Walking the Tight Rope: Monitoring or Invading Employee Privacy

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Abstract

WeCare is a medium sized private company dealing with home appliances specifically consumer electronics. Wecare was established, in 1976 as a small family run store. In 1980’s, was one of the leading manufacturer and supplier however with passing time, the company profitability started declining. The top management was greatly concerned about this. After a long discussion, top management of the company decided that it was time to change leadership. They recruited Mr. Ranjan Shah as its Managing Director. Mr. Shah had 35 yrs of experience and had a reputation of sailing any sinking ship. After settling into his new position, Mr. Shah busied himself identifying the major issues facing the company. After lot of contemplation and analysis he identified the various problem that were mostly ‘people’ oriented. He tried to fix the problem by carrying out things he had learned from his previous jobs in US, which had given wonderful results in the past. In the first place, he requested the IT dept to monitor what employee did on their desktop/laptop during the working hour. After few days he got a surprising result that most of the employees were using 40 percent of their time in watching YouTube, listening to music, surfing net, talking on phone etc. He did not disclose his observation to the employees and felt that his decision to monitor employees was right. Next, he asked the IT Department to tap and record the phone calls of the employees. The Supervisors would plug into any of their staff’s phone calls to keep track of how long employees spend with each customer. Not satisfied with even this one day he called his few trusted employees and after taking them in confidence asked them to tell him about their colleague about what they did during the office hour and about what they talked.

Ms. Protima Senior Manager Sales noticed that there was sharp decline in performance of employees. She thought of talking to her teammates to find out the reason behind their declining performance. They confided to her that it was awful to work under such boss who did not trust their integrity who looks at them suspiciously all the time. She told them that she had indirectly hinted that it was creating unhealthy work environment. However, he rebuffed and

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accused her of supporting her people who were wrong.

The last straw was when employees came to know that Mr. Shah had secretly got installed a hidden camera in office and viewed what was happening in the office. Ms. Promita, was quite offended when one day Mr. Shah called her and sarcastically said that she was not contributing enough in the organization. When she refuted his claim, he started showing her clip where she was criticizing Mr. Shah and his work style. Ms. Protima was shocked at the way her boss was spying her. After spending the entire day in thinking about what had transpired between her and Mr. Shah she decided to write to the Chief People Officer. In these circumstances what Chief People Officer and employees can do?

**Key words:** Privacy Rights, Monitoring, Technology, leadership, Invasion of privacy, personality,

**JEL Code:** L20, M12, M54
Walking the Tight Rope: Monitoring or Invading Employee Privacy

We Care is a medium sized private company dealing with home appliances specifically consumer electronics. It has huge contribution in the field of consumer electronics. Mr. Hemant Trivedi, who was B.Tech in electronics and had done MBA from Harvard, established it in 1976 as a small family run store. Having worked in the UK and USA, he came back to India armed with a vision of pioneering manufacturing of superior quality electronic products. He dreamt of making WeCare a household name in home appliances. He was an experienced person who foresighted the needs of home appliances in India as more and more women were entering the workforce, which gave them less time for household chores.

In 1980’s WeCare was one of the leading manufacturer and supplier of the home appliances especially in consumer electronics like water heater, toaster, kitchen stoves etc. With the passage of time, the company workforce expanded from 6 to 700 employees. With growing business, demands of the company Mr. Trivedi found it difficult to handle everything by him. He felt the need to turn his business into professionally run organization. So, he recruited Mr. Shashi Verma as Managing Director of the firm in 1985. Mr. Verma was Bachelors in Technology from the Delhi University, and later he did MBA at the Wharton School, University of Pennsylvania. Under his able leadership, the business grew in leaps and bounds. It emerged as the most successful companies in consumer electronic goods.

His work philosophy was of Human Relation School of management. His humanistic approach towards employee made him very popular among the employees. He believed in open communication and participative decision-making, giving autonomy to workers. His humanistic approach towards employee made him very popular among the employee. Although, loved and respected by the employees, his work approach developed complacency in the organization. The employees became casual towards their work.

With passing time, the company profitability started declining. There were several reasons for it. First, because of sleeker and upgraded product in the market, consumer preference had changed. Second, employees lost interest in selling products which was not up to the mark or which had almost no demand. Although the company had R& D department but it existence was just for the sake of it. The department used to conduct biannual survey to understand market apart from this they also collected data related to complain of the customers. However,
these findings were not translated into concrete action for improving the product quality. When questioned they claimed helpless as the facilities in terms of time, material and machines to work on improving the product was not there. Moreover, fund allocated for them to upgrade the product was mere peanut. As a result, the profitability of the company has declined over the years largely to the extent that survival of the company was at stake. The top management was greatly concerned about this. After a long discussion, top management of the company decided that it was time to change leadership. They recruited Mr. Ranjan Shah as its Managing Director. He just like Mr. Trivedi was Graduate from Harvard and had worked with reputed firms of US. Mr. Shah had 35 yrs of experience and had a reputation of sailing any sinking ship.

After settling into his new position, Mr. Shah was engaged in identifying the major issues facing the company. He had realized that growth and profitability of WeCare was declining, but he was not sure if the source was the management team, product development, marketing and sales, or something else. During initial weeks of taking the control of WeCare, he saw work culture of indiscipline. Most of the employees did not adhere to the office timing; they would walk in office far behind the scheduled time. During office hours, the employees were not at their workstation. Walking around the office, he would meet employee who appeared demotivated and detached. It appeared as if no one was interested in organization or product. They either would be chatting on phone or engrossed in their desktop /laptop. Mr. Shah felt something amiss. After few weeks, he concluded that declining profitability of WeCare was not only due to change in consumer preference but mainly due to its employees and their attitude. His initial impression was that most of them were not serious about their work and was just passing time in the office. After lot of contemplation and analysis he identified the various problem that were mostly ‘people’ oriented. He tried to fix the problem by carrying out things he had learned from his previous jobs in US, which had given wonderful results in the past.

He strongly felt that there was need to monitor various activities at workplace. He introduced series of monitoring schemes. Shah directed the HR office to monitor the entry exit of employees. To his surprise one-week data from HR, indicated that almost 60% of employees were not giving full-time to the organization. They either were late to office or left their workplace earlier than the scheduled timing. He asked Head, HR to send a mail to all the employees directing that anyone who did not stay in the office until the scheduled timing
would be penalized. Simultaneously he issued order to keep a register, wherein anyone who left the workstation for more than 15 min was required to fill where and why he was going. In case the employee left their workstation for more than 20 minutes apart from lunch hours, the senior most was suppose to make a call and ask about his whereabouts.

This came as a rude shock to employees who saw it as violation of their right to move in and around organization for official purpose. They initially refused to carry out the orders but after seeing their colleagues penalized, they succumb to it. Although employees started adhering to the timing and restricted their movement within the organization however, they started feeling suffocated and disgruntled. One employee said, “This control on our movement is infringement of our right. Staying in the office is like punishing oneself.”

Happy with the result Mr. Shah felt that he was taking required actions. Motivated by the results he felt the need of intense monitoring. Now employees were there in office all through the day but appeared disenchanted. Whenever Mr. Shah walked around the office, he would found employee either engrossed in their laptop or busy with phone. On surface, they appeared engrossed in work. There was something strange about their behavior, which worried Mr. Shah. He kept thinking of what could be the problem, which led to such odd behaviour. After lot of contemplation, he asked the IT Department to tap and record the phone calls of the employees. The Supervisors would plug into any of their staff’s phone calls to keep track of how long employees spend with each customer. In addition, how many customers they handle in each quarter hour and whether they were making personal call from the office. His purpose of implementing this system was to protect the integrity of the company’s contracts and verbal commitments, and check the quality of conversation with the customer. In addition to this, he wanted to see whether they were making or attending personal or official calls. Naturally, this did not go over well with some of the employees who thought that this was an invasion of their privacy. Some of the employees started using their cell phones or other company phones to make their personal calls. Others would complain to their coworkers and supervisors about the company’s disrespect for their privacy. However, Mr. Shah saw nothing wrong in it. He believed that employees should not be bothered by the fact that the company is recording their phone calls because the phones are company property and employees are being paid to work. He said, “If employees believe that their assigned phone is their personal phone and they can use it as they please they are mistaken. The company was paying for the phones for business purposes”. He made it clear that if the employee did not
want their conversations to be recorded, they should not have them at work. Employees could use their cell phones to negate the recording system, and everyone would know that they are on a personal call. They can also go to another desk to make their personal phone calls, but this would mean that they are not working.

In similar vein, he once again asked the IT Department to monitor as what employees do on their desktop/laptop during the working hour, record Internet and other computer activity and to see what is stored in employees' computer terminals and hard disk. After few days he got a surprising result that most of the employees were using 40 percent of their time in watching YouTube, listening to music, surfing net, playing games etc. He did not disclose his observation to the employees. Irritated with the findings he felt that his decision to monitor employees was right and there was a need even more intense monitoring and control of employees. The next day the employees got memo, which warned the employees to use the company's computer only for company business. The employees felt that their privacy was invaded. One of the employees said that such type of monitoring was as if a stranger had looked in her desk or purse and told them what could and could not be there. One of them said, “"I worked for so many years why don't they trust me now? I will continue to be a good worker, but I won't do any more than what is needed now."

The employees were frustrated at his antics. They could not understand why so much monitoring and controlling was being done. They also felt that excessive monitoring was spoiling the work environment of the organization. At first, the employee did not understood why Mr. Shah was behaving so weirdly with them but after few months, they realized what was happening in the office.

Not satisfied with even this, one day Mr. Shah called his few trusted employees and after taking them in confidence asked them to tell him as their colleague about what they did during the office hour and what they talked. He asked them to get him information related to what people thought about the organization and it policies and more importantly about him. They were supposed to inform him about conversations in the workplace, even who got along with whom, what they did after the office etc. Here too, he got adverse report about him. He was told that employees do not think well about him. They felt like working under Hitler who was ever spying and his work practice made them feel like prisoners hooked up to a computer; mistreated, guilty, paranoid, enslaved, violated, angry, and driven at a relentless pace.
Ms. Protima, Senior Manager, Sales, while looking at the sales record noticed that there was a sharp decline in performance of employees. She thought of talking to her teammates to find out the reason behind their declining performance. She called up her team and first started talking about general things in the company and then moving to specific issue. After initial hesitation and coaxing her teammates started opening up. They confided to her that it was awful to work under such boss who did not trust their integrity who looks at them suspiciously all the time. One of them said “Can’t we do something about our boss? His mere presence is affecting my mental well-being. It is frustrating to work where you don’t know whom to trust and whom not.” Another one seconded by saying, “you can’t express your true feelings, fears, frustrations and anger because you don’t know whom among us would go and inform the boss. You cannot speak freely without any fear. I don’t feel like coming to work anymore”. Hearing all this Ms. Protima realized that Mr. Shah excessive monitoring was creating problem for everyone. She also recalled that those under her had often complain to about not feeling well, experiencing unnecessary anxiety, not able to concentrate, unable to think creatively, and were frequently found guilty of culpable absenteeism. She also felt that apart from lower productivity it was having adverse impact on work culture. Instead of teamwork and camaraderie, there was distrust among colleagues, which led to strained relationship between them. In meetings, employees refrained from speaking their mind for the fear of being misquoted.

Consoling them, she said that, she too was fed up with Mr. Shah’s weird ideas of spying. She told them that she had indirectly hinted that such thing are uncalled for and was creating unhealthy work environment. She tried to make him understand that monitoring was leading to psychological and physical health problems. Employees rather than focusing on work were more involved in safeguarding themselves, which was in long run would adversely affect the organization. However, he rebuffed and accused her of supporting her people who were wrong.

The last straw was when employees came to know that Mr. Shah had secretly got installed a hidden camera in office and viewed what was happening in the office. Ms. Promita, Senior Manager, Sales was quite offended when one day Mr. Shah called her and sarcastically said that she was not contributing enough in the organization. He also reprimanded her that he knew what you and your friends were talking about him and how loyal they were toward their work and organization. When she refuted his claim, he showed her the recording of what she did during the office hour. He also showed her clip where she was criticizing Mr. Shah and his work style. Ms. Protima was shocked at the way her boss was spying her. She got angry about
the hidden cameras. "It's not a problem to have cameras in the office, but if you hide the camera that means you don't want people to know what you are doing. It was very sneaky. I can't imagine anyone having good feelings about working for a boss who is spying on them." She told her colleagues who too shared the same opinion. One of them said, "When people feel like they're being spied on, it sets a negative tone at work." Another one complained, “They push you around, spy on you. There's no trust, no respect anymore.”

After spending the entire day in thinking about what had transpired between her and Mr. Shah, she decided to write to the Chief People Officer of the Organization complaining of invasion of privacy under the pretext of monitoring and control.

Questions raised in the case

1. What is according to you is privacy at workplace and what constitutes invasion of privacy?
2. To what extent and under what circumstances does an employer have the right to conduct surveillance in respect of the activities of an employee?
3. When does the employer’s right to oversee the activities of their workers become an invasion of the employee’s right to privacy?
4. How can organization protect employee privacy rights along with monitoring?
5. What are adverse affect of monitoring in organization at micro and macro level?
6. Can Mr. Shah’s monitoring initiatives are justified. Give reasons for your choice

Managerial Implications

While employers use monitoring to keep track of their employees' actions and productivity, employees feel that too much monitoring is an invasion of their privacy. Use of the Internet or telephone for non-job related activities while on the job can be destructive for the organization. A crucial reason for Internet monitoring in the past five years has been the illegal use of Internet at work to access pornography (Whittle 2000). Often employees have been caught using an employer's Internet facilities to start and/or operate their own businesses while on the job. Studies have found that employees are abusing their computer privileges for personal emails, shopping, stock trading, and much more while on the clock at their workplace. This leads to low employee productivity which creates profit loss for the parent company in the long run. The estimated abuse of computer privileges is 75 minutes every day” (CM 2005). Apart from the financial loss employers are also concerned with sensitive and confidential
information being sent outside of the company to its competitors, vendors, suppliers, and customers; thus employees harming the company.

However monitoring employees can have ill effects on employees. Since most of the employees spent almost more than 9-10 hours at workplace every behavior/communication/gestures / may not be intentional or meant to harm the organization however if their every move behaviour or comment is being monitored employees start feeling stifled. An overzealous manager’s monitoring system could create a Big Brother scenario that could anger employees and create a hostile work environment. It can "…inject an air of suspicion and hostility into the workplace" (Schulman, 2002). The intensive and uncalled for monitoring generally create an environment of mistrust and hostile work environment. Employees believe that such monitoring violated their privacy rights as employers may even listen to personal conversation between workers. Another aspect is that since most of the employees spent almost more than 9-10 hours at workplace every behavior/communication/gestures / may not be intentional or meant to harm the organization but when it is unjustified monitoring When workers begin to feel that their employer does not trust them, their mental well-being is harmfully impacted (Pai, 1997).

Intensive monitoring can be used without precipitating employee unrest as long as employees believe that such information will make a possible contribution to evaluation, used against them and reward system. In case the organization wants to go for monitoring, they need to inform the employees that they are being monitored. Organizations need to have a written code of ethics and providing ethics training, such as discussions of ethical scenarios, to help employees understand what is expected. If employee monitoring is being conducted and if a code of conduct exists, employers should notify employees at the outset (as well when it is being updated) and educate them on the code of conduct. Clear guidelines on the use of telephone calls, e-mail, and voice-mail should be in place.

Teaching Notes

1. Synopsis of the case

WeCare is a medium sized private company dealing with home appliances specifically consumer electronics. It was established in 1976 as a small family run store. In 1980’s it was one of the leading manufacturer and supplier however with passing time, the company
profitability started declining. The top management was greatly concerned about this. After a long discussion, top management of the company decided that it was time to change leadership. They recruited Mr. Ranjan Shah as its Managing Director. Mr. Shah had 35 yrs of experience and had a reputation of sailing any sinking ship.

After settling into his new position, Rajan busied himself identifying the major issues facing the company. After lot of contemplation and analysis he identified the various problem that were mostly ‘people’ oriented. He tried to fix the problem by carrying out things he had learned from his previous jobs in US, which had given wonderful results in the past.

In the first place, he requested the IT dept to monitor what employee did on their desktop /laptop during the working hour. After few days he got a surprising result that most of the employees were using 40 percent of their time in watching YouTube, listening to music, surfing net, talking on phone etc. He did not disclose his observation to the employees and felt that his decision to monitor employees was right. Next, he asked the IT Department to tap and record the phone calls of the employees. The Supervisors would plug into any of their staff’s phone calls to keep track of how long employees spend with each customer.

Not satisfied with even this one day he called his few trusted employees and after taking them in confidence asked them to tell him about their colleague about what they did during the office hour and about what they talked.

Ms. Protima Senior Manager Sales noticed that there was sharp decline in performance of employees. She thought of talking to her teammates to find out the reason behind their declining performance. They confided to her that it was awful to work under such boss who did not trust their integrity who looks at them suspiciously all the time. She told them that she had indirectly hinted that it was creating unhealthy work environment. However, he rebuffed and accused her of supporting her people who were wrong.

The last straw was when employees came to know that Mr. Shah had secretly got installed a hidden camera in office and viewed what was happening in the office. Ms. Promita, was quite offended when one day Mr. Rajan called her and scastically said that she was not contributing enough in the organization. When she refuted his claim, he started showing her clip where she was criticizing Mr. Shah and his work style. Ms. Protima was shocked at the way her boss was spying her. After spending the entire day in thinking about what had transpired between her
and Mr. Rajan she decided to write to the Chief People Officer. In these circumstances what Chief People Officer and employees can do?

**Learning Objectives:**

1. To understand what constitutes Invasion of privacy
2. To understand when Monitoring could be taken as Invasion of Privacy
3. To understand the impact of Invasion of privacy at micro level and at macro level
4. How to balance between monitoring and invasion of privacy

**Key Learning:**

1. Employers retain the right to monitor their staff in some situations, but only if, done in good faith, and where there is a reasonable belief that an offence is being committed
2. Invasion of privacy is seen as infringement of individual rights
3. How the monitoring is implemented, whether the standards are viewed as reasonable, whether the information gathered is work-related and necessary, and, finally, the effects on employees’ quality of work life is what differentiate between monitoring and invasion of privacy
4. An employee who is no longer trusted by his employer and vice versa creates a culture where employee sees no incentive for being loyal, efficient and productive
5. Inequality in power in contractual relationship gives an edge to the employers to extract more information without the employee full-hearted interest.
6. Unless employers are more sensitive to the needs of the monitored workers, there will be backfire and have adverse impact like labor turnover and
7. "When workers begin to feel that their employer does not trust them, their mental well-being is harmfully impacted"
8. Whether an intrusion is offensive depends on the circumstances.

**Intended course (s):** OB, Ethics Management, Leadership, Change Management

**Questions/Issues raised in the case**

1. What is according to you is privacy at workplace and what constitutes invasion of privacy?
2. To what extent and under what circumstances does an employer have the right to conduct surveillance in respect of the activities of an employee?
3. When does the employer’s right to oversee the activities of their workers become an invasion of the employee’s right to privacy?
4. How can organization protect employee privacy rights along with monitoring?
5. What are adverse affect of monitoring in organization at micro and macro level?
6. Can Mr. Shah’s monitoring initiatives are justified. Give reasons for your choice

Teaching Plan:

The case will be distributed individually and is for individual analysis. After receiving individual input on the issue, the case is open for group discussion. The duration of class would be 2 hrs. The Bifurcation of time would be as following:

30 minutes allocated for reading, understanding and analyzing the case.
45 minutes for individual view on the issue raised in the case. 25 min for group discussion
20 minutes for class instructor to give his/her view and summarization Suggested time Plan:
Initial classroom discussions: 45 min

Views/opinion of Case Instructor:

1. The term "privacy" is sometimes used to designate a situation in which people are protected from intrusion or observation by natural or physical circumstances. Hence, privacy can be natural or normative where the privacy is protected by ethical, legal, or conventional norms. For example, disclosure about health issues to medical professional would be normative privacy. When an unauthorized entry is made into a normatively private situation, privacy has not only been lost, it has been breached or invaded.

Privacy can be about location, activities or relationship

There are two perspectives on privacy. First is control theory, which states that privacy is not simply absence of information about us in the minds of others, rather it is the control we have over information about ourselves(Fried, 1984). For example, result of medical test conducted on self, or knowing what all is stored in one’s laptop. Therefore, to protect ourselves we need to make sure the right people and only the right people have access to relevant information at the right time. Thus, it brings to second prospective the restricted theory of privacy. The Restricted theory states that privacy is characterized by the level of access others have to our information Anita Allen (1988). It puts the focus on what we should be considering when developing policies for protecting privacy.
Employee monitoring decreases the amount of control employees have over their own information through unrestricted access. Even when organizations do not monitor, but set up the system to facilitate monitoring at any time, a breach of privacy has occurred.

2. Organizations have right to conduct surveillance when they need to ensure that:

   a) Employees do not use personal compute for surfing internet; sending personal emails as every minute spent doing non-business related work is a minute not spent on increasing revenue
   
   b) Trade secret, confidential data or any corporate information doesn’t get leak
   
   c) Attendance and productivity is beyond satisfaction
   
   d) Employees do not take advantage of business illegally or unethically by copying, using office equipment without permission or by visiting outrageous sites.

William Parent (1983) has laid out six criteria for determining whether an invasion of privacy is justifiable:

1. For what purpose is the undocumented personal knowledge sought?
2. Is this purpose a legitimate and important one?
3. Is the knowledge sought through invasion of privacy relevant to its justifying purpose?
4. Is invasion of privacy the only or the least offensive means of obtaining the knowledge?
5. What restrictions or procedural restraints have been placed on the privacy-invading techniques?
6. How will the personal knowledge be protected once it has been acquired?

3. From an ethical point of view, an employee surely does not give up all of his or her privacy when entering the workplace. Employers retain the right to monitor their staff in some situations, but only if this is done in good faith and where there is a reasonable belief that an offence is being committed. The Ontario Superior Court 2008 gave a land mark judgment in favour of Ms Colwell. Her boss had secretly installed a hidden camera in the ceiling of her private office at her workplace in London, Ont., when he suspected the maintenance staff she supervised of stealing. The court observed that presence of the camera in Ms. Colwell’s office
without her knowledge, consent or even a good reason amounted to a poisoned workplace, and on that basis she was awarded damages.

4. Privacy is difficult to protect as ‘privacy right of different individual or group at times conflict for example managers interest in knowing about candidate psycho-social background before selection is to avoid negligent hiring However it conflicts with candidate interest to keep these information confidential. Instead of human monitoring use of technology can be made monitoring is done basically because things can go wrong, However work situation can be structured so that violations, abuses and errors are less possible. Some of the ways by which privacy can be protected along with monitoring is as following:

Establish behaviour norms at work thus cut down the need for monitoring

Employers need to provide employees with advance notice of monitoring as well as appropriate mechanism for appeal

Provide workers with access to information on themselves

Provide compensation to employees whose rights have been violated or who are victims of erroneous info generated by a monitoring system

Require people to verify machine produced info before using it to evaluate employees

5. The increased use of monitoring in the workplace could well backfire. The pressure on monitored workers can be unending, and nerve-racking and can damage their physical and psychological well being (Miller, 1996). Often employers can misuse monitoring to take revenge or vendetta against the employee, they could also use it to take out personal grudge against the employee. It also creates adversarial relationships at work. When workers begin to feel that their employer does not trust them, their mental well-being is harmfully impacted (Pai, 1997) Workers may feel violated and powerless in the face of monitoring. There would be lesser of interaction with supervisor and that too would be more of impersonal, less satisfying. It might disrupt understanding between labour and management. Thus it leads to low morale, productivity and destructive countermeasures.

6. No, because Mr. Shah went beyond the employer’s right to monitor employee. What ever he did was not in good faith. He engaged in tactics which were unethical in nature and
uncalled for. The entire purpose for which he had started monitoring got defeated because instead of improving performance it created a climate of distrust and discontent among the employees which deteriorated their performance. The employees were not provided with any advance notice of monitoring, in terms of type and time. Apart from this there was no mechanism for appeal in case the employee’s privacy rights was being abused.

References


