, typically by the HR function, and require line managers to conduct appraisals of the members of staff for whom they are responsible. The frequency with which appraisals are implemented varies.

Historically, the annual appraisal was most common, but over the time the intervals been appraisals for many employees have shortened, so that every six months or quarterly reviews have become more common. Wolff (2008) found that while an anuual review was still the most common, with 44 per cent of respondents reporting this frequency, the proportion of organisations reporting twice-yearly reviews has grown to 39 per cent.

The evidence is also clear that appraisal has expanded to include ever wider groups of employees, from its initial evaluation of management and supervisory grades to increasingly being used for clerical and administrative staff and, subsequently, for manual grades. The 1998 WERS study (Cully et al, 1999) provides evidence of the trend; managers (70 per cent), professional workers (96 per cent) and sales staff (64 per cent) were the occupations most covered by formal appraisal. By this survey, more than half of clerical and craft occupations were subject to performance appraisals (Cully et al, 1999: 72)

The scope and method of appraisal varies between organisations, with the principal difference regarded as lying between qualitative and quantitative forms (Beardwell and Claydon, 2010). Qualitative forms are based upon a text based or narrative account, while quantitative forms rely upon a straight (numerical or alpha-numerical) ranking of performance against predefined criteria. Whatever combinations of criteria are implicated in the performance review and appraisal, they invariably have the outcome of ranking - or rating - individual employee performance.

The justification for using such ratings rests upon several arguments. First, it is held that appraisal ratings compels managers to formalise evaluations of employee performance rather than relying compeletely on managers' subjective views. According to this view, managers can be held to account for ratings given and justify them if required. Second, summary judgements enable managers to identify 'who are the exceptional performers or under-performers and who are the reliable core performers so that action can be taken (developmental or some form of reward)' (Armstrong, 2009: 629).[2]

Third, it is argued, it is impossible to operate a performance related pay system without ratings. A method has to be in place to ensure that the amount of an award is commenurate with the level of performance. Fourth, a common supposition is that ratings can motivate employees to improve their performance, especially when they are related to reward. It is worth noting, again, that the rationale is positive, developmental and emphasises reward, and does not suggest that a negativity, such as the avoidance of a poor rating and its consequences, is a dominating characteristic.

The number and the titles of the rating scales used differ between organisations and can be defined in alphabetical (A, B, C etc.) or numerical (1, 2, 3 etc.) terms, or even by initials, such as 'ex' for excellent, or 'vg' for very good. The latter may be an attempt to

[2] In passing, it should be noted that the action specified here is developmental, or motivated by consideration of financial reward. Neither here, nor generally in the textbooks is it suggested that the purpose of such ratings is to concentrate on those achieving scores in the lowest band or bands and therefore is designed to punish underperformers.

conceal the hierarchical nature of the scale employed. The numeric or alphabetical scales may also have an adjective attached to them, such as a for excellent, b for very good and so on. Alternatively, or more commonly, scales may be accompanied by descriptors which specify the level of performance commensurate with the scale. Various examples are given in the textbooks. The case presented in Box 2 can be regarded as fairly representative of the ideal-type depicted.

Box 2: Typical descriptors of performance appraisal rating scales

- Exceptional performance: Exceeds expectations and consistently makes an outstanding contribution that significantly extends the impact and influence of the role.
- Well-balanced performance: Meets objectives and requirements of the role; consistently performs in a thoroughly proficient manner.
- Barely effective performance: Does not meet all objectives or requirements of the role; significant performance improvements are needed.
- Unacceptable performance: Fails to meet most objectives or requirements of the role; shows a lack of commitment to performance improvement, or a lack of ability, which has been discussed prior to performance review.

The overall use of scales has grown considerably since the 1990s. For example, by 2005 a survey of Performance Management found that as many as 70 per cent of organisation respondents utilised them (e-reward, 2005). The same survey also found that the most common number of levels or categories was 5, as reported by 43 per cent of respondents. The primary evidence reported below, largely from financial sector organisations, confirms the extensive use of five rankings.

Performance Appraisal traditionally was a relatively straightforward process in which a line manager would meet on an annual basis to review the performance of their subordinates. Forms would be completed, often in perfunctory manner, and little would happen until the process was completed the following year (Bach, 2005: 289). Some authors have referred to the *annual ritual* of performance appraisal and noted its limited organisational impact. Indeed, Armstong and Murlis (1998) asserted that performance appraisal too often had degenerated into a ‘dishonest annual ritual’. There is no question that appraisal has become increasingly integrated into more comprehensive performance management programmes, in comparison to the often perfunctory practice of the past.

As summarised below (Section 5), a body of critical evidence has demonstrated how Performance Appraisal can lead to distorted rankings of individual employees. In response, organisations have intensified training for team leaders in how to recognise bias and overcome it (Bach, 2005: 304). Other methods aimed at minimising the problems of bias and subjectivity have been adopted. First, the method that was most fashionable for a period was the 'balanced scorecard', by which individuals were monitored and evaluated on the degree of achievement as deemed consistent with an organisation's strategic goals (see e.g. Kaplan and Norton, 1996). The idea is that scores provided by multiple stakeholders within an organisation provide an holistic evaluation of performance, correcting any dependence on unreliable scores that might be delivered by a singular appraiser or a sole source of information.

The popularity of a second initiative, the 360-degree appraisal, has similarly waxed and waned (Newbold, 2008), although its use until recently had became relatively widespread (Aswathappa, 2005). Self-assessment is an indispensable element in 360-degree appraisal, but performance data is canvassed from a wide range of stakeholders; peers, subordinates, superiors and additional nominated agents both internal and external to the organisation.

Irrespective of the specific form adopted, appraisal was responsible in the 1990s for increasing numbers of employees having a proportion of their salaries determined by Performance Related Pay (PRP)[3]. Thereafter, however, PRP declined in significance as a feature of performance management systems as the focus on developmental needs appeared to grow commensurately. Armstrong and Baron (2005: 68) found that PRP was a feature of only 31 per cent of performance management systems in 2004 compared to 43 per cent in 1998.

However, while the evidence seems quite categorical in this respect, some other 'trends' that were observable up to a decade ago may now be open to question. For example, Armstrong and Baron (2005: 58) found that the use of ratings had continued to fall since 1998, and were undertaken by only 49 per cent of organisations by 2004. It will be interesting to see what the recent primary evidence (Sections 7-9) from the financial services, telecoms and other sectors tells us about the extent to which ratings are being used.

A detailed discussion of Performance Related Pay lies beyond the scope of this report. However, research has been mixed in respect of whether PRP actually does improve organisational performance. The broader debate is whether HRM policies and practoces actually do lead to improvements in performance and, while an association has been confirmed between more extensive use of HR and various indicators of organisational performance, the associations are often modest and isssues of causation left unanswered (Guest and Conway, 2011). Moreover, studies have shown that neither individual pay nor group performance pay are related to motivation or job satisfaction (Wood and de Menezes, 2011). If PRP as a related outcome of appraisal is not obviously beneficial in the manner that many claimed for, its purpose may be found elsewhere. Indeed the primary function, as Marsden (2004) has argued in relation to the public sector, has been to provide the framework for the renegotiation of performance standards, that is to

[3] Bach (2005: 296-7) makes the point that it would be mistaken to see the growth of performance appraisal as resulting from the extension of PRP in the 1980s and 1990s. Historically, the main purpose of appraisal schemes has been influenced by the dominant issues in personnel management practice.

changing the terms of the effort bargain and to intensify work, a conclusion that may resonate with the evidence presented below on the effects of Performance Management.

4.4 Underperformance

As the textbooks emphasise, a significant puropse underlying such evaluations is that organisations can drive continuous performance improvement. Yet again the textbooks present an essentially developmental perspective. Armstrong (2004: 634) emphasises that the aim 'should be the positive one of maximising high performance' although he conceded that this does involve taking steps to deal with under-performance. Nevertheless, such steps should be constructive and supportive. Handy's (1989) advice that managing underperformance should be about 'applauding success and forgiving failure' is invoked. Mistakes, it is argued, should be used as an opportunity for learning. Risher (2003) is quoted to the effect that,

> Poor performance is best seen as a problem in which the employer and management are both accountable. In fact, one can argue that it is unlikely to emerge if people are effectively managed.

The received wisdom is that managing underperformers not only should be but, in fact, is a 'positive process that is based on feedback throughout the year and looks forward to what can be done by individuals to overcome performance problems and, importantly, how managers can provide support and help' (Armstrong, 2009: 634). This author then lays out the five basic steps required to manage underperformance: identify and agree the problem; establish the reason(s) for the shortfall; decide and agree on the action required; resource the action; and monitor and provide feedback.

Throughout this account and the bulk of the passages in other textbooks devoted to dealing with underperformance, the emphasis is on mutual agreement, identification of causes beyond the employee's control, mutually agreed improvement steps, support and continuous feedback. It is helpful to quote the text accompanying the heading, 'Resource the action' for it exemplies as well as anything the normastive assumptions of developmentalism that underpin the textbook prescriptions of dealing with underperformance. The exact form of words is: 'Provide the coaching, training, guidance, experience or facilities required to enable agreed actions to happen' (Armstrong, 2009: 635). As demonstrated in Section 7, an organisational focus on underperformance, in practice, has often been disciplinary in intent, yet it is difficult to discern such an objective from the HRM literature.

4.5 Evolution of Performance Management

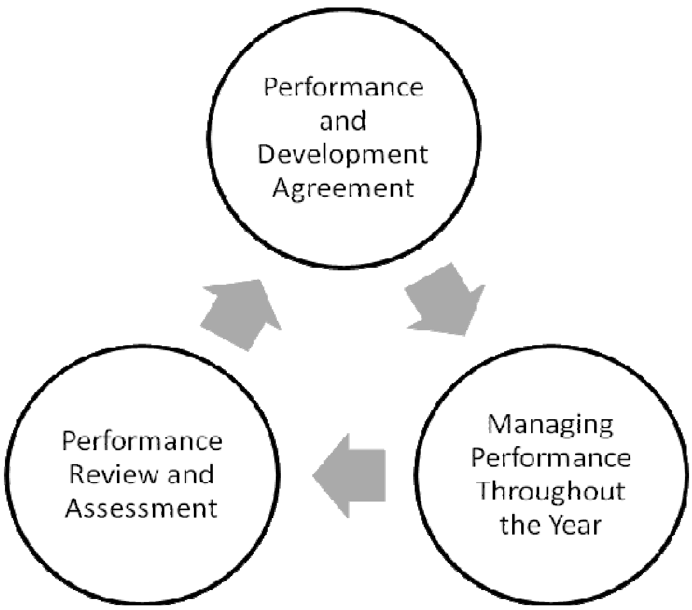
It is important to recognise, though, that contemporary versions of Performance Management have evolved far beyond the ritualistic occurrence of the annual Performance Appraisal. Performance Appraisal can no longer be regarded as synonymous with Performance Management, as was frequently the case during the 1990s and even well into the 2000s. Appraisal is now far more integrated into all-encompassing systems of Performance Management, an evolution that has massive consequences for both individuals and the organisations they work for.

It is suggested that observers have often misunderstood the nature of the transformation that has taken place. Some confusion derives from the fact that actual practice has changed signficiantly, even though the rhetoric and terminology surrounding performance management remain largely unchanged, redolent of an earlier and more employee sympathetic version of Performance Management. For organisations, it can be suggested that the rhetorical claims and normative assumptions of these earlier iterations have faded, to be replaced with more robust and rigorous processes in practice. It is like the smile on the face of the Cheshire cat, all that remains is the image.

The revised Performance Management cycle, presented in Diagram 2, is tighter and more prescriptive. Perhaps the most marked contrast with the earlier and 'looser' cycle (Diagram 1) is to be seen in the change from the rhetorically developmental 'Supporting Performance' circle, which is now articulated as 'Managing Performance Throughout the Year'. The latter represents a significant shift from the episodic nature of previous annual appraisals and developmental support to more robust and continuous managerial control. As emphasised by Armstrong and Baron (2005: 15), this renewed version of Performance Management is a process more than an event and operates in a continuous cycle. For these authors Performance Management has become,

> a strategy which relates to every activity of the organisation set in the context of its human respource policies, culture, style, and communication systems (*ibid*:16)

Diagram 2: The 'Evolved' Performance Management Cycle



Performance Management has thus expanded in scope and reach and now aims to knit together individual goals, departmental purpose and organisational objectives. It now incorporates issues that are central to many other elements of HRM, from recruitment, induction, training and development, reward management, through to capability procedures and termination (Boxall and Purcell, 2008: 171-2). Indeed, Marchington and Wilkinson (2008: 262) maintain that, for some, performance management has become synonymous with the totality of day-to-day management activity because it is concerned with how work can be organised in order to achieve the best possible results.

The extent to which these 'holistic' Performance Management initiatives now operate is remarkable. In the most recent comprehensive CIPD survey, 87 per cent of respondents were found to operate a formal Performance Management process, having risen from 69 per cent (Armstong and Baron, 1998; 2005) with a further 65 per cent of the remainder stating their intention to introduce such a programme in the next two years. Apropos the previous discussion on the spread of Performance Management from managerial, supervisory and professional grades to wider layers of the workforce, it should be noted that Performance Management has now extended far beyond these higher layers to embrace technical grades, white-collar workers generally and, latterly, manual grades.

It is acknowledged that Performance Management is now bound up with organisation-wide targets and KPIs and not just in the private sector. Under the new Labour administrations of 1997-2010 central government targets and the drive for best value ensured that a strong interest in Performance Management permeated the public sector (Bach, 2004). Invariably, KPIs and targets cascade down through business unit, centre or facility and then to the team and are finally disaggregated to employee level in the form of individual balanced scorecards, a plethora of quantitative metrics and qualitative evaluations of performance (Torrington *et al*, 2011: 264). Some mainstream academics have recognised that these 'new' forms of Performance Management, focused on the continuous improvement of employee performance, might involve a harder managerial practice (see e.g. Houldsworth, 2004). Yet, the HRM literature regards this development negatively, suggesting that it is an aberration, an ill-conceived departure from authentic Performance Management as part of HRM best practice. These accounts advocate the softer developmental and motivational approaches to aligning the individual and the organisation, which are universally regarded as epitomising good management practice.

Insofar as the interests of employees are considered, it is assumed, without recourse to empirical evidence, that Performance Management is actually beneficial and certainly not detrimental for them. It is held that those employees who do not meet the required standards will be managed 'fairly' and given the support required to do so.

Even authors normally critical of new management techniques portray Performance Management positively. Harley *et al* (2010: 745) argues that because it generally involves measurement of performance against targets, it should 'provide employees with a clear set of expectations as well as with feedback on performance, thereby increasing predictability and order'. Furthermore, this study purports to demonstrate that performance management was 'positively associated with commitment and satisfaction and negatively associated with emotional exhaustion, suggesting that the more an employee was subject to performance management the more positive was her/his experience of work' (*ibid*: 750). The regular interventions between supervisors and workers that Performance Management necessitates has the 'effect of providing support', making employees aware of their performance on an ongoing basis [and] lowering stress associated with uncertainty' (*ibid*: 753).

In sum, Performance Management has evolved significantly over the last two decades, becoming an all-embracing management practice or set of practices, and not the limited stand-alone appraisal with which it was often synonymous. Advocates of Performance Management, thus, now contrast the strategic approach of the cycle of integrated activities, with the discrete free-standing appraisal. It has also included within its scope ever-growing numbers of employees. Despite critical commentary, summarised below, that has highlighted the limitations of Performance Management's purpose, design and implementation, and despite a minority trend which has presented a more trenchant moral and philosophical critique, the dominant perspective continues to stress the positive and developemental aspects of Performance Management. A good example of the enduring optimism with which Performance Management is associated comes from a recent edition of a popular HRM text.

> This emerging perspective on performance management continues the shift from prescriptive, audit- and compliance-based oversight to an ongoing, forward-looking strategic partnership...[and looking ahead] the management of performance will increasingly become an organisation focused rather than an individual-focused activity. The ability to demonstrate an active engagement with the corporate social responsibility agenda is growing rapidly. Perhaps therefore, in the future, performance management will be less about quantifying the output of individual employees and more about the effective performance of the organisation in society (Beardwell and Claydon, 2010: 485).

5 Critical Academic Commentary on Performance Management

The question of whether HRM practices, including Performance Management, do actually lead to improved organizational performance has been much debated. Legge (1995) has been a foremost critic of the automatic assumption that there is a direct relationship between HRM and organizational success. Hall (2004) has argued that the evidence of academic studies that purport to demonstrate such a causal link is often questionable and the methodologies used are frequently flawed.

Notwithstanding the generally optimistic and developmental tenor of the bulk of the prescriptive HRM literature on Performance Management, there has been growing discomfort in some academic and practitioner work regarding the measurement of performance through the use of appraisal indicators and targets (Beardwell and Claydon, 2010: 470). Callahan (2007), amongst others, has argued that Performance Management and performance appraisal are inherently compromised because they are used for diverse and often conflicting purposes.

Most notably, line managers, who are the key protagonists in Performance Management systems and in undertaking appraisals, invariably judge and evaluate the performance of employees. However, this role sits uneasily, or may even directly clash, with a line manager's responsibility to motivate and develop those same employees. Furthermore, the line manager's role as counsellor is self-evidently compromised by the fact that an employee is unlikely to be willing to confess their limitations and development needs, when to do so could adversely affect their rating at their next performance review (Newton and Findlay, 1996). This reluctance to 'betray a weakness' is more likely to happen when, as commonly occurs, a particular performance rating is tied to monetary reward.

Some of the literature suggests that line managers might not complete evaluations with the candour that is regarded as a pre-requisite for successful Performance Management. Appraisers may hesitate to give individual employees a poor review. To do so might be to demotivate employees or create unwelcome conflict or personal antagonism. Furthermore, giving consistently low scores for employees in their charge might leave line managers vulnerable to the charge that the problem does not lie so much with these sub-optimal employees, but with their own inability to generate high performance. The aptitude of the line managers would then become the subject of senior management scrutiny.

Authors highlight additional potential sources of bias bound up with the rating process, particularly when remuneration is tied to the outcome of scores. A 'halo effect' can occur when managers overlook problematic aspects of an employee's performance that might require development and for various reasons, including personal preferences and prejudices, they may apply a light touch. A 'comparing employees' effect can occur when a manager contrasts the performance of an employee against another without considering the different (more or less challenging) tasks that they are required to perform (Beardwell and Claydon, 2010: 470).

Then there is the ‘recency effect’, when managers compile rankings on the basis of their most recent encounter with employees or most recent knowledge of their performance. Finally, there is the ‘central tendency’ effect when managers are reluctant to be overly lenient or harsh in their ratings, irrespective of the actual level of performance. Line managers may take the ‘playing it safe’ option, allocating similar rankings to all in a team in order to avoid conflict. On the basis of primary research, Geddes and Konrad (2003) and Thornton and Rupp (2007) concluded that appraisal ratings are also influenced by gender, ethnic origins and physical appearance and subjective perceptions of attractiveness.

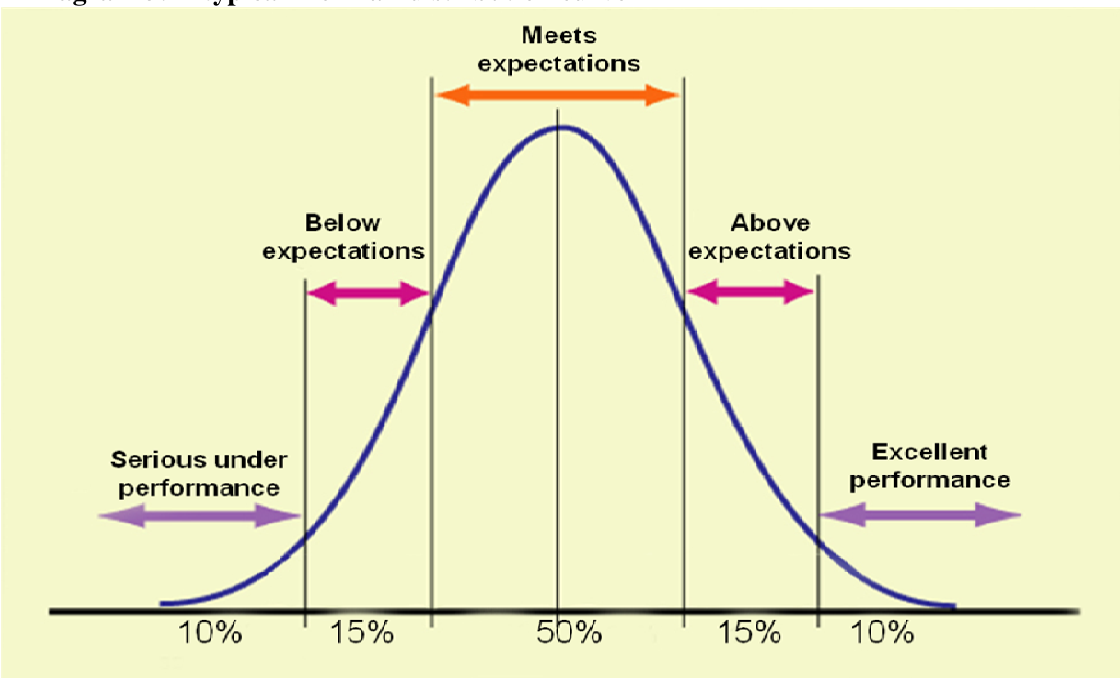
Underpinning the potential for bias is the obvious concern that employee ratings are based on pseudo-scientific criteria and are arbitrary, dependent ultimately on the predispositions or even prejudices of the managers conducting reviews and appraisals. The problem of subjectivity manifests itself in different ways, especially the difficulty of constructing consistent and comparative evaluations between different line managers. Achieving ‘objectivity’ is held to be notoriously difficult when the notion of ‘performance’ is itself unclear. Moreover, to sum up the total performance contribution of an individual with a single rating is a gross over-simplification of what may be a complex set of factors that influence that performance (Armstrong, 2009: 630) and which may well lie beyond the ability of the individual or, for that matter a line manager, to influence. Further, for a line manager to then decide on a single rating after what should have been a detailed discussion of strengths and weaknesses, suggests that the rating will be a superficial and arbitrary judgement.

Organizations continue to make efforts to construct ‘objective’ criteria and use reliability measures in comparative metrics, but arguably these cannot wholly overcome the problem of intrinsic subjectivity. Of course, as the HRM textbooks advocate, line managers can be trained in ‘consistency workshops’ which build a common understanding of the level of employee achievement commensurate with a specific rating level. However, the growing trend has been for organisations to introduce forms of ‘calibration’ or ‘moderation’, where managers meet to review the pattern of each other’s ratings and challenge anomalous distributions.

In much of the HRM literature, it is claimed that these normalisation and standardisation practices are capable of delivering more equitable outcomes, ratings more genuinely reflective of actual employees’ performance. Before examining the primary evidence some important questions need to posed, that suggest a quite different outcome. Instead of delivering ‘fairness’ and ‘equivalence’, what if this process has the objective of preventing rating inflation, of ensuring that a cap is put on the proportion of employees who are received above average or excellent scores? What if the ancillary purpose is to prevent any individual line manager from awarding an excessive number of high scores? What if this process is designed to make certain a correspondence with an *a priori* fixed distribution (see below) as determined by senior management? Such a distribution might be a necessary consequence of an organisation making a fixed ‘pot’ of money available for performance related awards. Over-generous rating by line managers becomes, then, a major problem for the organisation, in the context of top-down imperatives which precludes scores (or at least a proportion of them) being genuinely reflective of performance at the higher end. Put simply, it is not permissible for there to be too many high scores on the grounds of cost.

Different types of scale have been adopted but one particular form is that of forced distribution, where managers are required to conform to prescribed distribution of ratings between different levels. This pattern may correspond to the normal curve of distribution that has been observed to apply to IQ scoring (Armstrong, 2009: 632). A typical 'normal' distribution of ratings might be as follows; 10 per cent of employees might be categorised as underperformers, a further 15 per cent as failing to meet expectations, 50 per cent as meeting expectations, 15 per cent as above expectations and, finally, 10 per cent who are deemed to be excellent performers.

Diagram 3: A typical 'normal' distribution curve



The principal problem is that there is no evidence at all that *actual* performance in an organisation does follow this 'normal' distribution. Such a distribution, it should be remembered, is a statistical exercise. Performance and achievement are variable to an extent that makes it impossible for employees to be 'squeezed' in these proportionate categories. If *actual* performance, however that might be defined, were the sole determining criteria for how employees were to be ranked then it is possible theoretically for an entire workforce to be performing above a notional targeted average. A forced distribution means that however well employees are performing a certain proportion in advance must *necessarily* be deemed to be underperforming. Managers are compelled to discriminate between employees according to these fixed percentages irrespective of actual performance. Thus, the charge of inequity can be laid against the use of forced distribution and the 'Bell curve'.

The important question remain of the extent to which forced distribution is utilised by organisations. The academic literature suggests that it is a limited measure. For example, in the CIPD performance management survey of 2004, only 8 per cent of respondents reported that it was used. Evidence from the United States suggests that forced distribution is much more widespread there. Bach (2005: 289) suggests that a harder edge to appraisal has emerged with leading US companies such as General Electric, Microsoft and McKinsey placing a great deal of emphasis on measuring performance. If identifying and rewarding top performers is a priority, then so too must systematic measures be implemented to remove consistent underperformers, who are often termed 'C' players. In a key passage in an influential book, *'The War for Talent'*, Michaels *et al* (2001) argued that it was necessary to get rid of the bottom 10 per cent of performers annually because their continued presence in the organisation served to create inertia and demotivate high performers. Bach provides examples of euphemisms to describe this process, including 'top-grading', 'bouncing' and 'ranking and yanking', drawn from additional sources (Smart, 1999: 61-75; Ulrich and Smallwood, 2003: 90; Bunting, 2004: 97). It is claimed that the continuous elimination of so-called underperfromers 'raises the bar', that is to say it improves the overall level of performance in the business, but as Armstrong (2009: 632) maintains, there is no evidence to support this claim.

Indeed, subjectivity and bias might be exacerbated when it is the behaviours, traits, attitudes and personality characteristics of the individual employee that are the subject of ratings and scores. Behaviourally anchored rating scales (BARS) and behavioural observation scales (BOS) are specific methods of linking ratings with behavior at work (Torrington, 2011: 264).

Several years ago, Williams (2002) could conclude that behaviourally-based criteria were not widely used. The empirical evidence from the case study companies suggests that they are now widely used and are key elements in the evaluation of employee performance. Over the past decade and increasingly in the post-financial crisis period, the growth of a significant degree of subjectivity in performance appraisal and management process is discernible.

In addition, it has been observed that any approach to appraisal that uses pre-determined criteria, as the large majority do, has limitations. This is particularly so when the same criteria are used across a wide range of job roles, as each criteria may not be relevant. Such a universal approach neglects important differences in the characteristics of specific job roles and responsibilities (Beardwell and Claydon, 2010: 467). A more essential criticism is that there is a tension, if not a fundamental contradiction, between the dual objectives of performance management as a developmental undertaking, on the one hand, and an element of an organization's reward system, on the other hand. This is the most trenchant criticism of Performance Management from 'within' an orthodox management framework' (see e.g. Strebler *et al*, 2001; Wilson, 2002). These observations relate mostly to limitations in the construction and operation of performance appraisal.

An additional critique has been developed on philosophical or ethical grounds. This body of work challenges the unitarist principles and managerialist prerogatives that inform conventional approaches to performance appraisal (Beardwell and Claydon, 2010: 471). They advance, by contrast, a radical analysis that questions management's objectives and their power to control, direct and shape employee behaviour. Such accounts have been based largely on the work of the French philosopher, Foucault, who developed the critique of organizations and institutions as 'totalising' regimes of surveillance, in which managers exercise complete control over employees and have eliminated their capacity for resistance and contestation.

Management theorists, including Townley (1993) and Grey (1994) questioned the ethics of such close scrutiny of employers' behaviour and work routines, regarding these manifestations of managerialism as a negative aspect of performance appraisal. Notwithstanding the importance of a critique that counters the assumption that appraisal is benign for employees, the 'totalising' perspective understates the capacity of employees to resist and of unions, where they exist and are vigilant and effective, to contest this discourse and practice.

Despite this critical commentary, the dominant perspective amongst HRM scholars that is found in the texts is of Performance Management as benign and supportive of employees. To give one example, Armstrong (2009: 634) suggests that organizations might retain ratings because they believe that the advantages outweigh the disadvantages. However, if they want to emphasise the developmental aspects - as it is suggested that they should – and 'play down, even eliminate, the performance pay element [then they] will be convinced by the objections to rating and will dispense with the altogether..'. In short, organisations are advised to move away from stringent metrics-driven forms of Performance Management that are driven by monetary and/or punitive outcomes.

6 Changed Contexts of Work Organisation – HRM, Management Control, Work Intensification, Lean and Sickness Absence Management

6.1 Introduction

The evolution of Performance Management from being largely synonymous with stand-alone Performance Appraisal to become the more systematic, integrated and all-embracing Performance Management as described above did not happen within a political-economic or organisational vacuum. In order to gain a fuller understanding of contemporary Performance Management and to foreground the primary evidence presented in Section 7, it is necessary to consider some of the principal changes that have occurred in work orgnisation and employment relations over this period. Mindful of the temptation to discuss all the factors that have contributed to, or are manifestations of, changes in work organisation and employment, the following aspects have been identified as being of most salience for Performance Management; Human Resource Management, lean production, work intensification, sickness absence management, and occupational health and safety.

6.2 Human Resource Management

As discussed in the preceding sections, the dominant view of Performance Management has been that it is essentilly developemental in intent and that it delivers mutual benefits for both the organization and the employee. This benign view can be partly explained by the wider academic and practitioner perspective of Human Resource Management with which Performance Management has been closely associated.

The earlier models of HRM that came to be influential in the UK focused on the central notion of commitment and how it could be achieved within organizations. Commitment models were explicitly contrasted with the then (supposedly) outdated labour utilisation systems and practices based on control and compliance (Walton, 1995; Beer et al, 1984). Such a distinction was also employed by UK academics attempting to distinguish HRM from old-style personnel management and industrial relations (e.g. Guest, 1987). As HRM emerged in the UK, academic analysis identified two strands, dubbed by Storey (1992) as 'hard' and 'soft' HRM (see also Legge, 1995).

While the fomer calculative, 'factor of production' approach concentrated on the fit between flexible human resource utilisation and organisatonal strategy, the latter stressed the potential of employees as valued assests, whose skill development was the route to competitive advantage, and commitment to the organisation could be heightened through such practices as empowerment, employee involvement and teamworking. 'Soft' HRM stressed the development of trust, collaboration and communication and, in this new culture of commitment and mutual gains, individual employees could feel 'empowered' to exert discretionary effort or 'constructive proactivity' (Legge, 1995: 174). Within this 'soft' HRM paradigm, the now familiar array of performance appraisal, individual performance related pay and development plans emerged. These initiatives could be seen as the structural and organizational counterpoint to unitarist values based upon quality and the customer.

For the best part of three decades, then, 'soft' HRM represented the 'new orthodoxy' in the study and practice of employment relations, albeit that it might have been an 'idealized and narrated model' (Storey, 2005). Arguably, the tenacity of this 'soft' version obscured the reality of alternative 'hard' versions and a managerial practice that eschewed a developmental, mutual gains approach. A good example of the widespread illusion in the high trust and commitment view of HRM that permeated even critical thinking, is this quote from what is, in many ways, a critical text.

> Indeed, the ideas at the root of HRM are at the opposite pole to the ideas of marketized or commodified employment practice. (McGovern, 2007: 143)

This assertion can be challenged for it ignores the 'hard' side of HRM, the calculative 'factor of production' approach. It also neglects the important argument that 'soft' HRM practices can embody hard elements (Taylor and Ramsay, 1998). For example, delivering quality and 'delighting' the customer are principles that sit within the 'soft' HRM paradigm, but clearly customer feedback, the mystery shopper and monitiored telephone calls can have a hard disciplinary edge in practice. It is interesting, as we will discover from the primary evidence, that a common element in Performance Management metrics involves customer satisfaction scores which, if they fall below acceptable levels, can lead to improvement or corrective action. In other words, disciplinary or punitive outcomes are as likely as developmental or supportive measures.

The existence of certain practices (such as appraisals, teamworking) can not be assumed to be a proxy for developmental HRM, just as one of the fallacies of the High Performance Work Systems literature (e.g. Applebaum et al, 2000) is that somehow bringing together a bundle of practices including teamworking, incentives, personal development/appraisals necessarily engenders mutuality, harmony and a high performing workplace. In the 'soft' HRM/HPWS account, the line manager is the key driver of change, having discretion over operational issues, labour utilisation, recruitment, training, reward, appraisal and above all performance. The role of the line manager was defined as facilitator, coach, guide and developer of the human resources for which they were responsible. However, it is pertinent to raise the following question - what if the function of the line manager is not to lead in this developmental fashion, but to transmit downwards in classical hierarchical fashion, production norms and targets, so that for all there might be an appeal to 'hearts and minds' there is also the familiar imperative of employee compliance to management instruction?

It is a compelling argument that HRM, with its powerful rhetoric of shared interest and mutual gains, served to mask capitalist restructuring. Hyman (1987) observed during early debates on the nature of HRM, that it was directed towards the simultaneous 'securing and obscuring' of the commodity status of labour. Beneath the unitarist façade and the high-skill, high-commitment rhetotic there remained fundamental market imperatives such as cost minimization, growing labour market flexibility, downsizing and redundancy. By the turn of the century, authors such as Capelli (2000), an erstwhile enthusiast for mutual gains HRM, were asking how management, having broken the psychological contracts' promise of job security, could manage in conditions where employees' commitment had been betrayed. There is now a significant body of literature that has questioned the degree to which the HRM project was ever able to deliver on its promise to create a more humane workplace (e.g. Baldry et al, 2007; Bolton and Houlihan, 2007; Legge, 1995; 2005; Thompson, 2003; 2011). What was being missed, then, in naïve versions of HRM (Thompson and Harley, 2007) were those shifts in the capitalist political economy that were generating organizational re-structuring, process re-engineering and were transforming work organization. All of these developments had enormous implications for workers.

6.3 Lean Production

In this restructuring the adoption of lean production needs to be emphasized. Lean has been defined as an 'all-encompassing model' of work process reconfiguration, based on the integration of diverse Japanese production management techniques (Babson, 1995: 5), dervived from Japanese manufacturing systems. The philosophy, principles and techniques of lean were widely applied in the US and, latterly, in the UK. Lean promised to remove impediments to the smooth flow of production through continuous improvement (*kaizen*) in both quality and productivity, and to eliminate 'wasted' time and motion (*muda*) through the use of 'just-in-time' (J-I-T) inventory systems (*kanban*).

In the classic text on lean, Womack et al (1990) argued that those organisations which succeeded in stripping out wasteful processes would secure the most significant gains in quality and efficiency. These advantages would be achieved through job rotation and by multiskilled team-based workers sharing responsibilities with management and solving problems together. Womack *et al's* depiction of the new work system was undeniably optimistic, notably in the contention that 'the freedom to control one's work' replaced the 'mind-numbing stress' of Taylorist mass production. 'Creative tension' was now supposed to make work 'humanly fulfilling'. If such claims of increased skills and decision-making authority (Landsbergis *et al*, 1999: 109) were true then, empirically, lean would be associated with a *reduction* in job strain and stress-related illness.

However, subsequent studies of manual workers in manufacturing environments produced findings that did not support the optimistic claims made for lean. Critical research in the automotive industry revealed, not increased employee discretion, but tighter supervision and management control, narrow tasking, reduced involvement in decision making and greater job strain (Lewchuk and Robertson, 1997; Delbridge, 1998; Danford, 1999). Harmful physical and psychological effects, including repetitive and soft tissue injuries, musculo-skeletal disorders, burnout and stress were identified (Landsbergis *et al*, 1999; Stewart *et al*, 2009).

Despite this evidence of bleaker outcomes for workers, a number of authors maintained that lean could be universally and non-problematically applied to clerical and servicing work (Womack and Jones, 2003). Business school consultants were quick to propagate lean as a mutually beneficial (for managers *and* workers) paradigm for delivering public sector efficiencies (e.g. Radnor and Boaden, 2008). Lean's appeal to central and local government and to private sector employers in the straitened budgetary conditions of austerity and the post-2008 'new normal' (Kliman, 2012) was unsurprisingly compelling. Insofar as evidence exists of lean's impact on white-collar work, however, the prognosis for workers and their health and well-being are as harsh as the evidence has been for manufacturing environments. The results of these studies are important given that much of the primary evidence below reports on workers' experiences in white-collar and service environments.

There is data from the call centres which, in the most common mass production variant (Batt and Moynihan, 2002), has been regarded as the prototypical 'lean' white-collar context (e.g. Sprigg *et al*, 2006; 2007; Taylor and Bain, 1999; 2007). Process simplification, short call cycle times and machine paced workflow integration are notable features of work organisation. Dialogue scripting (extreme standardisation) and intense performance monitoring have been isolated as defining characteristics of lean and directly related to job-related strain (Sprigg *et al*, 2006: 105; Taylor *et al*, 2003). The 'leaner' the work organization and the more that call-throughput is prioritized, the less control over the timing and methods of work do call-handlers report. Workloads are higher and workers performed less varied tasks.

Studies have demonstrated related outcomes. Crawford *et al* (2005) found an increase in reported musculo-skeletal disorders (MSDs), including discomfort in the neck, shoulders and wrists/arms. Sprigg *et al* (2007) found biomechanical factors (workload and repetitive movement) and psychosocial strain (low decision latitude) combining to produce MSDs. Indeed, they concluded that strain appears to be a mechanism between workload and upper body and lower back MSDs, while the relationship of workload with MSDs is explained by both the direct effect of biomechanical factors and the partial mediating effects of strain (*ibid*, p.1462). Sprigg et al's (2006) concise verdict was, 'the leaner the call centre, the meaner it will be'.

The ill-health consequences for workers generated by the distinctive forms of work organization in 'mass production' contact centres (Batt and Moynihan, 2002) are quite well known. Deery et al (2002) found emotional exhaustion, while Baldry *et al's* (2007) and Taylor *et al's* (2003) studies documented extensive worker experiences of stress, mental fatigue, physical tiredness and MSD symptoms. A significant finding was that these symptoms and complaints were related to long periods spent at the work-station where workers were engaged in intensive, pressurized work, and faced the strict implementation of 'performance' targets, both quantitative and qualitative in character (Bain *et al*, 2002). The Information and Communication Technologies (ICTs) that are central to the architecture of the contct centre simultaneously facilitate the micro-measurement and micro-management of employee performance. A persuasive case can be made for the claim that the call centre provided the template for the subsequent dissemination of the digitalised measurement and intense targeting across many white-collar labour processes.

In related studies, Carter *et al* (2011a; 2011b) focus on lean, its impact on work organization and employee experiences in a clerical, non-customer facing environments. Their findings demonstrated a thoroughgoing deskilling of tax processesing, in which whole case working was fragmented into a series of discrete, standardized and repetitive tasks. The consequences for employees was equally profound, as they reported high levels of stress and widespread symptoms associated with MSDs (Carter *et al*, 2013). New forms of Performance Management, principally the strict imposition of hourly targets, were regarded as the single most significant cause of pressure by workers. The evidence from these, most recent, studies of white-collar work organisation is that lean and performance management are integrated to form a new form of intensified and tighter labour regulation.

6.4 Work Intensity or Intensification

Synthesising the literature on critical HRM and lean working, a significant theme to emerge is that of work intensity/work intensification. A body of research (notably Burchell et al, 2002; Green, 2001; Green, 2006; McGovern et al, 2007) has specifically focused on these related concepts to refer to the amount of work/effort required of, and performed by, workers in each unit of time (intensity) and an increase in the amount of work/effort between comparable units of time over time (intensification).

These studies confirm that the effort demanded of British employees has increased steadily over the past two decades. One study demonstrated that 31 per cent of employees in 1992 strongly agreed that their jobs required them to work very hard. By 2000 the proportion had risen to 40 per cent (McGovern et al, 2007). An additional and related finding for 2000 was that 56 per cent of employees believed they were working harder than they had been two years previously. This proportion compared to only 12 per cent who said they were working less hard. Although these percentage increases might appear to be relatively small, it should be borne in mind that studies had established that work pressures and work strain were already at high levels by 1992 (Gallie et al, 1998: 218-231).

Green's research (2001; 2004; 2006) has been influential in deepening our understanding of work intensification. Green has argued that the principal causes are rooted in technological and organizational change, but other institutional factors have also contributed to a greater or lesser extent. These factors include HR policies such as 'high involvement' work systems, declining trade union density or influence and job insecurity. For Green, work intensification has been associated with the closed 'porosity' of the working day as the time gaps between tasks shorten and employees have less opportunity to recover mentally and physically before the onset of rhe next demand. The outcome has been an increase in the psychological experience of overwork and work strain or work stress. In demonstrating that intensification grew from the mid-1990s onwards, and is associated with changed work organisation, flexibility and the effects of IT, Green concludes that 'the detrimental impact is unambiguous' (2006: 174). McGovern *et al* (2007: 186), similarly, have emphasized the increased bureaucratic discipline and the deleterious effects of ICT-based monitoring. This body of work resonates with those critical studies of lean (Section 6.3) that have identified changed work circumstances – flexibility, just-in-time production - as having accelerated the flow of the work and increased the demands upon workers. The outcome, according to McGovern et al (2007: 151) is that ‘Overwork is a widespread condition among employed people in Britain’.

The question has been raised as to why workers have tended to ‘go along with’ these demands that have led to work intensification. For many commentators, according to McGovern et al (2007), work intensification is closely associated with market uncertainty, job insecurity and the transfer of risk from employer to employee. Fear of job loss has compelled individuals to accept a ratcheting up of work demands. Therefore, employers can rely on insecure market conditions to simplify their task of extracting more effort from the workforce. The periods of mass unemployment arguably changed conditions in the longer term. They generated new institutions, or norms, that have continued to create anxiety or fear, even after mass unemployment has ended. Redundancy has become a normal method of adjusting workforce numbers (Turnbull and Wass, 2000).

With the level of redundancies remaining high in periods of rising employment and the belief among workers that they will get a worse job if they get made redundant then hard-work, staying in the good books and becoming a compliant employee may be an explanation for intensification. Such an analysis is consistent with Cappelli’s (1999) ‘frightened workers’ model’. The UK literature on job insecurity and redundancy norms and Cappelli’s ‘frightened worker’ model under repetitive downsizing go some way towards providing a plausible account of how effort can be raised by exposure to market competition. For McGovern et al (2007: 135) employers then develop policies that ‘harness the motivation of insecurity’. The same authors summarised their evidence as follows,

> Overall, the results provide reasonably good evidence that employers exert high levels of effort in insecure conditions. This appears both when personal job loss appears imminent, so that anxiety about insecurity is likely to be acute, and still more clearly in the medium-term aftermath of wider workplace reductions’. The longer-term background of insecurity seems to provide motivational ‘stick’ since the effect on effort is persistent. (*ibid*:141)

An alternative interpretation might be ‘based on the growth of internal systems of control and incentives that organizations can apply to achieve higher performance’ (McGovern *et al*, 2007: 129). Framed in these terms, then, the debate appears to be between the effects on workers of the discipline of the market, on the one hand, and of bureaucratic discipline on the other. In short, the distinction is between the discipline produced by threatening external conditions and the discipline produced by command and control (*ibid*:130).

However, a more convincing line of argument might be to contend that positing market discipline and bureaucratic discipline as alternatives might be an invalid counterposition. Market discipline *and* bureaucratic control could be better seen as dialectically connected. For example, in conditions of tightened economic competition or, more so, of economic crisis and recession, organisations might respond to changed market conditions through modified Service Level Agreements, increased KPIs and escalating performance targets. In other words, in response to harsher market discipline organisations translate the market signals and pressures into tighter control over workers in the form of measurable (bureaucratic) performance criteria. Burchell *et al* (2002), for example, argued that there is a relationship between background pressures on management from increasingly competitive markets to work intensification.

Differing mediating stages exist as an organization translates market impertives into front-line operational worker targets. The influence is not always immediate and undeviating, but there is a causal chain with an identifiable direction. Internal command and control are given justification and compulsion through external market realities. At the same time, the influence of the market can bear directly on workers. Economic turbulence, crisis, recession and redundancies can contribute to workers insecurities, creating the sense that it is necessary to work harder and to accept greater performance targets in order to maintain job security.

Some studies have attempted to analyse the concrete linkages between broader political economy and front-line workload. In terms of the call centre (Taylor *et al*, 2005; Taylor and Bain 2007), it has been argued senior management formulate organization-wide targets (e.g. cost, market share) as they forecast trends and position their companies vis-a-vis rivals in volatile markets. These broad targets are then calculated for business/function, and translated down to individual centres as cost and/or profit centres. Centre managers then disaggregate key performance indicators (KPIs) for various workflows. In turn, middle managers, finally, ensure that teams and individual call handlers meet specific, individualised targets. This sequence helps explain supervisory obsession with statistical measurement of productivity and employee compliance with SLAs. Target adherence 'from the bottom up' is central to the continuous internal and external benchmarking by which progress towards corporate objectives is evaluated.

It follows that changes in economic milieux can precipitate a modification of corporate objectives and, in turn, impact on work organization. Taylor *et al* (2005) found that from the mid-1990s tightened quantitative targets and extended qualitative monitoring became observable trends, developments that could be understood more fully by reference to prevailing conditions in the broader economy and also at sectoral levels. As general factors, the collapse of the speculative boom of the mid-1990s and then the dot.com crash created problems of profitability in the 'new economy'. These then contributed to widespread recessionary pressures. Consequently, in diverse sectors, notably including financial services and telecommunications, cost reduction became an operational imperative. Now, if this was a reasonable depiction of the causal chain in the circumstances of the crisis of the new economy, then it raises in sharper relief the greater consequences for work organisation and intensification deriving from the far more dramatic economic crisis and recession of 2007 onwards (see e.g. Kliman, 2012).

It is interesting to note that these influential studies of Burchell et al (2002), Green (2001; 2006) and McGovern et al (2007), which all attest to an intesfication of effort and a resultant increase in work strain, were based upon evidence from the period *preceding* the great crisis. If intensification and work strain were the outcomes of a longer period of technological and organisational changes, themselves influenced by broader market conditions then *prima facie*, it might be supposed that the consequences for workers deriving directly and indirectly from the abruptly changed economic situation of post-2007, might be more profound. In this respect, the trade union respondents below (Section 7) are reporting on the experiences of their members who have survived the post-2007 waves of redundancies and downsizing. The literature makes frequent reference to the term 'survivor syndrome' used to desciribe the conditions of those who have avoided being made rendundant and for whom the experience is one of intesfication brought about by having 'do more with less'.

6.5 Sickness Absence Management

Recent academic work suggests that the management of sickness absence has undergone a significant long-term shift over the past two decades, but which has accelerated in the context of recession and government austerity (Main and Taylor, 2011; Taylor et al, 2010). Employers have become preoccupied with minimising, if not eliminating, both short-term and long-term absence in the context of the commonly held and widely propogated view that malingering is endemic in 'sick note Britain', and that many workers are 'swinging the lead', or in the current parlance, taking 'duvet days'. The public sector, it is asserted, is held to be particularly problematic.

Despite the widespread acceptance of these assumptions, statistical support from the frequently quoted surveys of the CIPD, Confederation of British Industry (CBI), Labour Force Survey (LFS) and the Work Foundation is hard to come by. Critical scrutiny of the available data does not reveal sickness absence as having increased in the recent past but, rather, that it is at an historically low level. The recent CBI (2011) study reported an average of 6.5 days lost per employee for 2011, compared to 6.8 days in 2008 and 8.5 days in 1998. LFS figures show decreased sickness absence between 2001 and 2006 (Leaker, 2006). Indeed, the CBI (2006) has estimated that 'non-genuine' absence forms only 12 per cent of the total number 'lost' to absence. According to the most recent Office of National Statistics figures sickness absence had fallen to 4.5 days by 2011, compared to 7.2 days in 1993 (ONS, 2012).

Despite claims that 'sickies' are linked to 'long weekends' and major sporting events (CBI, 2007), studies show that sickness absence is evenly spread throughout the week. Higher levels of absence on Mondays and Fridays for non-genuine reasons is a myth (Barham and Begum, 2005). There is evidence of higher absence in the public sector, albeit to a limited extent. The CBI contrasted 8.1 days per annum in the public sector to 5.9 days in the private sector (2007), the same figures as were reported for 2011 (CBI, 2012). A HSE (2004) report cautions against reading too much into these differences. When adjustments are made for age, gender and organisation size, mean differences between private and public sector were modest at an average of 0.3 days per annum. Residual differences are related to widespread under-reporting and less favourable sick pay arrangements in the private sector (Holmes, 2008). Finally, studies demonstrate that presenteeism is more prevalent among public sector employees, who are more likely to work when ill, for reasons that include job insecurity following organisational restructuring, the lack of replacement and a sense of commitment and responsibility to service users (Aronsson *et al*., 2000; Caverley *et al*., 2007; HSE, 2004).

Despite the absence of statistical support for 'sick note Britain', a raft of prescriptive measures have been introduced at organisational level for when workers go sick, such as the ubiquitous 'return to work' interview (RWI), detailed reporting systems and home visits, which have been accompanied by the widespread utilisation of metrics, absence scores and trigger points that alert managers to employees' supposedly excessive absence. The key regulatory change that triggered these measures was the Statutory Sick Pay (SSP) Act of 1994, by which the responsibility paying statutory sick pay transferred from the state to employer. The fact that employers assumed this burden was hugely significant, creating intense managerial interest in controlling absence and, ultimately, the micro-management of employee behaviour (Bevan and Heyday, 1998). Two significamnt trends can be discerned.

First, from the mid-1990s, organisations increasingly gathered data by grade, occupation, area of work, function and location. Computerised employee absence records provided management with a pseudo-scientific basis for analysis and action. Typically, monthly, quarterly and annual statistics formed the basis for managerial intervention, notably where employees hit absence 'trigger points'. Failure to improve scores accelerated workers through procedural stages, leading ultimately to dismissal. The 'Bradford factor', which disproportionately penalises short-term absence (IDS, 2009), was widely adopted, as managers perceived this form of non-attendance to be the most serious expression of voluntary and illegitimate absence. The Bradford factor has been criticised for denying the legitimacy of all short-term absence and for leading to disciplinary action, including dismissal, on the basis of these non-scientific measurements (Perrett and Martinez Lucio, 2006). The blanket use of trigger points has been seen as causing resentment and stress (Grinyer and Singleton, 2001) and forcing a premature return to work.

Second, what were often previously informal practices were formalised into newly articulated policies and tightly prescribed procedures. New procedures include home visits and the obligations on workers to keep management regularly informed of absence and to provide GP sicknotes even during self-certification periods. Return to Work Interviews (RWIs) became the most frequently utilised procedure. In practice, RWIs conflate caring and welfarist intentions (soft HRM) with calculative and disciplinary motives (hard HRM), but, principally, emphasise getting people back to work rather than focusing on the problems that might have made people sick in the first place. Penalising the sick through linking absence policies to disciplinary action is the second most common intervention (CIPD, 2008), and for many organisations their principal or even sole sanction (Dunn and Wilkinson, 2002). Relating sickness absence to discipline may contradict, collide and ultimately undermine parallel organisational approaches to managing absence that focus on rehabilitation, return to work and the job security of the long-term sick (Cunningham et al., 2004; 2006).

Empirical data gathered over more than a decade from related projects into white collar work and workers health and well-being indicate a progressive tightening of management control (Taylor *et al*, 2010). What is most notable is increasing numbers of workers attending work when ill. Three principle reasons emerge as the most important. First, employees report the pressure experienced by managers and supervisors as the most significant cause of their 'presenteeism'. Second, the Sickness Absence Policy (SAP) itself has been regarded as precipitating a premature return to work. Third, a growing minority of respondents have indicated that fear of disciplinary action has compelled them to attend work when ill. In respect of one of this report's central objectives, of attempting to understand the linkages between new forms of performance management and well-being and mental ill-health, it should be noted that insofar as these tighter sickness absence management policies and practices can be regarded as an element of performance management, they have been seen by employees in these studies to contribute to ill-health.

Both quantitative and qualitative evidence confirms that many employees were dragging themselves into work when sick, fearful of disciplinary action or even of losing their job. Comments vividly illustrate the widespread perception that ill health was work related, arising from the pressure of relentless task performance where the micro-management of unachievable performance targets was prevalent (Taylor *et al*.,2003). Many reported a vicious circle; work contributes to ill health, but rather than being able to take sufficient time off and recover, employees through the pressure of SAPs must either remain at work when they are patently unwell sick, or return to work prematurely.

Both courses of action have the potential to exacerbate workers' ill-health. Over many years and from diverse sectors and organisations, employees have provided a mass of testimony illustrating the connections between intense and pressurised work, performance management and ill-health and the negative contribution of harsher sickness absence management policies and practice. The following is but one example out of the many 100 that could be cited.

> I used to enjoy my job, but it has gone progressively downhill. I quite often feel physically sick about going to work, I'm constantly low or depressed and look for reasons to not attend work although I do actually go in . . . Management do not care and are not interested in anything the staff tell them and turn a blind eye thinking if the problem is ignored long enough it will go away (staffing situation is a classic example). Even though staff go off sick with work-related stress, their answer is to introduce new sickness policy and staff feel even worse. Once upon a time I would have considered my job as a good career prospect. I am now concerned for my health and well-being and consequently looking for another job (Female communications operator, aged 39, Police Communications Centre).

Stringent sickness absence policy, and the tendency by many managers to contest the legitimacy of absence and its causes leads, in some cases, to an underestatement of the extent of stress-related conditions. The following testimony by a union representative in Her Majesty's Revenue and Customs (HMRC).

> People are going off through work-related stress but management don't accept that. The current statistic for 800 staff in processing is 61 stress cases, but only 11

have cited workplace stress, so management say 11 out of 800 is not bad. The medical certificate doesn't say workplace stress, it just says stress. It's a big area of contestation. There are huge tranches of coughs, colds, sneezes, sickness, diarrhoea, symptomatic of stress but people are not confident in their own position or relationship with their manager and do not feel they can say 'Actually, I'm just stressed out of my box, because that place is a hell hole'. (Interview, PCS representive, 26 October 2008).

Studies of sickness absence management at Glasgow City Council (Main, 2007; Main and Taylor, 2011) provide a focused public sector case study of the consequences for workers of a new sickness absence management regime. The tough policy culminated, in 2009, in the Council declaring a 'War on Sickies' and in occupational sick pay being withdrawn from certain categories of sick employees. Almost all of those surveyed believed that SAPs were being imposed unfairly and harshly, many describing them as 'punitive', 'Victorian', 'Dickensian' and 'draconian'. Almost 80 per cent were more likely to attend work when ill and two-thirds believed that managers acted without regard or sympathy for an employee's situation (Main, 2007). Unison shop stewards reported that, on average, they were now spending 46 per cent of their time on union activities representing individual members facing disciplinary action over breaches of sickness absence procedure (Main and Taylor, 2011).

In sum, the evidence is compelling that strict absence control has become embedded in many organisations as an integral element of labour cost reduction strategies. Erstwhile distinctions between sickness absence and absenteeism are being eroded as employers increasingly view *all* absence as, if not illegitimate, an unwelcome cost to be minimised (Taylor *et al*, 2010: 283). Worker behaviours previously tolerated as 'reasonable' are now defined as unacceptable as the ethos and substance of policy moves even further from welfarism to discipline. Furthermore, policies have been identified as actively contributing to worker ill-health and to negative consequences for well-being.

6.6 Occupationally Related Mental Ill-Health

Government statistics provide some indication of the scale of the problem of work-related sickness and ill-health. Of the 1.2 million work-related ill-health cases in 2010-11, 508,000 individuals were afflicted by (MSD) and 400,000 by stress, depression and anxiety (SDA), the latter collectively constituting the largest single source of the 26.4 million days lost to work-related ill-health (see Table 3). An estimated 211,000 people first became aware of work-related stress, depression or anxiety during this same reference period (HSE, 2012).

If there is now greater identification of the existence of MSDs and SDAs, there is no unanimity regarding the direction of incidence, even though the statistics suggest decline. THOR surveillance data between 2000 and 2008 suggest that psychiatric reports of work-related mental health remained stable, but occupational physician reports, conversely, show a distinct upward trend (HSE, 2010b). One significant limitation of this broad statistical data is that they cannot provide an in-depth analysis of the causal factors underpinning them. Furthermore, if the circumstances reported by the PCS rep above are replicated elsewhere, then it may be that job insecurities are causing employees not to report suffering from stress, while employers may be relucant to record SDAs. Although such reasoning is speculative it might be supposed that the tightened nature of SAPs might lead to under-reporting by both employees and employers.

Table 3: Selected UK Health and Safety Statistics 2004-5 to 2008-9

Year	Fatalities	Reportable Injuries (LFS)	Work-related ill-health *No. of People*	Work-related ill-health *Type*	Work-related ill-health new cases	Working days lost *Total*	Working days lost *Ill-Health*	Working days lost *Injuries*
2010-11	171 (0.6 per 100,000)	200,000	1.2m	MSD – 508,000 SDA – 400,000	495,000	26.4m	22.1m	4.4m
2009-10	152 (0.5 per 100,000)	233,000	1.3m	MSD – 572,000 SDA – 435,000	554,000	28.5m	23.4m	5.1m
2008-9	180 (0.6 per 100,000)	246,000	1.2m	MSD - 538,000 SDA – 415,000	551,100	29.3m	24.6m	4.7m
2007-8	229 (0.8 per 100,000)	299,000	1.3m	MSD - 539,000 SDA – 442,000	563,000	34m	28m	6m
2006-7	241 (0.8 per 100,000)	274,000	2.2m	MSD – 1,140,000 SDA – 530,000	646,000	36m	30m	6m
2005-6	212 (0.7 per 100,000)	328,000	2.0m	MSD – 1,020,000 SDA – 420,000	523,000	30m	24m	6m
2004-5	220 (0.7 per 100,000)	363,000	2.0m	MSD – 1,010,000 SDA - 509,000	576,000	35m	28m	7m

Sources: Health and Safety Executive (2006; 2007; 2008; 2009; 2010a; 2011; 2012)

6.7 Summary

Despite progress in recognising SDAs and MSDs as disabling illnesses, much still needs to be done to extend current Occupational Health and Safety perspectives to examine the complex relationships between workers' reported ill-health and working conditions, that include the factors identified in this section; the consequences of 'hard' HRM, lean working, work intensity and intensification and more stringent sickness absence management. It is within these changed contexts of work organization and 'people management' that Performance Management has been developed. Turning to an analysis of the primary evidence - largely but not exclusively - from the interviews with trade union officers and representatives, it can be seen that Performance Management is a key element in a new managerial strategy. Performance Management, as part of a developing 'hard' HRM strategy is integrated with forms of lean working and tough sickness absence management to form an almost indivisible offensive that has deleterious outcomes for workers.

7 The Evidence from the Front Line

Given the paucity of critical academic literature on contemporary developments in Performance Management and, in particular, on its effects on workers, the data in this section provides valuable insight into the nature and effects of Performance Management.

7.1 The Emergence of Performance Management

There was a strong consensus amongst union interviewees regarding the emergence and evolution of the forms of Performance Management in the organizations for which they were responsible or held representative roles. It was widely acknowledged that performance management policies and procedures had been in place since the 1990s, and that performance appraisals and individualised pay systems had dominated the early initiatives.

Respondents located Performance Management within the wider political-economic, sectoral and organizational contexts that had generated a managerial preoccupation with cost-cutting. The first wave in the financial services sector seems to have originated in the mid-1990s when competitive pressures intensified in the aftermath of sectoral deregulation. According to the seconded rep of Bank C,

> It was when the [the new CEO] came into [Bank C] and drove these types of changes. The bank stopped being a 'cradle to grave' type of employer and the employees came to have their performance measured against key indicators - key results they called it. So in about the mid-1990s they introduced a system called Maximising Performance and referred to it as Max. Running alongside this initiative the bank introduced a new pay matrix, competency based pay and market reference salaries and so on, so one outcome was rewarded by another set of criteria.

However, in both financial services and telcommunications, it was the collapse of the dot.com boom and ensuing recessionary pressures that precipitated a decisive ratcheting up of competition in the longer-term context of increasingly de-regulated markets. In financial services, competition was heightened by merger and acquisition and, in telceommunications, by the emergence of challenges to the incumbent British Telecom. Respondents identified the key change in the purpose and outcomes of Performance Management as occurring between 2000 and 2003.

One respondent from financial services reflected on the consequences of the merger in 2001 of the Halifax and the Bank of Scotland to form HBOS. From this officer's perspective.

> …it was the Halifax takeover which brought in a changed Performance Management agenda and the introduction of the targets and sales culture, which rapidly becamre 'entrprteneurial'. (*Bank A National Officer*)

In the National Australia Group, the national officer recalled the Performance Management Framework as dating from 2001, although it had been 'refined quite a bit over the years'. In the Royal Bank of Scotland, this same period of the early 1990s saw the change from Maximising Performance to the Performance Excellence Framework (2002) which involved the transition from a largely relaxed customer service culture to…

> …time being imposed on workers, records kept of conversations with customers, the numbers of leads, products sold and so on. The harder edge was evident from the turn of the year 2000 and by the time we got to 2004-5, it was full steam ahead, no holds barred sales and targeting. *(Bank C seconded rep*)

For one CWU Regional Officer, it was the intensified competition in telecommunications that precipitated the shift towards a more punitive form of Performance Management in British Telecom.

> To me the catalyst was the adoption of HR practices from the US, but the added impetus and company justification for this process was the supposed threat of competition from Virgin Media, Cable and Wireless and later the Car Phone Warehouse, Talk Talk and so on. Voice communications is only a small part of the overall business in the sector. The market is now broadband, voice and television and increasingly companies have networks and are bundling these products together. It's very, very competitive. When Open Reach was put in place, it was it was about how other companies gained access to BT's networks, so there are now 100s of what are called communications providers. Hastening the competition has led to another cliché, the race to the bottom in pricing, which puts even greater pressure on labour costs and leads to tougher Performance Management (*Telecoms, CWU Regional Secretary*).

Contrary to what might be supposed, the evidence confirms that the watershed in Performance Management, the implementation of tougher measures and stricter implementation with disciplinary outcomes actually pre-dated the financial crisis of 2008. The recession subsequently provided the context and justification for organizations to accelerate and intensify existing programmes and practices of intensive micro-measurement and management.

> …from then on it got much more stringent because they [the company] could get away with it, becasuse the press would applaud them for getting rid of the dead wood, as they would class it. They would say, 'Well that's what should happen with these bankers, get rid of them and our money is safer'. They don't distinguish between the bankers who make the decisions and the workers who are carrying the can for them. (*Bank A National Officer*)

Respondents reported that Performance Mangement had been used 'very substantially' in British Telecom and other companies for over ten years. The evidence from BT (and elsewhere) suggests that PM was developed first in the call centres, facilitated by the socio-technical control mechanisms that lie at the heart of these operations, and was widely adopted thereafter throughout the different divisions of the company to the extent that the entire BT workforce has become performance managed. The evidence is compelling that technological innovation and adaptation have underpinned PM's diffusion by virtue of the ability to enhance the mechanisms of managerial control and surveillance.

> If you take the case of a field engineer now you can see that a van driver goes about with a hand held terminal or a laptop. These devices have intensified Performance Management. Prior to their implementation computer systems had been developed but they relied on the manual input of information. As the process has been made electronic it has been stepped up. Every piece of technology brings with it an intensification that fits in with Performance Management. A good example is the GSM trackers in the vans because they have upped the pressure of the guys in the field to produce even more. These people are now tied to their job completely. Every time their van moves it is monitored. They can be tracked and timed by mobile phones, laptops and GSM. You see managers sitting down with engineers and talking to them about minutes. 'You were on a job for 1 hour and 47 minutes, you really ought to have been there for 1 hour and 38 minutes. (*CWU National Officer*)

A Branch Officer responsible for contact centres in British Telecom reported, similarly, that the company had operated Peformance Management for many years. Office based work had always involved performance measures, but the identifiable roots of Performance Management lay in the growth of the call centre environment with the monitoring of call handling times (CHTs), adherence times, wrap times and most quantitative measurables. Indeed, it was harshly imposed targets and an aggressive management style had underlain the 1999 dispute between British Telecom and the CWU (Eiroline, 1999). Subsequently, Performance Management had continued to evolve.

This officer reported that for a period thereafter Performance Management had actually been welcomed in principle by the union insofar as it could be regarded as 'supportive of employees, and that coaching to improve performance and lift employees' level of achievement was a desirable objective'. However, the union position that it was possible to accept Performance Management, and that attempts could be made to work with it, was not sustainable in the longer term as it became more aggressively utilised as a form of control over, and a disciplinary mechanism against, workers.

7.2 From Performance Appraisal to Performance Management

Prior to the step change that occurred in its content and purpose, as documented above, the defining characteristic of Perfromance Management was appraisal. Respondents reported some variation but typically appraisal would take place on an annual basis with, at the most, mid-term or interim appraisals and perhaps informal discussions occurring three-monthly. Interviewees gave diverse accounts and perceptions of the transition from the characteristic performance appraisal system to the intensive and continuous process of Performance Management. For this national officer,

> It came in sneakily. It was one of those changes that you didn't really get a clear vision of, but then it had become the stick rather than the carrot. In any area where there were sales targets, it changed quickly because the manager, who was supposed to play a supportive role, was now given the targets he or she had to hit themselves (*Bank A National Officer*).

In the National Australia Group (NAG), the Performance Management Framework evolved from being essentially an annual appraisal process in its original articulation to consisting of regular 1-to-1s, and half-yearly, even quarterly meetings, based on continuous scoring and evaluation and the bell curve, even though the use of the latter technique was and remains frequently denied by organizations in public. The transition has involved the more stringent application and interpretation of all kind of criteria.

> In the past you would find that most people were put in the Fully Comepetent bracket without much discussion about how they performed, whereas over the last few years what has happened is that the focus has been much more on 'Right, what are you delivering for us in terms of value for money, are you worth your pay increase or not?' Previously it was not scrutinised in the way that it is now. *(Bank B, National Officer)*

The Performance Management systems that respondents had experience of confirmed academic accounts that identified five categories. For example, in NAG the categories were unsatisfactory, needs improvement, fully competent, commendable and outstanding. What lies behind these categories is an assessment of employee performance, including diverse quantitative (measurable) and qualitative (assessable) criteria which typically are considered together in some kind of balanced scorecard or matrix.

> The scorecard is quite a complicated looking thing and all the boxes have to be ticked off. People are then given red, amber or green gateways. Now if you have a red gateway, what this means is that you cannot be fully competent, so you're on needs improvement which which means that you won't get a pay rise and you won't get a bonus. *(Bank B, National Officer)*

7.2.1 Quantitative Targets

One of the main components and enablers of Performance Management as a systemic devices was and remains the quantitative measurement of output. The intensive measurement of the constituent elements of employee performance derived mainly, if not exclusively, from the ICT-enabled services of the call centre. These statistical measurements are translated into an array of targets, as discussed above, imposed upon individual employees (see Bain et al, 2002; Taylor and Bain, 2001; 2007).

> Stats and targets were used in the call centres, of course, and they spread from there. But they could also use the technology to measure and monitor the turn around times in the processing of payments, such as 200 payments a day at two

minutes. Some were more complex than others – the bank stripped out all of the straightforward ones and another team would get the more complex ones. So from the mid-1990s it became much more automated and measured and a hold was placed on multi-skilling where workers' output and performnance were much more difficult to quantify *(Bank C Seconded Rep).*

7.2.2 Behaviours

The importance that has become attached to employee 'behaviours' should not be understated. While the 'objectivity' of quantitative targets is certainly questionable, as these are managerially constructed criteria of dubious 'scientific' validity, the evaluation of employee 'behaviours' and 'attitudes' are even more open to the charge of subjectivity and arbitrariness. Table 4 provides an (anonymised) actual example of the microscopic, even claustrophobic, evaluation of employee behaviours that increasingly forms an integral part of performance management. All of the organizations for which we have documentation operate according to similar criteria. Despite marginal differences in emphasis and detail, employee handbooks are conveying very similar messages. Using this document as exemplar, it is helpful to indicate some of the more obvious difficulties with this prescription of behaviours.

Firstly, the traits and characteristics that organisations purport to be able to evaluate are questionable. It is reasonable to ask what is being measured. The criteria seem designed to produce, indeed to socially and psychologically engineer, a specific type of disciplined and compliant, yet hardworking and collaborative employee. Such a narrow and idealized profile of desired behaviours is self-evidently incompatible with the range of personality types within any existing workforce. Further, it is questionable how these desired behaviours relate to the achievement of individual or organizational performance. To take one example: 'Works in isolation and focuses on own tasks…' is held to be characterictic of a 'D' behaviour rating under the 'Work Together' category, yet it could be argued that the design of particular jobs as, for example, in a call centre unavoidably means a degree of working on one's own (van den Broek et al, 2004). Whilst acknowledging the significance of some knowledge sharing between colleagues, it is true that in the case of call-handlers and other roles that focusing on ones own tasks might actually be positive behavior.

Secondly, the range of referrent behaviours is extensive. Even if we make the major (and untenable) assumption that the identified behaviours are justifiable as valid measures, it is impossible to envisage how any team leader or manager could take full cognizance of the thirteen different behaviours and then to apply them in the course of the continuous supervision and monitoring that is required. It would surely be an impossible task to apply these criteria to each and every individual worker. How could a team leader or manager be able to evaluate with any degree of precision all of these 'behaviours' for all of the many subordinates for whom they might be responsible?

Thirdly, and closely related to this critical issue, is the difficulty of distinguishing between the rating categories for each of the behaviours. For example, how would a line manager appropriately differentiate between an individual displaying a behaviour which 'Goes above and beyond to seek out and listens (sic) to ideas and contributions from a diverse group of people' (Role model) and one that 'Encourages others to contribute and listens to and considers others' ideas and contributions' (Demonstrates)? On the basis of such impossibly finely-grained decisions specific rankings for individual workers may result, leading perhaps to differentiated pay increases or where an invidual employee ended up either the overall green, amber or red 'gateway' rating.

In telecommunications employee behaviours were evaluated in call centres before being applied more generally to other groups of workers, including field engineers. The legitimacy of the concept itself and the criteria utilised under the general rubric of 'behaviours' were critiqued by many interviewees. Union officers questioned the appropriateness of applying 'behaviours' like 'communication skills' to field engineers, for whom the quality of completed jobs was regarded as the most important criteria. The intangible and subjective nature of these 'behaviours' were regarded as problematic.

> The company has got all these 'values' and they talk about being professional, but being professional is not about doing your job well, it means being 'inspiring' or having 'heart'. How do you judge someone on their heart? What does it mean? So they have decided what it means and they judge people accordingly. It's subjective and leaves people vulnerable to the whim of a supervisor. Another example is participation in team meetings. If you get a low participation score, you are looked upon as being not particularly co-operative or interested. You can sit there ar a meeting and say very little and be marked down regardless of how well you are at doing your job. (*Telecommunications, Regional Officer*)

Several respondents commented on the fact the nebulous nature of behaviours and the subjectivity of scoring were intentional. Not only did they provide line management with criteria that could strengthen their authortity, but their intangibility made it difficult for an individual (or the union) to challenge what was perceived by an individual to be an unfair score. Behavious and 'soft' targets provided the easiest way to mark someone down. For example, in BT Retail when senior management did take the pressure off call handling times following union intervention, union respondents reported that the focus shifted to the more subjective customer satisfaction scores and even behaviours such as being 'inspirational'.

Table 4: An Example of Performance Management Behaviours

Enterprise Behaviours

Behaviour descriptors rating guide

The following provides the behavior descriptors against which Bank X employees are assessed as part of the performance management process. For each behavior descriptor, a rating of A to D is to be provided. The behaviour rating should reflect both how often (frequency) and how well (quality) the behaviours are demonstrated.

- The A-D descriptions articulate the quality of the behavior
- The behaviour rating is then determined by identifying which A-D description is displayed the majority of the time

	A (Role Models)	**B (Demonstrates)**	**C (Requires improvement)**	**D (Rarely or never demonstrates)**
Be Authentic and Respectful				
Value individual contributions and differences and empathise with other situations	Takes the time and goes out of their way to understand others' situations, backgrounds or points of view even if it contradicts or challenges their own way of thinking	Asks about and tries to understand a diverse range of situations, backgrounds or points of view before making decisions	Open to hearing about opinions and points of view contrary to their own, but pushes or drives own ways of doing things.	Does not attempt to understand others' situations, backgrounds or points of view
Do what we say we will do and deliver on our promises	Stands by commitments and promises and exceeds expectations when delivering on them	Displays actions that are consistent with their words and delivers on commitments	Keeps to their word some of the time and delivers on some commitments	Does not keep to their word, and fails to deliver on commitments
Speak up and have open, honest and constructive conversations	Has open and honest conversations with others even when they are tough, and does this in a manner that respects and supports others	Has open, honest and constructive conversations	Has open and honest conversation that are not constructive or supportive	Does not have open and honest conversations with others
Encourage others to share their ideas and actively listen to, and respect their ideas	Goes above and beyond to seek out and listen to ideas and contributions from a diverse group of people	Encourages others to contribute and listens to and considers others' ideas and contributions	Listen to and shows an interest in others' ideas and contributions when it is beneficial to them	Does not listen to or respect others' ideas or encourage others to share
Is Work Together				
Work collaboratively and support others to achieve the right outcome for our customers and organisation	Looks beyond own business area and actively seeks out and supports others to achieve the right outcomes	Works collaboratively and cohesively with others to achieve the right outcome	Works with and supports others to achieve the right outcomes when prompted or asked	Works in isolation and focuses on own tasks and rarely offers to help others
Share ideas, knowledge and experience across the organisation	Actively connects with others across business areas and beyond the organization to share ideas, knowledge and experience	Openly shares ideas, knowledge and experience with others across the business areas	Shares ideas, knowledge or experience when asked to do so	Reluctant to share ideas, knowledge and experience with others

Do what is right for the customer, community and organization, putting aside own agenda	Makes own decisions and encourages others to make decisions that support our customer, community or organizational needs	Makes decisions that take the customer, community or organisational needs into account	Makes decisions that take the customer, community or organisational needs into account when prompted to do so	Makes decisions that is guided by personal agenda rather than customer, community or organisational goals
Connect employees, customers and the community to help them achieve their outcomes	Actively identifies and connects networks of individuals with common needs or interests to help them achieve their outcomes	Identifies and connects networks of individuals within own business area to help them achieve their outcomes	Identifies and connects networks of individuals within own business area to help them achieve their outcomes when prompted to do so	Does not attempt to connect others with common needs
Create Value Through Excellence				
Be passionate about creating value through high standards of performance	Consistently delivers value, and challenges self and others to deliver exceptional outcomes	Sets high personal standards of performance and delivers consistently high quality outcomes	"Ticks the box" and completes assigned tasks with limited consideration for the outcome or standard of work	Does not set high personal standards of performance
Be action oriented and innovate to find better ways of doing things to exceed our customer expectations	Actively connects with others, internally and externally, to find new ways of doing things that exceed our customers expectations	Finds new ways of doing things that build on others' ideas to achieve better outcomes	Implements limited improvements in own area when prompted to do	Does not make any suggestions for improvements
Use quality data and facts to make decisions that consider risks and deliver sustainable performance for our organisation	Seeks out quality data and facts and takes into account risks and long term scenarios when making decisions	Makes sound business decisions based on quality data and facts and considers key risks	Makes decisions using available data and facts but does not consider risks and longer term business impacts	Makes decisions with little or no consideration of data, facts or consequences
Reward, recognise and celebrate high levels of achievement and success	Openly acknowledges and celebrates strong performance in others and uses others' achievements as a point of reference	Recognises strong performance and encourages and supports celebrating individual and team success	Acknowledges good performance in others but does not celebrate individual or team success	Does not recognise or celebrate individual or team achievements
Act like owners of the business and take accountability for issues, decisions and actions that matter for our customers and community	Takes initiative and personal accountability for driving decisions or actions that matter; Steps up to take accountability for both positive and negative outcomes, and for correcting mistakes	Takes accountability for making decisions or taking action without being prompted; Accepts accountability for outcomes	Takes accountability for issues, decisions or actions when prompted to do so	Does not take accountability for issues, decisions and actions

Fourthly and consequently, given the nebulous and subjective nature of the defined behaviours and related ratings, the question can be posed of how might a rating be contested when perceived by an employee to be unfair or inaccurate? Formal mechanisms for a challenge to, or appeal against, a rating do not appear to be provided by any of the organisations in this study.

Similar importance was placed upon behaviours in the other organisations. In Bank C, for example, the behaviours included,

> …things like achieving excellence, building understanding and trust, finding solutions, communicating, developing people and so on, and the levels that they were set at were really high. (*Bank C, Senior Seconded Rep.*)

Union respondents provided insight into the purpose and effects of Performance Management behaviours, particularly in that they were used to justify actions against individual employees.

> The behaviours' rating is another layer they are adding on which will go towards your overall rating and whether you get a pay increase and then by how much. So the behaviour rating is being used to dilute the pay increases or the bonuses people get. Now each role emphasises different scorecard elements so if you are a banking adviser your scorecard will be made up of your sales in particular areas, like insurance, personal loans. And then it would be about how your behave with your customer, how organised you are and even how tidy you are. *(Bank B, National Officer)*

Increasingly, a reliance on numerical or quantitative targets has given way to a situation where these are combined with an array of qualitative evaluations of performance.

> The most obvious example is customer service. Two or three years ago probably 80% of the emphasis was on performing on your targets, and perhaps 10% was on customer service. But that balance has changed now, so there is a much greater emphasis now on what it is they're delivering to the customer, how are we communicating, what we stand for as a bank, and how you as an individual is relecting that in meeting your scorecard objectives. *(Bank B, National Officer)*

Other respondents from the banking sector commented that the widespread introduction of Performance Management practices indicates that the banks or, more specifically, groups of senior managers within the banks, share strategic and practical knowledge.

> They share a lot of stuff through these forums, the market-based remuneration strategy certainly. And I would imagine that the enterprise people framework, applying the bell curve, is also driven from that sharing of information with between LBG and RBS. (*Bank C, National Officer*)

Although the financial crisis of 2007-8 did not initiate these rigorous forms of performance management, it sharpened the focus as ‘tackling underperformance became the number one priority’ (*Bank B National Officer*).

Monitoring employee performance in all of its aspects involves an enormous commitment of managerial and supervisory time and resources. Union officers report that already overstretched FLMs are increasingly complaining about the additional demands that Performance Management are placing on them.

> And you have to ask the question, how can branch managers cope with much more than they are at the moment, because it is a huge ask on them in a number of areas in a busy branch with lower staffing numbers on top of everything else. The bureaucracy is incredible. (*Bank B National Officer)*

7.3 Distinction Between Performance Management and Performance Improvement

Respondents perceptively highlighted the distinction between Performance Management as part of the overall HR approach and the more specific Performance Improvement initiatives. The real bite to Performance Management, insofar as corrective actions, disciplinary intent and the dismissal of underperformers are concerned, has come from the relatively recent introduction of performance improvement initiatives, however they are described.

Respondents from Bank B provided the clearest example of performance improvement initiatives how they had transformed PM into a disciplinary mechanism. The Bank had introduced a new Individual Improvement Plan (IIP) in 2009 to replace the older Performance Improvement Procedure (PIP). Commonly known by union representatives as ‘Son of PIP’, it represented a further step change in managerial action against individuals who had been defined as ‘underperformers’.

> Managers did not really use the old procedure even though we used to argue about it. If individuals were pursued under the old programme it might take as long as 18-months to exit people from the organization. Now under the new system it takes 6 months from start to finish. Previously, there was a four stage process, now it has been reduced to three. In Integrated Financial Solutions, the wealth generating part of the business, the area where the bank are really interested these days and not the mass market, over the last year an awful lot of people have been getting exited for not meeting their targets (*Bank B National Officer*).

The senior workplace rep of Bank B articulated ‘the two sides to what they call performance management’, as follows.

> One side has to do what would old fashionedly have been an appraisal system which was concerned with individualising pay, distributing managerially defined rewards and then having objectives set, normally imposed, not negotiated which was meant to be measurable but often was and is not. Then there is the other side,

> which is performance improvement which is the ongoing monitoing of someone's performance. While the former side was seen as part of the reward system, the latter side is seen as more than a black mark, very much a punishment tool and something to be feared (*Bank B Senior Workplace Rep*).

Although, as observed, performance management may have existed in different forms for a number of years, union respondents agreed that it became a concern for their members when companies extensively used performance improvement plans that carried disciplinary consequences. For example,

> I really began to feel that Performance Management was a problem when, instead of dealing with one case every now and again, suddenly we were being inundated with members having been put on a PIP, Performance Improvement Plan. (*Telecoms, CWU Clerical Branch Officer*)

7.4 The Cascading Down of Targets

The targets imposed upon employees through the cascading downwards of KPIs are not static and are subject to change. As the overall needs of the business change targets escalate and work intensifies. Respondents indicated how workers had been compelled to respond to changing oragnisational priorities and emphases. For example,

> The elements of the scorecard change, usually every year, but the strategic objectives can change by the month to reflect what the bank's drive is. At the moment in retail, they have something called 'customer experience', trying to re-invigorate bank branches and branch manegers to go back out and be seen as the face of the community, like your old-style bank manager. *(Bank B, National Officer)*

It was widely reported that managers lack discretion, as they have to implement the targets imposed on them from above.

> If you've got a strong manager who is willing to kick back there could be an adjustment, but that would only be to a minor extent and that would be the exception. (*Bank A, National Officer*).

Respondents reported that line managers' restricted ability to exercise discretion was complelling them to behave with less sensivity towards employees.

> Members are coming to me and saying, 'This has happened to me before and my boss was alright about it, but now they are becoming heavy-handed'. It's much tighter now and managers are harsher, (*Voluntary Sector National Officer, Unite the Union*)

> Bullying is happening not because of the traits and charcteristics of an individual manager, but because the manager is working to orders. They are under pressure

> to deliver by whatever means and, frequently, that transforms itself into dysfunctional behavior. In retail, for example, I heard recently that the district manager is looking at the results of all the branch managers and then calls them individually if they haven't met their target for that date. And they've got to account for that. How can people cope with that kind of pressure? *(Bank B National Officer)*

7.5 Escalating Targets, Work Intensification and Lean

As several interviewees indicated, targets were used, not as a mechanism to capture more business, but essentially as an 'anti-employee device'.

> It has been the old adage, that if you get a target and you hit it it goes up by ten or twenty per cent for the next year,. They are still using all the positive words that you would expect the company to use but it was the stick approach to make sure that you remain motivated. (*Bank A National Officer*)

Respondents testified to a dramatic culture change and a huge increase in the intensity of work across the organisations for which they were responsible. One national union officer recalled how it had been common practice in Bank of Scotland branches prior to the merger that brought HBOS into being for staff to have coffee and scones at 10 am every morning. When she visited these branches as part of her remit she would be invited to these sessions, which enabled her to talk to staff and thus play an important role in employee-manager communications. Following merger, these tea breaks became a thing of the past,

> …Halifax didn't take tea breaks because of the sales culture of mortgages, so they tried to do away with them. So we had to do away with tea breaks, call them refreshement breaks and get some guidelines in for them. (*Bank A, National Officer*)

Both officers and workplace reps reported that work intensification was related to lean working. In Bank A, workers being pushed 'harder and harder' in a number of functions but particularly in the 'back office areas', an experience shared by workers in other organisations. Often lean was introduced without being discussed with the union as it should have according to union agreements by which significant changes in work organization should be subject to consultation, if not negotiation.

> From being introduced into units of two or three workers, we now find that lean invades every aspect of the bank's work. But we never hear how changes as, for example, with the customer experience programme, are tied up with lean. We only hear from members' feedback when they complain and say, 'Oh well, you know, that's because of lean'. Lean is being introduced through the back door. For example, we just found out that in the collections department a number of people being seconded to a lean project and part of the end objective is that jobs will go. (*Bank B National Officer*).

In the lean processes they've got whiteboards for everyone to know what each other is doing. So there's that and there's the intensification, or whatever you want to call it, there's the humiliation of it, your name's on the whiteboard, and if you are having an offday it's shown because your performance is broken down into chunks for every two or three hours. (*Bank A National Officer*)

Lean was also introduced in Bank C as part of a broader programme of cost-cutting and driving efficiency gains.

The continuous improvement or lean model was about creating the space in the workplace so that the company could get more out of people for less. And the by-product was an increase in customer service, a reduction in call times and in turn around times. This was lean, understaffing was clearly important, continuous improvement, trying to get workers to 'up their game' was the language used. And competitiveness between centres emerged. If Glasgow was making improvements in their call centre, then Edinbugh should be doing it as well, if not performing better. (*Bank C, Senior Seconded Rep*)

One element in the reported work intensification was the introduction in financial services companies of 'stretch' or 'stretching targets'. In the context of understaffing, these targets which were onerous even in the most favourable circumstances, and caused 'people to get into difficulties, make mistakes and be disciplined' (*Bank B National Officer*).

The experience of field engineers working in telecommunications is of the relatively recent implementation of an array of monitoring deveices that are now used to measure work times and in the process secure conformance to prescribed targets. The consequences for workers, according to this fomer field engineer and regional officer have been profound, especially in respect of the aggressive targets that have eroded employee discretion and undermined organizational trust.

The particular noose on working time is tightening all the time. They are plugging even the smallest holes in the working day. Controls manifest themselves in a series of alerts to engineers and managers target them on how well they respond and answer their alerts. The alerts are about why an engineer is in a place when they should be somewhere else, or why they have not moved within a certain period of time. There's pressure on two people now, on whoever is working on control because they are being targeted and on the guy in the field because he is constantly being phoned up and asked what is he doing. Of course, it might be perfectly legitimate, but that is a pressure that people do not like and complain about bitterly. (*Telecoms, Regional Officer*).

On the clerical side, targets had been integral to operations since the inception of contact centres. The CWU Branch Officer described the evolution of targets within BT, but observed that a distinct change occurred during the summer of 2008, when there was an increase in disciplinary cases, as Performance Management became ‘a rod over peoples’ backs’. The source of the pressure was the bundling together of targets into OPI (Overall Performance Indicators), against which employees’ individual performance was being evaluated.

The implementation of Performance Management systems and, within them, the imposition of increasingly demanding targets, appear to be characteristic not merely of financial services and telecommunicatioins, the sectors subject to the most intensive research, but more generally even if not explicitly described as such. A national officer of Unite the Union with responsibility for the voluntary sector reported,

> I work predominantly within local authorities and the voluntary and not-for-profit sector. Performance Management is not necessarily a term that is used, but it is a way of management that *is* used to make sure that people speed up and are hitting new targets, or that the duties are carried out to certain more tightly prescribed standards. (*National Officer Voluntary Sector, Unite the Union*)

7.6 The Bell Curve and Forced Distribution

Interviewees reported that senior management mostly denied that the Bell Curve operated in their organization. On the occasions that they reluctantly coneceded that if it was utilised, they claimed it was only for indicative and not disciplinary puroposes. The principal reason for this reticence lies in the fact that the Bell Curve, and the forced distribution integral to it, ranks employees according to a pre-existing statistical classification and not to actual ‘performance’. As a consequence, it is vulnerable to accusations of inequity and to the specific charge that so-called underperformers are unfairly identified.

In fact, there is both factual and testimony evidence that the Bell Curve operates in organizations, such as in Banks B and C, as is evidenced by the numerical distributions for the five categories of performance (Table 5). In other organizations the circumstantial evidence is strong that *a priori* distributions are utilised.

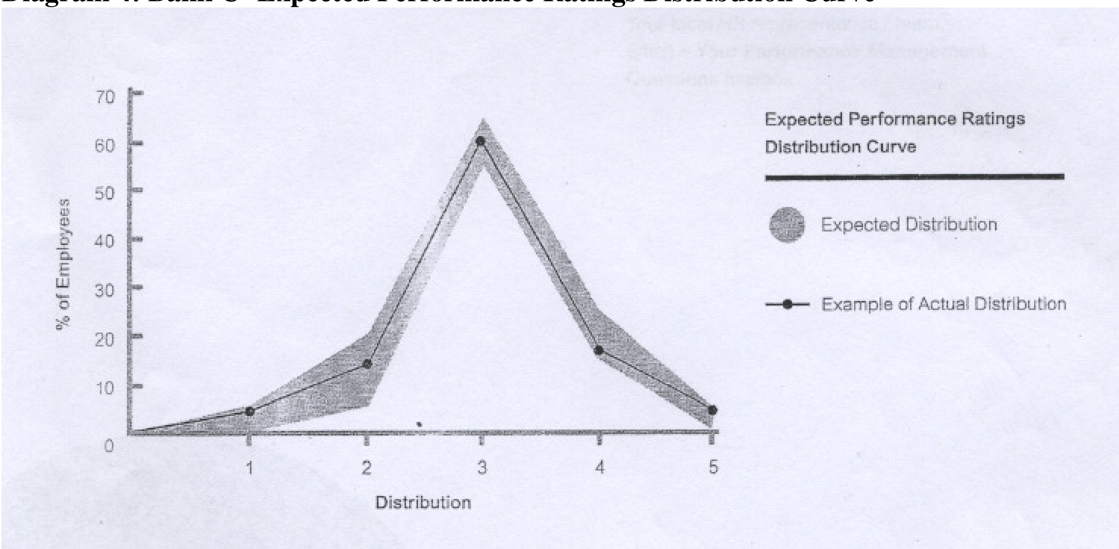
Bank C, for example, frequently refers to the fact that individuals would be ranked not merely in terms of their results against tagets but also ‘*relative to your peer group’*. More definitively, the Bank provided employees with the ‘*numbers of employees expected to receive performace ratings’*. For an organization which formally disavows the use of forced distribution, its communications with employees undermine this claim insofar as percentages are allocated to each rating. As can be seen (Table 5), the percentages for Bank A might be ‘flexible’, but still indicate *a priori* distribution.

Additional evidence attesting to this practice comes from Bank C’s employee communications. Here the Bank specifies that line managers allocate ratings based upon the three criteria of ‘*results compared to objectives’*, *‘competencies and behaviours’* and ‘*your performance relative to your peer group’*. Following this exercise, ratings should then *‘follow an expected distribution curve* [which] *tells us the proportion of people that* *fall into each rating level when we look at ratings across any large team, department or division'*. Remarkably, given the bank's formal disavowal of the Bell Curve, the document then illustrates the 'actual distribution' of rankings for the bank's employees plotted against the 'expected distribution' (Digram 4). Bank C is admitting to an 'actual' performance distribution that is strikingly similar to the *a priori* statistical distribution of the Bell Curve.

Table 5: Banks B and C: Distribution of Rankings

BANK B	**Rating E**	**Rating D**	**Rating C**	**Rating B**	**Rating A**	
Definition	Unacceptable	Does not meet expectations	Meets expectations	Exceeds expectations	Exceptional	Not applicable
Proportion	5%	15%	60%	15%	5%	
BANK C	**Rating 1**	**Rating 2**	**Rating 3**	**Rating 4**	**Rating 5**	**Rating 0**
Definition	Performance unacceptable	One or more key objectives not met	Fully achieved key objectives	All objectives fully achieved and some have been exceeded throughout the year	All objectives have been exceeded throughout the year	New start or inapplicable
Comparator		Individuals performance compares less favourably relative to their peer group	Individual's performance is in line with the majority of their peer group	Individuals performance compares more favourably relative to their peer group		Insufficient time has elapsed to allow a true assessment of performance
Proportion	0-5% of employees	5-20% of employees	55-65% 0f employees	15-25% of employees	0-5% of employees	

Diagram 4: Bank C 'Expected Performance Ratings Distribution Curve'



In some organisations, the Bell Curve had been introduced abruptly while in others senior management had made a number of attempts at bringing it in, having to overcome the opposition of the trade union.

> They were trying to introduce it [the Bell Curve] in 2008 into HBOS, but I don't know long it has been used in LTSB. It was 20 per cent, 60 per cent and 20 per cent – and we rejected it outright. It did not mean that the bottom 20 per cent would be put out the door, but they would be getting extra attention (*Bank A National Officer*)

National union officers and representatives understood that, whilst the ultimate aim of Performance Management was and remains the imperative of increasing control over workers with the aim of increasing productivity, an important element in achieving the ultimate objective was making managers more accountable for the performance of workers for whom they were responsible.

> What they were trying to do was to make managers more accountable, so that they would say to workers, 'Here's what we want you to adhere to'. (*Bank A National Officer*)

Both the seconded rep and lay members of Bank C reported similarly on how the Bell curve operates.

> The language is quite specific. *'You have not achieved, you are an underachiever'*. People are being marginalized, criticsed for letting people down, letting the team down, letting the bank down. Undeneath it is the Bell Curve, despite the protestations from the higher echelons, by which a certain percentage of people are rated as below achieving. They state that they only use it as an indication, but is is applied absolutely and to the letter. If you looked at a team of 20 people, maybe two would get a 1, four would get a 2, four would get a 4, two would get a 5 and the rest would get a 3. The 1s and the 2s would get kicked and they wouldn't get a pay rise. Even 3s might not get an increase because the pay pot is fixed and if individuals have reached their maximum salary, there's no money available. (*Bank C Senior Seconded Rep*)

Sometimes the inflexibility in the distributions of ratings led to quite farcical situations when work units were small or teams were composed of limited numbers of employees.

> …it's too fixed, there's no flexibility in the Bell curve. You could have a branch of the bank that employed 5 people that was one of the most successful in the country, but one of the staff would have to be 'not satisfactory'. (*Bank A National Officer*)

> I've got responsibility for half a dozen people who work very closely as a team, 4 full-time and 2 part-time. I was asked to put put the six into the five categories, 1 and 1 at the bottom, 2 in the middle and then 1 and 1 at the top – a bit like Countdown!! I couldn't do that because everyone is a good team member and we always hit our targets. There's no way that I could give someone an underperformaing rating – I just could not do it. I told them that but it was a big

> problem which escalated all the way to senior management. (*Bank A, discussion reps meeting, 16 November 2011*)

Not only has the pressure on underachievers intensified, the criteria included within the definition of underperforming has changed. In some organizations larger numbers of employees are now categorsied as underperforming.

> From early 2009 onwards, the bell curve and underperformance took on a whole new meaning. 'A one *or* two rating should always indicate a less than acceptable performance'. To get a level 2 rating – which means you haven't achieved – all an employee needs to do is have one or more key objectives not achieved. So you could be a star and exceed in all areras but in that one key objective, which is probably sales, you go below target and you become an underperformer overall. (*Bank C Senior Seconded Rep*).

In order to ensure that the number of employees in each respective category corresponds to the pre-determined ratio, organizations undertake various 'moderating' or 'levelling' processes. In Bank C, for example, this has been described as a 'round table process', and in Bank A for a period it was termed 'grandparenting'. Despite terminological variation, the process is a common one. Managers or team leaders who have responsibility for attributing performance scores to their team members meet with their own senior managers who then evaluate the ratings they have given. The justification for this stage of the Performance Management process as given to employees is that it ensures that consistency and fairness is achieved in the evaluation of their performance. However, the experiences of respondents led them to believe that the fundamental, albeit unstated, rationale was to enforce the Bell Curve, given the fact that forced distribution is inseparably bound up with allocating the fixed 'pot' of money made available for individual pay awards.

An ancillary objective, them, is to curb discretion and to ensure that team leaders do not 'inflate' the ratings they give to subordinates. Preventing or correcting indulgent behaviour on the part of FLMs is as important as – indeed integral to – the imposition of *a priori* forced distribution on employees themselves.

> The round table process is another layer of scrutiny and control. So a senior manager will say to a FLM, 'You've given that individual Fully Competent. Can you demonstrate to me why he is Fully Competent when he's only sold 5 credit cards and he should have sold 25. He doesn't deserve that rating'. So everybody is checked through the round table process in each of the divisions by the more senior managers. The Bell Curve is used by the round table people, although they won't admit it. We know that out of ten people, they've got to put two in the Unsatisfactory or Needs Improvement categories, so they will look at the people they've got and say 'Right, which one is vulnerable here, which two are vulnerable there' and knock them out of the process (*Bank B National Officer*)

Respondents from the CWU reported that the Bell curve was used in the telecom sector in the distribution of appraisal scores and the targeting of underperformers.

> It's the same in BT. You've got the 'needs improvement' people and they are the people who are being targeted. They use the Bell curve in what they call a levelling process where the managers meet and decide on some kind of standard which will dictate who is to be useless, who is to be excellent. While they deny that it is a forced distribution it is of course and they are lying through their teeth. It is fair enough if someone genuinely needs improvement and the company uses this to make sure managers put in place what needs to be done to improve performance. But what we have seen recently is that 'generally satisfactory' people are now being deemed not good enough. These levelling meetings occur because the company has got pressure to reduce its resource and there is a no redundancy policy. The Bell Curve and forced distribution are used as a justification for putting the fear of God into people to work harder and to get rid of people without having to pay out. In BT it is very difficult to get a handle on exactly how much of this is going on across the company. We have taken the issue to meetings with the Chief Executive and, according to him, the numbers exited have been very small. (*Telecoms, CWU Regional Secretary*)

There is evidence that managers are taking advantage of workers' unwillingness to openly challenge the ratings even when perceived to be demonstrably unfair. Managers might manipulate individuals' insecurity in order to gain acquiescence.

> What they've said is, if you take this rating then we'll do a performance plan that you will manage and you'll be fine next year, so people were feeling 'I don't want to put my head above the parapet and and start appealing this, because I will be fine next year'. We don't get a lot of people appealing their performance management rating, which shocks us because we know what is going on in parts of the bank where the Bell Curve is enforced far more rigorously (*Bank A, National Officer*)

7.7 Underperformance and Managed Exits

One national officer reported that while the company admitted to operating the Bell Curve, they insisted that it was used only as a guideline. However, the union had received intelligence that 'HR targets were to manage the bottom five per cent out of the business'. As a result, HR would support any line manager who attempted to implement this target.

> In was in this period [after the merger] that we began to get cases of people being managed out of the door. Nothing like the extent to which it is happening today of course. You would have had to have been a lot worse than you would need to be today. Between the two companies, for 2009, I think the stats were that about 700 people were managed out of the door. (*Bank A National Officer*)

The Senior Seconded Rep at Bank C provided a graphic account of how performance management hardened its disciplinaryeffects over time.

> Like everything else they introduced a model of managing people which squeezed everything out of people - squeezed the sponge dry in a sense – but they then had to rack it up again and this is when we saw the introduction (2006-2007) of disciplining people for poor performance and then the pressure to exit people. We had never seen this before. (*Bank C, Senior Seconded Rep*)

The ease and speed with which ‘people were being managed out’ differed from organization to organization according to reports. However, the account of managerial practice in Bank C is quite typical of organizations across financial services and telecoms.

> If only one area of your performance is a weaknesss – and the majority are about sales - then then you can be put on an action contract, now called an action plan, which can be either four weeks in length or six weeks. From the day of signing that action contract to out of the door can be as little as 12 weeks. So pressure is being applied on people who can’t meet their targets to take a downgrading in their job. This is not just for customer-facing roles, but across the board (*Workplace Rep, 22 April 2010*)

Union officers reported a significant increase in the number of compromise agreements. As the CIPD (2011: 10), compromise agreements, which have become extremely popular in recent years, are generally made on the termination (or proposed) termination of employment, ‘under which the employer makes a payment to the employee in return for the employee agreeing not to pursue any claim they may have to an employment tribunal’. In this CIPD survey, more than two-thirds of company repondents (70 per cent) stated that they had made use of such agreements in the last two years ‘even in the absence of an existing claim’. The most common reason for the use of compromise agreements was ‘in order to remove an employee on grounds of poor performance or misconduct, without the risk of legal challenge’. The second most common reason was ‘to avoid legal challenge in relation to redundancy’, amplified to denote organisations’ desire to remove individuals ‘without having to follow policies, procedures and the law when there isn’t a genuine redundancy or performance issue’.

The primary evidence confirms these trends. Respondents reported the widespread use of compromise agreements as a ‘shocking development’, by which workers were increasingly subject to poor performance management ratings, placed on performance improvement programmes and then pressurised – directly or indirectly - to sign such agreements and accept minimal payments. Organisations were thus able to reduce headcount, downsize and restructure, while avoiding the more onerous obligation of pursuing redundancy procedures and the possibility of employees seeking redress through an employment tribunal. This national officer recounted the following common occurrence,

> Staff tell us that they are getting penalised but it is impossible for them to meet their targets because of the unfavourable if not impossible business environment. And they are told by managers, 'Oh well, we can go through this procedure [compromise agreement] or you could leave'. And quite frankly, we get people phoning us up saying, 'They've given me one month's money, do you think I should go?'. I say, 'No, don't'. It was OK when it was boom time, now they're using any pretext to get rid of them. If they are not union members and the union does not get involved, then they are getting them out the door on peanuts. (*Bank B National Officer*)

Similar practices were reported for the telecoms sector, particularly by union officers responsible for clerical workers in BT Retail.

> BT brought in what was called a compromise deal, a three month compromise deal. When people were put under so much duress they believed that they were no longer capable of doing their job. People would be taken aside by managers who would say, 'We can help you, here's a three months package to go' and they were so demotivated that they were jumping to take it. (*Telecoms CWU Clerical Branch Officer*)

The evidence suggests that managed exits have become common with large numbers of workers being threatened with the unpalatable choice of, 'You can leave quietly now with a sum, or leave later with nothing and a bad reference' (*Bank B Workplace Rep*). The spread of the practice extends beyond financial services and telecoms. The union officer for the voluntary and non-for-profit sector who negotiated with six of the largest organisations in that sector, identified both the causal chain deriving from government cuts and the consequences for employees.

> From the national level – the government – to local authorities there are budgetary cutbacks which have a knock-on effect on the voluntary sector which has to cut by 10 per cent in order to deliver a service. One of the ways they save is by managing people out of the door. If alleged performance is not up to speed then people will get a verbal warning, then they will get a written warning and before they know it they are going from zero to out of the door in as little as twelve weeks. I have got 50 reps in these six organisations, some of them renowned organisations, and they are reporting these instances more and more. The trigger to managed exits is often restructuring and reorganization of work. Some have talked about lean. Personally I have dealt with cases of experienced managers and team leaders being managed out of the organization. (*National Officer Voluntary Sector, Unite the Union*).

In telecoms managed exits were reported as being commonplace in both the engineering and clerical sides of the industry.

> The process that begins with the managed exit begins with workers not reaching their targets, which triggers a one-to-one interview, the performance management strategy which starts off with managers saying, 'We will help you, we will make

> it better for you, this is about improving you. So then they set an informal stage. Within six weeks if you do not come up to scratch you are moved onto the formal stage. In most of the processes on the formal stage, you could be sacked within 30 weeks. That is an horrendous pressure for anyone trying to make an improvement to their work position. (*CWU National Officer4*)

The CWU Branch Officer confirmed that 'managed exits' had been deliberately practiced by some managers within a clerical section of BT.

> It happened on the retail side a few years ago. The people coming into management positions were not those who were supportive of the teams and treated people like individuals, but were the type who when they were under the cosh from above were punitive rather than positive. An email went out from one of the senior managers, which I read, that said that even though our staff might be nice people our customers come first and if people were not performing then it was important to get them out. These managers were encouraged to performance manage people out of the building. When workers weren't cutting the mustard, to use their words, they used used measurements to get them exited out of the building. (*Telecoms, CWU Clerical Branch Secretary*)

The suspicion amongst union officers certainly was that BT was trying reduce the number of longer-serving employees on 'older' contracts who had good terms and conditions and were set to receive reasonable pensions.

Performance Management at Telco - Interview with Former Human Resource Manager

I joined Telco in 1986 and worked in personnel/HR, leaving in 2010 by which time I had become a middle manager. Although an HRM generalist, I had taken a lead role in Performance Management. It was because I totally disagreed with the way that Performance Management was being implemented that I decided to leave.

What lies behind Performance Management is a serious drive to reduce costs. For example, in Telco schemes were historically constructed in such a way that if employees are made compulsorily redundant it's like winning the pools, the terms are generous. So to avoid this cost, Performance Management was adopted as the strategy to get rid of people, a way of moving people out of the organisation. It started about three years ago (2007). The five Performance Management bands are: 'development needed', 'needs improvement', 'meets expectations', 'above expectations' and 'excellent'.

First, in early 2008, the company started producing Performance Management league tables of different groups of employees. For example, there would be league tables for the 3,000 field engineers, which would include data on the numbers of sickness absence cases and Performance Management cases. We were able to see how well they were performing against other groups. We were at the bottom of the league table, a position that was exposed by this strategy.

Second, later in 2008, a new Director was appointed with responsibility for field engineers. We were told we were not moving people out as quickly as the organisation had hoped. This manager would speak to other managers, basically a fortnightly inquisition on how effectively managers were dealing with sickness absence and Performance Management, and managers would be given targets on how many people they should take out, how many employees should have managed exit. These fortnightly meetings were about levelling the scores, so senior managers had to identify the lowest performers. The message was clear, *'If you don't manage people out of the organisation, then you will get managed out yourself'*. Last year, we had two managers leave because they couldn't take the strain, they couldn't face putting the Performance Management pressure on other workers.

Field engineers would get low Performance Management scores if they did not keep their van tidy, did not complete computer-based training on time, did not contribute enough to Performance Management discussions or team meetings. Sickness absence figures were used in the calculations. Sickness absence figures did rise and we had a very high percentage. The Bradford Factor was introduced two and a half years ago. More than 10 days or 4 separate absences would trigger a sickness absence discussion.

We were being asked to find grounds to get rid of people without having to pay for it. If we could not find them, we would have to make up the grounds for managed exits. In my section of 80, 9 people were managed out of the organisation on performance grounds. The senior manager wore this as a badge of honour. There was a woman manager who went off sick in a really bad way, crying all the time. There were two cases, one of a person who was diagnosed with psychological depression, the other who had a brain tumour, who were put back on performance improvement when they returned from illness. One good thing was that this senior manager was moved. He had used intemperate language. He had threatened that if a particular manager did not sack another manager, then he would. A grievance was taken out against him and he was moved, but his behaviour would never have tolerated at all in the past.

They always said that there was forced distribution of employees under Performance Management. Unions were beginning to get so many cases of employees with grievances arising out of Performance Management, that they raised the issue formally with the company. Following union complaints, Telco promised that there would be a culture change within the organisation. However, managers in Telco tell me that the culture is still one where the company is intent on saving money by hoping people will accept a small payment and go, rather than wait and get a pension. There's a lot of people, including senior managers who do not believe that the company has changed its practices even though the supposed new approach to Performance Management came in after 1st April 2010.

Increasing numbers of people are going off sick. Many are working harder and harder because they are worried at ending up at the bottom of the performance management heap. And this makes them sick. Last year when I was a Prospect rep I had a member who hanged himself in a telephone exchange, because the pressures of work had become so intense. The pressure of avoiding becoming a poor performer drives people to work harder and is causing mental health problems, some of them serious. There was a great deal of publicity about the 27 suicides at France Telecom that were caused by work pressure. Do we want to be in the paper for the same thing? Apart from that tragic suicide case, I have had female colleagues breaking down and weeping, I have a man go to pieces in front of me. I did not want to be part of this any more especially after the man committing suicide.

On the company website it describes Performance Management as about coaching, developing people and improving their performance. Yet, in practice, my ex-colleagues are spending about 80% of their time on action of one sort or another against underperformers. What matters is only the last quarter's Performance Management. You can go from being an 'Excellent' performer to 'Development Needed' within a quarter. The organisation's motive is clear, they are out to get you out. It is a horrible and inhuman way for people to be treated.

They introduced surveillance for field engineers under the duty of care. The GSM calculates the quickest way between two jobs. It tracks the movement of the van; for example, when it stops for more than two minutes alerts will be triggered in the manager's office. Under the older system it was a matter of 'management by consent', in that the engineers would always respond to a request to do a job. The new system when jobs are tightly timed and monitored is supposed to save time and money, but the saving is a fallacy. Jobs differ in complexity and the length of time they take to complete. They can't be standardised.

I have never met a manager who was supportive of these measures. When employees have commitments - family and a mortgage - it is difficult for them to put themselves on the line and stand up to unfair demands. They have to perform well at work and make sure that they can keep their job. The organisation always seems to know who are the most fragile people who can be picked on. 'We can give so and so a generally unsatisfactory as they will not fight back' seems to be the mentality.

In Telco the target and, in fact, the ideal was to get underperformers out within 12 weeks. Individuals are given a Performance Improvement Plan (PIP) which lasts for four weeks, then if there is no or insufficient improvement, a formal warning is issued, then a disciplinary interview, then if no improvement, the final formal warning and then if no improvement they are dismissed.

There was quite a sinister practice that we were to use – 'the car-park conversation'. A manager would be expected to take an employee, who had received poor performance score, outside for an informal discussion. The manager would then start a conversation along the lines of, 'You know your last review. It's only going one way, isn't it? You should perhaps think about coming to an arrangement'. It was important that the manager would never make any explicit suggestion that the worker should leave. We were given training in how to conduct these kind of conversations; a one-day course on employee relations for HR managers, where we would go through the best mechanisms for ensuring that an employee would voluntarily suggest a compromise agreement. As an aside, the HRM trainer who delivered the course resigned as he hated having to do it.

7.8 Sickness Absence Management

The interview evidence here confirms the findings of the studies (Ashby and Mahdon, 2010; Taylor *et al*, 2010), discussed above (Section 6.7) that stricter sickness absence policies and procedures are forcing people to attend work when unwell or to return to work prematurely before they have fully recovered. These patterns are evident for both the short-term and the long-term sick.

> There are cases of staff coming back to work with a heart condition, only because of financial difficulties. I also have a case of one woman who was off with real mental health problems because she is a single parent. (*Bank A National Officer*)

The reps and officers responsible for Bank C reported momentous changes in Sickness Absence Policies and the deleterious effects for employees.

> In absence management you saw the whole caring side of the employer just disappear completely. They started to introduce and implement sickness absence triggers, sick pay recording, disability sickness absence recording. Return to work interviews became very, very important and workers are told quite clearly that if they hit the trigger points they will be disciplined. The definition of a trigger point is 'more than four occasions of any length in a calendar year', so that's four days minimum, or if you are absent for 14 calendar days in one period of absence'. If you don't come to work then they will try and find a way not to pay you. (*Bank C, Senior Seconded Rep*)

According to CWU officers there had certainly been a dramatic change in the policies and practices of companies in the telecoimmunications sector.

> It amounts to bullying people back to work before they are actually ready to come back. If you look at the sickness absence policies, why does the manager want to go every week and speak to this individual about work when the cause of the problem may be the manager or the work? (Telecoms, *National Officer 3*)

Respondents agreed that while there had been a tightening of the screw in respect of sickness absence policy, leading to a far more punitive managerial practice in overall terms, outcomes could still vary to a degree depending on the inclinations of individual managers and/or the vigilance and effectiveness of particular union reps.

> ...it's about whether you've got a good rep or whether you've got a good manager as to how quickly you get exited out of the company. We've got really good stories about how they've managed to get the company to see sense and manage people properly for their absences, but we've got some horror stories that we are getting involved in. People can be managed out of the door over sickness absence in as little as three months (*Bank A National Officer*)

7.9 Effects on Employees

Interviewees reported the negative consequences of Performance Management, particularly when it was associated with the introduction and implementation of lean working. The unrelenting intensity of work generated unprecedented levels of pressure.

> If your name's up on the whiteboard, you'll have emails going around saying who is performing badly and who is performing well, who is red, who is amber, who is green, that kind of thing, so the pressure is very intense and it really does effect people badly. (*Bank A, National Officer*)

Union reps reported that particular practices had aggravated problems for employees. In one organization, it was reported that cabbages and cauliflowers had been placed on the desks of individuals who had been identified as underperformers. Although union intervention had stopped this practice, officers reported that the company was finding 'other ways of embarrassing and humiliating people'.

> We have had instances where, if a branch was not doing well, the regional manager would speak to every person in the branch and say, 'You never hit your target yesterday, so what are you going to do different today so that you hit your target?' (*Bank A National Officer*)

The contributions made by reps at union seminars and conferences frequently revealed the negative impacts of managerial behaviour associated with Performance Management. One common theme was the psychological damage inflicted on some workers.

> There has been a culture in our workplace of a few managers using extreme and derogatory language. Don't get me wrong, there are a some pretty decent managers but they tend to be overshadowed by the aggressive ones. I mean, it was

downright nasty, horrible stuff. 'Bottom feeders' when talking about the people on the lowest ranking – bottom feeders, muppets – those sort of things. And, for some of these people it just reinforced that sense of hopelessness that they were not up to the job. (*Workplace rep, Change at Work Seminar, 17 May 2011*)

A common reported response was for employees to acquiesce when given ratings that they did not agree with evern though they were perceived not to reflect accurately and fairly their actual performance. The tendency was for workers not to contest, either individually or through the unions, unfair ratings hoping that their personal situation would improve.

> People tend to think, 'If I don't put my head up, nobody will see me', but the problem does not got away. (*Bank A National Officer*)

> Very few people challenge it [their rating], because they think it is not worthwhile to do so and they prefer to move off the gateway. *(Bank B National Officer)*

Union officers and reps provided insight into the consequences of strict sickness absence management policies.

> Massive numbers of people are coming to work when they're sick. Maybe you will get a phone call from some one, and it may shock you as to how senior they are. They might be crying 'I can't cope, but I'm in the office, what do I do?' (*Bank A, National Officer*)

> The health and safety effects show up in the sickness figures. Also over the last year, we've had a lot more bullying cases, more than we've ever dealt with previously. And that is quite frustrating for us because they go nowhere and at great cost to the individual's mental health. *(Bank B, National Officer)*

Case of a Threatened Suicide

We have many cases where people have real mental health problems, which we would say are caused by the pressure and stress of work. We had an incident in one of our centres last year where a woman locked herself in a room and said she was going to commit suicide. She was under a performance management procedure and she had not told her husband. The company was clearly trying to exit her. It was a senior union rep who had to go and try to talk her out of it. It was a really, really sad case. *(Bank B National Officer)*

The Senior Seconded rep of Bank C reported that the 'managed exit' of an employee could be a distressing event for colleagues and for union reps.

> They can't cope with the trauma of people losing their jobs, becasuse the way it is done is quite shocking. When someone is dismissed, they immediately have their pass taken off them, they are given a black poly bag if they want to go to thedir

desk to get their belongings and then they're escorted out of the building and onto the pavement. It's quite brutal. (*Bank C, Senior Seconded Rep*)

Union respondents suggested that an increasing number of managers are being negatively affected by Performance Management, as a result of the demands placed upon them to meet their own targets, and by the strain of ensuring that their subordinates meet theirs. These twin sources of pressure are intimately connected.

The prospect of being exited as a result of underperformance undoubtedly induces pressure on employees, most notably that it contributes profoundly to employment insecurity. Fear of losing ones job emanates not merely from the broader context of crisis, recession and, particularly in financial services, downsizing and recession, but also now as a result of the insecurity individuals experience from gaining poor performance ratings as these are likely to instigate improvement plans that might lead to managed exit. The threat of a compromise agreement can contribute in obvious and less obvious ways to pressure. The national officer of Bank B, reported that if a higher end finance sector worker exited their company with a compromise agreement it would cause reputational damage that would hinder their ability to get another job. It was also believed that management's use of compromise agreements was an important factor in the emergence of a 'bullying culture'.

Unite's national officer for the voluntary sector commented on the pressures increasingly felt by employees in the not-for-profit sector.

> Anything that is target driven – and that involves more and more areas of work – puts huge pressure on people. And if you are getting appraisals or these six monthly, quarterly or monthly and sometimes even weekly reviews, depending on how far along the process is and what types of structures and policies are in place, that is a pressure that people do not need. It's an unnatural thing to have to deliver on. (*National Officer Voluntary Sector, Unite the Union*).

All respondents recounted the onerous, if not impossible, task that workers faced when placed on a formal stage of a performance improvement plan. Rather than encouraging 'improvement', the threat of the ultimate disciplinary sanction of dismissal can have the contrary effect of increasing insecurity and incapacitating employees.

> It's a hell of a background to try to work against. *'If I don't do this then I will get the sack'*. My experience has been that people are too busy worrying and looking over their shoulder to make the kind of improvements that companies are insisting on. Although I have not had that many cases where people have been sacked as a result of the procedure, there have been plenty of instances where individuals have been shoved over the edge as a direct result of the pressures put on them. (*CWU, Regional Officer*)

Several respondents referred to performance management as a 'form of bullying'. Examples were cited of a common chain of cause and effect upon workers.

> When workers are taken through conduct and capability performance performance, they think that they have been targeted. And then their head goes down and they start getting really depressed, they go off sick and it might take time but it stops. And then they are in a two-pronged cycle – performance management and absence management – and often when they come to us they are very damaged. They tell you what they've been going through and say, 'I'm now on a written warning. I just couldn't take it any more. I've been to my GP and I'm off with work-related stress'. It is a history of all of the triggers that have taken place to get this one person into this position within three or four months. (*National Officer Voluntary Sector, Unite the Union*)

The CWU Regional Officer emphasised the contradiction between the formal policies and procedures 'which seem to say all the right things' and are developmental and welefarist in terms of the language used, but in practice for individuals 'it is like being hit by a sledgehammer'. This discrepancy was referred to as 'iron fist in velvet glove' policies. The combined effects of target driven Performance Management, the punitive measures exacted against so-called underperfromers and tough sickness absence policies amounted to…

> …corporate bullying. What is the justification for constantly chasing someone when they are off sick? To claim it is because we are a caring company is a load of nonsense. Similarly, when they say that they want to make you better at your job – that is only a justification for turning the screw in terms of performance. They use the word behaviours, which is a great word that can mean all things to all people, but for an HR Manager it is a very specific, even scientific, word about how we put a square peg in a square hole and a round peg in a round hole and how if you can't get them to do it fairly quickly then how you can bully them into doing it by using one of the 'off-the-shelf' processes and say, 'You are not doing this properly, we are putting you on that process', be it absence management, performance management or some other process that they can dream up. The intensity now for people in the workplace is so great that some people cannot cope with it. At an estimate, I would say that at least 15 per cent of people seriously struggle with it. (*Telecoms, CWU Regional Officer*)

It is the view of this officer and his counterparts from financial services, that Performance Management affects employees differently. On the one hand, a minority of workers are seen to have 'strong personalities' and, it is suggested, are dismissive of this new managerialism and can withstand the pressures. On the other hand, growing numbers are becoming affected psychologically by the constant pressure to perform in terms of output, quality and their 'behavious'. In the words of the CWU Regional Officer this growth can be likened to a 'creeping cancer'. Several respondents reported how the relentless intensity of managerial demands and the barrage of information and statistics are insidious in their effects. A rep from Bank A reported, 'Many people don't realise it is happening to them, but they eventually succumb to the pressure'.

On the clerical side of BT, respondents reported that, as a result of a significant increase in targets and displinary measures, many more advisors were presenting themselves to the union with stress symptoms because of the work pressures. A common theme that emerged from the interviews and from the contributions made by reps and delegates at the union seminars and conferences attended by the author was the way in which even experienced employees were internalising the escalating pressures of the job and becoming worn down to the point of illness.

> They are coming to us complaining that they are not able to sleep and are stressed, worrying about their performance. We're speaking about people who have been with the business for 20, 25 or even 30 years. For a period I was getting women and men on a daily basis in my office who were in tears – more women than men. They had been defined by management as underperformers. I think that if you tell somebody they are rubbish at their job for so long, they'll begin to believe they are rubbish and that's what was happening. The pressure that is stacking up on people is immense and it is very difficult to withstand. (*Telecom CWU, Clerical Branch Officer*)

7.10 Gender Discrimination and Disadvantage

Many reported that Performance Management and its attendant practices and outcomes disproportionately disadvantaged women . The national officer with responsibility for the voluntary sector cited organisations' policies on lateness as a good example.

> When organisations have tight policies for lateness, women are clearly more likely to be on the receiving end. I say to the reps that if a woman is being put on a disciplinary for lateness then if the cause is childcare or a sick kid then these are issues for women in relation to their health and well-being. These circumstamnces have to be considered, but women do not usually like to divulge that type of information, and it's usually a male who is sitting opposite them at a hearing. (*National Officer Voluntary Sector, Unite the Union*)

Women's responsibility for child-rearing often clashed with the dictates of Performance Management. Nowhere was this reported to be more a problem than in the call centre environment, according to this testimony.

> Women are under constant pressure. If a child is ill, for example, the woman might put them into nursery and then feel bad about it, but if she does not come to work then she will not get her bonus. She might already have had two or three days off, so there's added pressure and then when she comes into work her mind can't completely focus, so that she's maybe a bit short with the numbers or curt with the customers. You might be unlucky enough for that conversation to be overhead so you get pulled in. And many women use such circumstances as mitigation, 'Oh the reason I did that was because my boy's not well and my daughter's not well and I'm feeling really awful and I dragged myself into work today'. They don't acknowledge the validity of these reasons so they say, 'Just

> take the punishment', but before they know it, they are back in front of the boss again and it is a written warning. (*Workplace rep, Bank B, 1 October 2010*)

Several respondents reported on the failure of organizations in both the private and the public sector to undertake an equality impact assessment as to whether management policies and practices were 'reasonable and practicable'. Respondents cited examples of bad practice, often in relation to pregnancy and maternity leave. It was reported that

> …employers frequently pressurise women into taking their maternity leave sooner because it is too much hassle for them to conduct a continuous risk assessment for pregnant women. Management are saying, 'Well, if you are not fit enough to work as want you to then you should just go on maternity leave'. (*National Officer, Voluntary Sector, Unite the Union*)

The experience of the Branch Secretary responsible for clerical workers in the telecoms serctor was that part-time women were disproportionately being put on short-term development plans, which for many could be a path to disciplinary action and then to exit.

8. Union Reponses to Performance Management

8.1 National Level

It is beyond the scope of the research and this report to consider in detail the nature and effectiveness of union responses to Performance Management. From the interviews, officers and reps acknowledged the importance of attempting to negotiate with employers at national level. Performance Management emerged as a major - indeed the single most important - industrial relations issue in British Telecom from 2010 to the present. The CWU has made strenuous efforts over several years to combat Perfomance Management and the negative effects for workers. Despite the best efforts of national negotiators such was the depth of anger at, and opposition to, Performance Management at the 2011 CWU Telecoms Conference that a motion was passed overwhelmingly demanding the removal of Performance Management in its entirety.

As the union magazine reported (CWU, 2011), Conference committed the union to the most comprehensive fightback against the entire ethos and culture of Performance Management in BT ‘since the current process was adopted by the company in 2008’. The unanimous vote by delegates was to demand that the company cease its ‘cavalier and brutal’ application of these policies by 30 November 2011, or the union would initiate a ballot for industrial action. While the detail of the progress of the issue through the union lies beyond the scope of this report, it should be noted that industrial action was averted through the promise by the company of talks. However, as was reported in the union magazine (CWU, 2012), the issues of concern to members remained unresolved. In a ballot of members conducted by the CWU, as many as 38 per cent believed that the situation had actually deteriorated while more than 50 per cent believed that no change had occurred since the company and the union commenced talks.

In the finance sector where Unite the Union has recognition, it has attempted to negotiate with employers over Performance Management and the concerns of members in the particular companies. To repeat, for national officers and reps Performance Management and sickness absence issues have become key items on the bargaining agenda. It is suggested that further research should be underataken to evaluate the degree of success unions have achieved at national level in terms of bargaining outcomes.

From the interview evidence, officers and reps reported on the arguments marshaled against Performance Management. Prominent in the union case taken to financial services organizations were the arguments against the Bell curve when it became clear that companies were using forced distributions in ranking employees. Unite the Union contended that forced distrtibution did not, and could not, accurately represent actual performance, however that was defined. The national officer of Bank A, through this telling caricature, challenged the rationale for its usage.

> We would ask the question over and again. ‘If you have five Einsteins in your team and you have the best team in the world that you possibly could have, are you still contending that somebody should be performance managed?’

> 'Absolutely' was the response. And then we used the reverse and said, 'If you had five idiots in your team, do you thing someone should be exceeding expectations? And she went, 'Don't be ridiculous'. So the performance management Bell curve isn't about rewarding those who are doing good, it's about battering people who are also doing good. (*Bank A National Officer*)

Evidence was provided also of union opposition at the national level to the operation of the Bell curve on the grounds of gender discrimaination. The senior seconded rep in Bank C recalled how the union had effectively challeneged the distribution of grades by gender. When management had denied that Performance Management and the distribution of rankings were flawed and discriminatory in practice, the union would respond.

> How is it that all the 4s and the 5s are men? The message went out that if there were too many women getting 4s and 5s, then they would have to have some of the ratings taken off them and given to women. They were exposed as compromising gender equality. So now they have to put returns in half way through the year which includes a gender breakdown and they have to be seen to be fair (*Bank C, Senior Seconded Rep*)

Putting forward such a case at national level indicates that there are opportunities for union intervention that can have some impact.

8.2 Workplace Level

Evidence has been collected from diverse sources on the sorts of action that have been taken and, equally important, might be taken at workplace level by union representatives in defence of members who face the deleterious consequences of Performance Management. Such initiatives relate particularly to alleged underperformance and the disciplinary consequences that might follow, but might include perceptions of unfairness in rankings. While national officers and seconded reps have provided valuable information, workplace reps and delegates at union conferences and seminars have passionaterly debated the issues surrounding Performance Management, delivering important suggestions for effective improvements at workplace level. In truth, as reps have emphasised, the national and the workplace levels are not mutually exclusive and union actions at both levels can complement each other.

8.2.1 Challenging Rankings Following Appraisal

The point of departure for action at workplace level is the fact that very high levels of dissatisfaction exist among members in all of the case study companies considered in this report. One of the biggest sources of discontent was widely reported to be the very common instance where employees are either hitting their targets or believe they are doing so, but then are put into a category of being an underperformer at their appraisal. There is evidence of union effectiveness, but initial examples tended to focus on individual cases, where workers were contesting rankings that they had been given at appraisal. These were post-hoc challenges – appeals after the event as it were – and involved the union in committing significant resources to individual casework. In one section of Bank A where they used the Bell curve, officers and reps were 'just constantly doing casework in..we knew what was going on, so we appealed case after case and we won every one'. (*Bank A National Officer*) Where unions have pursued such appeals every indication is that they can be successful. Branch officers of the Swansea and Valleys CWU reported that they had won a string of cases where workers wanted to challenge their ranking.

It seems that the greatest success in these appeals has been achieved where management has been 'over zealous' and individuals rankings were regarded as unfair and precipitately leading to disciplinary action. However, reps reported that many workers were just as likely to hope for their problem to go away and not to appeal the ranking. Reps believed that creating an awareness at workplace level that employees could and should appeal ratings perceived to be unfair was one of the most important tasks facing the union. At a Unite the Union educational course, one rep expressed this task by saying the union must create a culture of 'Appeal, appeal and appeal again!!' in every workplace (*Change at Work*, Eastbourne 6 September 2012).

8.2.2 Challenging Objectives and Targets

It should be emphasised that unions are only now beginning to develop workplace based responses to the threats of Performance Management. While appealing unfair rankings has been identified as an essential element in a wider campaign against performance Management, reps are developing the understanding of the importance of being proactive and anticipatory as well as reactive. Such an approach implies intervention at the earlier stages of the Performance Management cycle (see Diagram 1). For example, at the planning stage of the cycle at which objectives are mutually agreed or, more accurately, it is claimed that they are agreed, there is scope for reps and members to raise objections to what might be considered as excessive and unachievable targets. Challenging targets is a good example of an issue which required a challenge at both the national and the local level. Officers reported on the importance of including workload and targets in national argaining agendas.

> …ther point we've been arguing all along is that targets need to be adjusted downwards and considerably, because there is a recession on and people's ability to buy has been curtailed. (*Bank A National Officer*)

Reps, meanwhile, emphasised the need to challenge individuals in a manner similar to the individual challenges over rankings.

Similarly, there can be proactivity in terms of the support stage of the cycle. Reps and members can place the onus on managers to provide the necessary development that might be promised for workers who are deemed to require improvement. At the *Change at Work* course reps recommended the importance of continuing to make demands on management for such support whilst keeping a record of all requests and management responses. Reps experience was that management frequently did not follow through on the promises to deliver the support necessary to improve performance. Such a failure should not lead to disciplinary action if and when employees then were judged to have underperformed. Rather management should be challenged for not having delivered the resources and the support for individual employees to make necessary improvements to their performance.

8.2.3 Challenging Management Over Absences

Several respondents insisted on the importance of workers reporting the reasons why they might have been absent or late for childcare, family-related or gynaecological reasons. If workers reported circumstances, such as a sick child or cramps from periods, then at least these circumstances could be cited in mitigation should that employee face a disciplinary. Union officers reported that the problem often lay in individuals lacking the confidence to report such circumstances. This reluctance makes it imperative that unions and their represerntatives were visible and acceesible to members, so that they could be involved at an early stage in the development of potential disciplinary proceedings.

8.2.4 Challenging Managed Exits

Reps reported that they often only became aware that workers might be experiencing performance problems when they were facing the prospect of being exited from their organization. While reps emphasised that the aim should be for workers to be proactive and to challenge managerial assessments of performance prior to the eleventh hour, they also reported on their experiences, particularly the circumstances where they had successfully defended members. Several reps and national officers reported how recourse to the Disability Discimination Act (DDA) had stmied management's attempts to get rid of people,

> …if they are managing someone out of the organization, as soon as you mention the DDA they take a big step backwards because they have not thought the case through. Our reps are pretty much well versed, particularly our senior reps, on the extent of DDA's coverage. (*Bank A National Officer*)

The more general point that was made in terms of successfully challenging 'managed exits' at the late stage was the importance of scrutinising management's adherence to procedure. One senior rep from the insurance sector recalled.

> I personally won four cases in a row last year, even though If I am being honest we didn't win everything lastv year – far from it – but the ones we won were down to them not following procedure and us being really sharp – asking where the evidence, why didn't you do that? To me managers are getting sloppy because they are stereteched and under pressure themselves. They make mistakes on individual cases all the time. (*Insurance 3, Senior Rep*)

The national officer for the voluntary sector identified intiatives that could be taken by the union at workplace level to challenge managed exits.

> The problem that reps face is that managers at local level are often being pressurised as well. I am not sticking up for them but they've been told by their managers, 'You'll need to get rid and we don't have redundancies on the cards so if this person is late, get them on conduct or capability or performance management', There are so many different criteria that apply. Reps need to challenge managers' actions by referring to company policy, to inconsistences and to the the legislation. For example, we have had a case where a woman was dismissed when she had an ongoing long-term mental health issue. Her attendance was not great but she had a good sound reason for it and they just dismissed her, contrary to the DDA. She had divulged her illness so we could contest their actions. Representation is not always easy because of the vulnerability of individuals who may have other issues, but such cases require reps to be quick to respond and build a case for the individual. Because management actions are often excessive and breach procedure and/or legislation there are certainly opportunities. (*National officer, voluntary sector, Unite the Union*)

What performance management is doing, especially in respect of conduct and capability, is enabling management to assert its right to management more emphatically. The lesson that many were drawing was the need to be prepared to challenge this right.

8.2.5 The Challenge of How to Collectivise Grievances

A key theme to emerge from the union officer and reps interviews was the challenge of how to collectivise the union response. The extent of greievance and disciplinary action against employees inescapably entails the commitment of considerable resources on the part of the union in representing and supporting individuals. Unite's national officer for the voluntary sector acutely observed, 'reps have been trying to stem the flow for years and years, dealing with individual case after individual case which is soul destroying'. From this officer's perspective, a productive approach was to use an organizing approach to meet with reps and shop stewards regularly, co-ordinate case work, approach management collectively and, as as possible, seek opportunities to organize and to recruit. Reps in the finance sector participating in the Change at Work educational programme are actively engaged in developing guidance for members on Performance Management which has the objective of developing self-activity amongst members and less dependence on reps and officers.

9. Non-Union Workplaces and Vulnerable Workers

If employees in unionised environments are experiencing unprecedented pressures in their working lives, according to union respondents, then workers in unorganised workplaces, where there is no collective bargaining and representation, should be expected to be even more exposed. Several studies, particularly those on ‘vulnerable workers’ have evidenced the weakness of employees who lack employee protection. (e.g. Pollert, 2007; 2010).

Studies on vulnerable workers have drawn upon data of the grievances that workers have taken to the Citizens Advice Bureaux and Law Centres, to which workers are compelled to seek guidance. For this report, a lengthy interview was conducted with the Director of an Employee Advice and Employment Rights Centre (EAERC) in the West of Scotland, to which many workers from unorganised (and even organised) workplaces bring grievances. He reported,

> The more serious cases we get are issues relating to people who are about to be dismissed. Growing numbers of people are coming to us with things like capability dismissals. Within these cases a lot involve mental health problems. We do get the odd call from a union member who can’t locate their steward or officer, but the heavy stuff tends to be where there’s no support mechanism.

The Director provided the example of a non-union outsourced contact centre in the locality where workers had been subject to a ‘humiliating’ form of Performance Management. Employees had been identified, targeted, removed from their teams and placed in an ‘underperforming team’, the Phoenix Team, where they were given a tight improvement plan (PIP). Insight can be gained from the text of two emails sent by the then recently appointed site manager to the workforce in the autumn of 2009.

Considering these two emails together, several obeservations can be made about the purpose and tenor of the Phoenix initiative. First, employees are presented with what seems to be the inescapable logic of the company’s perilous financial position which necessitates and justifies a wholesale change in the behaviours of significant numbers of the workforce. According to the EAERC Director, managerial practices were tantamount to ‘psychological bullying’ and no fewer than 10 per cent of the workforce had made contact with the EAERC either by phone or in person.

> The tall ships analogy was simply a verbal and written expression of the Bell Curve, so when they were saying, ‘some people don’t want to be here’, ‘some people do’, ‘some people are good’, ‘some people are bad’ and so on, that was the driving force behind this whole strategy. In each department there were Phoenix teams.

Underlying the Phoenix team initiative and the implementation of the Bell curve was the more fundamental driver of ramping up productivity and reducing labour costs.

The Phoenix teams were in effect a disciplinary measure and were viewed as such. There were also implications for bonuses, for while you were in a Phoenix team there were elements of your contract that were frozen. So they used it for different puposes – psychologically, financially, physically, disciplinary. While many in the workforce thought it was chaotic, I think it was a very, very skillful deliberate managerial strategy.

Email 1

Team,
When I started here last November, I spent a good deal of time observing how we worked. It lead me to believe that we had 3 distinct groups of people common amongst all levels of our organisation and I categorised them using the 'Tall Ship' analogy.

Firstly we had a group of people that I think had quit but decided to stay. Basically, the job is comfortable, they don't have a great deal of engagement, but they can't be bothered with finding something else either, better the devil you know blah blah blah kind of thing. You could call this group of people 'passengers'.

The second group of people I think are more disruptive. These people I believe actually dislike the company and enjoy cultivating an anti-establishment culture, people who throw sickies rather than come to work, or work harder at avoiding calls than taking them. I would call this group of people 'anchors'.

The final group, and thankfully the group that I believe are in the majority are those people that care about our place in this community. Who come to work to do a good job and make a difference to people, both colleagues and customers alike.These are the most important people here, the 'crew'.

Often this group is a silent majority, not always willing to be publicly positive about our company as they wish not to appear as brown nosers. It got me thinking that we've spoken about these categories of people and discussed the need to change on many separate occasions. We've changed the leadership structure to reflect the need to address passengers and anchors. We've focussed on making this a better place to work.

Performance hasn't changed much though………Now we are at the time for action. I have asked the leadership team today to focus on our poor performers, our passengers and anchors with a relentless determination and sense of urgency until we have either brought people on board as crew, or we have parted company for the better for us all. This starts today, so these people can expect a conversation with their line manager within the next few days.

This in itself will make this a better place to work. I recognise that it's going to be a tough few months for people, but I want you to know that we are doing this for the benefit of our 'crew'. They deserve a great place to work, and I'm determined to give it to them.

Regards,
Site Manager

Email2
Hi All,
I'd like to give you an update on our restructure and share some views on our business and our future at XXXX. Right now we are at the beginning of a new chapter, we are well on the way to creating an environment that really is "The Best Place to Work". We have a new Operational Management team and are currently investing a great deal of time to recruit every TL and ATL position by the end of July. This is a significant investment in our leadership structure at a time when every pound spent is under scrutiny.

We should all be aware of the fact that [the parent company] recently issued a profit warning, indicating that XXXX is contributing to this. This has rightly caused us concern and speculation is rife as to the future of XXXX in the UK.

I am no fortune teller, but I can share with you my belief that our future is absolutely in our hands. Over 1000 people work in our place, and given that the average number of people in our direct family is 10, this means that over 10,000 people will be affected by the choices we make every day.

The key to our success is in these choices we make. We have a choice to come to work with a positive attitude and a smile on our faces. To have fun doing our work. To deliver an excellent customer experience.To work more efficiently. To think commercially about cost avoidance and sales opportunities. To challenge each other to live the XXXX values.

We have a choice to do all of the above, some of the above or none of the above. If we choose to do these things we maintain control of our future and we will be successful. I'm already starting to notice a change in the choices people are making, and it is bringing us success already, check this out:

Operational Efficiency.
Right now, at Greenock we have knocked over 20 seconds off our average call handling time. This makes us massively more efficient. With huge focus on the XXXX cost base we have to prove that we can work as efficiently as possible, this will be key in securing our future.

Best Place to Work
In order to make this the Best Place to Work we all need to play our part. I want everyone who works here to love coming to work and I am committed to making this happen. Please feel free to share your views with me on the things that can make this happen.

Customer Experience
Combined with the increased focus on Operational Efficiency we have seen week on week improvement in ICCA scores. A 30 point rise in the last 4 weeks.

Week	20	21	22	23
Overall Score	32	45	52	62

This proves to me that we can be more efficient and still improve upon the customer experience. We are nothing without our customers, they pay our bills. We have to keep focussed on delighting our customers at every opportunity.

Commercial Performance:

We have reduced the volume of credits and adjustment by 50% - this saves our business thousands of pounds every day.

L&R Insurance sales have increased from 6.8% (Jan – April) to 12.3% (May). The TOMS present rate in Premier Services has increased month on month from Jan to date from 53% to 72%.

As observed above in relation to the discussion of targets and KPIs, employees were rated on diverse targets, including Average Call Handling Times (ACHTs), TOMS (sales, lead generation and data capture) and a customer feeback evaluation process called FIZZBACK. Thus, for a worker to be relocated to a Phoenix team they would have to be deemed to be underperforming in overall terms against these criteria. For example, the required ACHT was 340 seconds, which included wrap time. Underperformers would be given stringent improvement plans with very tight deadlines under the disciplinary procedure, as this excerpt from an employee letter reveals.

> I am writing to you following the Performance Improvement Plan (PiP) meeting that was held on Saturday…In this meeting we reviewed and discussed your performance and noted in the meeting notes that you have not met the required standard. You will therefore be issued with a first stage warning effective from last Saturday and it will remain on your file for twelve months. Please note that any entitlement to company bonus payment may be reduced or withdrawn in accordance with the bonus scheme rules. You have the right to appeal within seven days. Your PIP will be monitored for a review for a period of two weeks. In the event you do not meet the required standard you will be invited to a further improvement plan. (*Excerpt from PIP Letter to X-Phone employee*)

In practice, at X-Phone the performance improvement process was often inseparable from the displinary procedure. In this case the conflation of the two was complete as the employee was given the date and the time of what would be his next disciplinary hearing before the two weeks' review period had ended. There was a six weeks' exit plan; three continuous episodes of two week long PIPs attached to disciplinary outcomes. According to the Dirtector of the EAER, the Phoenix team initiative was profoundly damaging for may workers

In addition to employees presenting at the centre with problems over performance management issues and targets, absence management was a major reported grievance.

> Absence management is the residual stuff that has been going on for years, where the employers every now and again have a cull of long term sick people. Certainly mental health problems comprises the largest and most significant group, the whole gamut – anxiety, depression , stress…The perception by the workers would be that work has contributed to these disorders even if they have not completely caused them. I do not think that the employers objectives were anything other than getting rid of the workers. I've never come across an absence management policy that was sympathetic to the employees. (EAERC, Director)

In the Director's experience dismissal on the grounds of capability has become increasingly common. On the basis of a doctor's evaluation that an individual will not be able to return to work in the foreseeable future, they can be dismissed on the grounds of capability, one of the five potentially fair reasons for dismissal in employment law.

The experiences of employees in the outsourced contact centre is not untypical of many employees working in non-union environments, in which little restraint exists in terms of their exercise of Performance Management practices. Such experiences raise the importance of gaining union recognition, in order for employees to benefit from even a basic level of protection and representation.

10. Conclusion

The mainstream Human Resource Management (HRM) literature depicts Performance Management as a harmonious process for improving organisational effectiveness through aligning individual employees with organizational objectives. The textbooks repeatedly emphasise the mutuality of interest between employees and employers and how the process depends on agreement between the parties, shared objectives and consensus. Underpinning all conceptions of Performance Management is the performance cycle, composed of the three stages of planning, supporting and reviewing performance. Although the process is held to be continuous and the stages are not discrete, appraisal systems have historically been seen as the most important phase, being related to the reward systems and Performance Related Pay. Appraisal has embraced ever widening groups of employees, extending beyond managerial and professional layers to encompass technical, white-collar and even manual workers. Invariably, appraisals involve some form of ranking and rating of employees, by which performance is evaluated typically according to alphabetical or numerical categories. A deep-rooted assumption prevalent in the HRM textbooks is that such ratings are encouraging and reward employee effort and performance. Low ratings and underperformance were seen not negatively, but as a positive opportunity for employees to improve themelves and for employers to develop their most important resource.

Insofar as Performance Management was synonymous with appraisal, it tended to be a relatively straightforward, typically annual review between a manager and their subordinate. In acknowledgement of the perfunctory manner in which the appraisal was often conducted, some referred to it as a dishonest *annual ritual*. Others acknowledged the potential for bias in the process so that developments such as balanced scorecards or 360 degree appraisal were embraced as overcoming flaws.

Over time, though, Performance Management evolved beyond episodic pay-related appraisal to become tighter, more prescriptive even all-encompassing. It has increasingly sought to incorporate issues and stages that are central to HRM more generally, from recruitment, through training, capability procedures and termination (e.g. Boxall and Purcell). Marchington and Wilkinson (2008) maintain that for some Performance Management has become synonymous with the totality of day-to-day management activity because it is concerned with how work can be organized in order to achieve the best results. It is acknowledged that Performance Management is now bound up with organization-wide targets and Key Performance Indicators (KPIs). Although some mainstream academics suggest that these new forms of Performance Management might, through their focus on continuous employee improvement, involve a harder managerial practice (Houldsworth, 2004), the dominant view is developmental and that, prescriptively, this stringent version is an ill-conceived departure from ‘authentic’ Performance Management and HRM.

There has been criticism of Performance Management on several grounds; for example, that it compromises a line manager’s role as counsellor with that of judge and appraiser. Many highlight the potential for bias, but again the HRM literature minimises this problem and advocates standardization practices as a solution. It is within the practices of score 'normalisation' that there lies the roots of a difficulty. What would be the effects on employees if ratings were dependent upon the allocation of fixed sums of money which effectively restricted the numbers of employees who could be given higher rankings on the grounds of limited budget? In this context, one particular form of scale or ranking that has emerged has been the forced 'normal' distribution or Bell curve, in which fixed proportions of a workforce population are accorded *a priori* defined categories.

The major problem with such a distribution is that it is, in essence, a statistical exercise in which the *actual* performance of workers will bear little reference to this predetermined categorization. Most notably, managers are compelled to identify a fixed percentage of the workforce as underperformers irrespective of their actual performance. The UK academic literature suggests that such an inequitable practice as the Bell curve is very limited. It should be noted that in the US context, Michels *et al* (2001) in their influential book '*The War for Talent*', recommended the removal of the bottom 10 per cent of the workforce each year as their continued presence would serve to de-motivate the high performers. There is no evidence to support this assertion. In sum, despite criticism of Performance Management from within HRM and a more theoretically inspired critique (Townley, 1993), the dominant assumption is of Performance Management as essentially supportive of employees.

The present study fundamentally challenges this perspective. Crucially, it argues that the evolution of Performance Management to become the more systematic, integrated and all-embracing system has not happened within a political-economic, soiciological and organizational vacuum. What has taken place in the past two decades has been a sea change in the political economy of work and employment, the adoption of a neo-liberal agenda, which has unambiguously strengthened managerial prerogative (Daniels and McIlroy, 2009). It is not necessary here to repeat the detail presented in Section 6, but merely to re-iterate the core of the argument.

To the extent that HRM had a soft as well as a hard side (Storey, 1992) much of former has been shed, eroded or undermined in conditions of intense market competition, cost minimisation and subsequently crisis and recession. The growth of forms of lean working has led, not to creative outcomes, but to re-engineering and micro-management. Deskilling, the fragmentation of tasks and repetitive and speeded-up work are the outcomes. 'Doing more with less' to use the ubiquitous injunction has led to a significant intensification of work and to widespread sickness and ill-health, exacerbated by organisations' harsh sickness absence regimes.

The primary evidence, principally from the front-line of financial services and telecoms, demonstrates unequivocally that the evolved form of performance management, within these contexts, is synonymous not with developmental HRM and agreed objectives but with a claustrophobically monitored experience of top-down target driven work. The trade union respondents overwlemingly concur that the watershed in Performance Management, the implementation of tough measures with explicitly disciplinary intent pre-dated the financial crisis of 2007-8. However, crisis and recession then accelerated these trends, intensifying the micro-measurement and management of worker effort and performance. While the measurements of work output remained key, they were accompanied by the systematic evaluation of behaviours and attitudes, criteria far more subjective and open to abuse than even the pseudo-scientific quantitative categories.

The real bite in Performance Management lies not so much in the measurements, the monitoring and the evaluations in themselves but in the disciplinary purposes to which they are allied. The variously named performance improvement plans and procedures (e.g. PiPs), with the corrective and punitive actions that are implied, are a source of widespread job insecurity amongst the workforces represented by our respondents. However, the lynchpin of this harsh and oppressive system is the Bell curve and the forced distribution of employee performance rankings which stigmatises a certain percentage of the workforce as underperformers, irrespective of actual performance, and sets many of them up for a process of 'managed' exit from the organization. Organisations may deny the existence of the Bell curve but the evidence is compelling that organizations use it wholeheartedly and not merely in an indicative manner. The extent to which organizations have driven 'managed exits' is staggering.

The testimony of the whistleblower, the former HR Manager from the telecommunications company, provides the most shocking testimony of the extent to which a company might engineer employees' departure from their employment. The sinister practice of the 'car park conversation', which served to drive people out of the company in the most ruthless manner, was merely the worst example of inhumane treatment of the workforce. For this manager the mental ill-health outcomes were the breaking point, forcing them to leave the company they had served for 25 years.

It was impossible in a qualitative study of this scope to establish statistical relationships between Perfromance Management and occupationally-related ill-health, particularly mental ill-health. However, the widespread testimony of respondents both in interviews and in the discussions and debates occurring at seminars and conferences indicates the stressful consequences for workers arising from the new regimes of work. Of course, further studies will be required to explore in greater depth the relationships between Performance Management and occupational ill-health

The veracity of the interview evidence presented here might be questioned by those wishing to downplay the detrimental consequences of Performance Management for employees. The respondents here are trade union officers and respondents. What they have done more than anything is to report honestly their own experiences and those of the members they represent. In fact, it can be argued that their particular positions as officers for, and representatives of, the many 1000s of employees makes them privileged witness to workers' 'private troubles'.

What is most striking is the fact that the phenomena that they describe are so consistent across organisations and place that the evidence is compelling regarding the extent and the severity of the problems being experienced by workers under these new regimes of Performance Management. The primary evidence also is consistent with that presented in

Section 6 above from studies of the ill-health outcome of lean work and the intensification of work. Invariably, these accounts testify to the widespread extent to which employees are facing these difficulties; this is not a matter of handfuls of untypical employees under duress. Two quotes have been selected as representative of many which indicate the prevalence of the difficulties facing employees arising from Performance Management.

> The biggest subject that any of my members talk to me about is this constant monitoring, constant process, constant pressure. I could go out into the street and flag down any guy in a BT van and ask him what is his biggest problem and I will guarantee he will say to me the tracker or performance management – one of the two of them. Performance Management, in my opinion, is at the very heart of the problems that we have got in the workplace and which take the form of the rise in mental ill-health. (*Telecoms, CWU, Regional Officer*)

> I could take you into any call centre in the finance sector and for that matter probably any call centre that deals with what is called the mass market and ask anyone working there, 'What is your biggest problem?'. They are almost certain to say, 'Targets, constant pressure, Performance Management, never any let up, fear'. (*Insurance A, Senior Rep*)

A final argument can be made that these Performance Management practices are not merely unjustifiable on grounds of welfare, decency, dignity and well-being, but that they may also be utterly counterproductive from a managerial perspective. They require enormous commitments of resource by middle and front-line management and serve merely to create a deep well of resentment and discontent amongst a highly pressursied workforce. Perhaps one of the gurus of Human Resource Management demonstrated an unwitting presience when he wrote in 1987.

> Performance management has a poor record of success, and the temptation is to engage in a spiral of control in an attempt to extract more effort and ever higher performance from employees through policies and practices that may succeed only in further de-motivating and which are, thereby, ultimately self-defeating. (Guest, 1987)

However, the final word might best go to a long serving national officer of the CWU who identified the root cause of the intensified pressure upon workers as lying in the progressive transformation of employee management systems.

> There was a creeping process of change which involved a continuous ratcheting up of the pressure on workers. The first step was the replacement of personnel management with human resource management and the parallel shift from quality management to total quality management. Then performance management was added on TQM, after which total quality was forgotten and the emphasis was focused exclusively on performance. As the years have advanced the noose has been progressively tighted round workers' necks. (*CWU Regional Officer*)

Appendix 1

Performance Management:
Schedule of Questions for Semi-Structured Interviews with Trade Union Officers and Reps

Emergence of Performance Management

- When did you first become aware of Performance Management in the organisation in which you are/were a rep or have responsibility for as a branch, regional or national officer?
- What were the drivers behind the introduction of Performance Management? What were the purposes of Performance Management from the company's/organisation's perspective?
- What did the process of Performance Management consist of in terms of both the company's rationale and the detail of the process?

Evolution of and Change in Performance Management

- Has Performance Management changed over time? If so, in what ways did the rationale for, and the content of, Performance Management change? Were there significant turning points and, if so, what were they and what were the main outcomes? (Probe for effects of the financial crisis of 2008)
- To what extent and in what ways has Performance Management expanded from and come to encompass more than Performance Appraisal?
- What forms of measurement and evaluation did Performance Management come to involve? (Probe quantitaive targets, qualitative monitoring, behaviours, attitudes etc.)
- What were the relative degrees of emphasis placed upon reward and development/improvement respectively?

Performance Improvement

- Elaborate on the 'improvement' aspects of the Performance Management cycle, such as PIP (Personal Improvement Plan) measures.
- To what extent are PIPs (or their equivalents) developmental in intent and execution and to what extent are they punitive? If the latter, then, does performance deemed to be sub-optimal lead to involuntary exit and if so to what extent?
- To what extent is the growth of Performance Management related to work intensification, the spread of lean working and changes in the management of sickness absence?
- How is performance categorised? Does your company/organisation, or the one(s) for which you are responsible, use forms of forced distribution, such as the Bell Curve?

Effects on Employees

- What have been the effects on employees and your members? (Open question and then probe for pressure, intensity of work, insecurity, disciplinary action, sickness absence, health issues, including stress, anxiety and depression? Are these effects gendered?
- What have been the union responses to Performance Management and its effects on workers and members? What responses have been effective? What should and could unions do to challenge management policies and practices that are of detriment to members and workers generally?

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