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AUTOMATED PERFORMANCE MANAGEMENT AND DECISION MAKING IN THE EU LABOR RELATIONS

The digitalization of labour is fundamentally reshaping the employment, transitioning from traditional, human-centric performance management toward decentralized work governed by algorithmic supervision. This shift is characterized by the rise of precarious, data-driven arrangements—such as zero-hour and short-term contracts—that catalyse a significant re-regulation of labour relations. Drawing on OECD (2025) data, this paper analyses the rapid adoption of AI-driven monitoring and evaluation tools across global markets, noting significant impact on managerial autonomy versus worker protection.

While employers favour these technologies for efficiency and productivity gains, the automation of high-stakes decisions—such as performance appraisals and contract terminations—introduces profound psychological risks, including the “robotization” of labour and the erosion of worker dignity. The paper critically examines the exacerbation of historical power asymmetries and the contentious nature of “informed consent” in subordinate employment.

Centrally, the study evaluates the European Union’s legislative response, specifically the Platform Work Directive (EU) 2024/2831 and the AI Act (Regulation 2024/1689). These frameworks introduce critical safeguards, including the rebuttable presumption of employment, „human-in-the-loop” mandates, and the prohibition of invasive biometric and emotion-inference monitoring. By synthesizing these legal developments, the paper argues for human-centric regulatory approach to ensure that technological innovation does not dismantle the fundamental rights and social architecture of the world of work, while in the same promoting and supporting innovation and further digital development.

Keywords: artificial intelligence, automated decisions, GDPR, employment.

1. INTRODUCTION

Since the formalization of labour relations and their subsequent regulation, labour law has undergone a continuous evolution in response to shifting political, socio-economic, and

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ideological environments. Historically, this regulatory landscape has functioned primarily *ex post*, adapting to industrial changes only after their societal impacts became manifest. In recent years, the introduction and integration of artificial intelligence (AI) have precipitated a profound transformation in the nature of work. This systemic shift—characterized here as “digital labour revolution” or “digivolution”—represents a radical departure from the traditional labour paradigms established by the International Labour Organization (ILO), marking a transition from analogue industrial models to a data-driven digital reality.

AI-driven systems are now extensively deployed across the employment lifecycle, including recruitment, task allocation, and workflow management. Automated performance management has evolved from rudimentary screening and psychometric testing to sophisticated, real-time productivity monitoring and algorithmic performance evaluation. Crucially, the increasing reliance on AI for performance assessment introduces the possibility of fully automated decision-making regarding labour rewards or, more contentiously, the unilateral termination of employment contracts.

While digitalization offers significant advantages—including enhanced operational efficiency, remote work flexibility, and improved work-life balance—these benefits must be balanced against the inherent risks to worker labour protection. Although the utility of digital tools is substantial, it does not obviate the need for rigorous legal oversight within existing international, regional, and national frameworks. Labour regulation traditionally suffers from a “regulatory lag”, struggling to respond rather than to prevent statutory protections of workers in circumstances of rapid technological advancement. To mitigate these challenges, the European Union has pioneered a regulatory response, primarily through the General Data Protection Regulation (GDPR), the EU AI Act, and the Platform Work Directive, the latter of which specifically addresses the nuances of algorithmic management and automated dismissal.

The structure of this paper is as follows: Part II explores the flexibilization of employment, contrasting employer and worker perspectives on innovative AI management tools. Part III analyses the specific EU legal mechanisms governing the termination of employment via automated decision-making. Part IV outlines the landmark case law in the area of automated performance management and decision making. Part V identifies critical gaps in the current framework and highlights areas of concern regarding automated contract termination that demand urgent judicial, legislative, and corporate attention.

2. TRANSITION FROM IN-PERSON WORK TO IMPERSONAL WORK

The digitalization of labour is fundamentally reshaping the traditional employment paradigm, shifting from presence-based management and human-centric office cultures toward decentralized workforces governed by algorithmic supervision and output-oriented metrics. This transition is characterized by the replacement of traditional employment contracts in favour of precarious, data-driven, and fragmented arrangements, such as zero-hour contracts, external contractor arrangement or short-term contracts. The integration of artificial intelligence and platform-work has catalysed a significant *re-regulation* of labour relations, necessitated by the profound transformation of core work features. We are currently witnessing a significant shift in labour regulation as a direct consequence of integrating artificial intelligence and platform work into daily professional performance. This technological paradigm shift

necessitates a comprehensive re-evaluation of labour relations, accounting for the novel role of AI in executing tasks previously reserved for humans. This evolution has introduced entirely new legal dimensions—such as mandated human oversight of digital tools, innovative models of algorithmic supervision, and automated work assignment systems—that challenge existing labour law frameworks. Furthermore, fundamental aspects of labour law, including working time, occupational health and safety, and the predictability of assignments, have been transformed by these technologies. Consequently, legislative reforms are imperative to effectively capture these transformations and ensure adequate protection for workers in an increasingly automated landscape.

Employers generally favour AI-driven monitoring and evaluation tools for their efficiency and productivity increase. An OECD survey conducted in 2024, involving over 6,000 mid-level managers across France, Germany, Italy, Japan, Spain, and the United States, focused on algorithmic management tools designed for worker instruction, monitoring, and evaluation (OECD, 2025, p. 19). The study revealed significant geographic disparities in adoption:

- The United States: Exhibits the highest integration, with 90% of firms utilizing algorithmic management, specifically in monitoring and evaluation. Notably, 55% of U.S. firms monitor the content and tone of communications (calls, emails, and conversations).
- Europe: Shows an average adoption rate of 79%, with a primary focus on instructional tools (69%) and basic monitoring, such as time tracking (33%). Surveillance of communication content remains low at 6%.
- Japan: Reports the lowest adoption rate at 40%, primarily utilizing monitoring tools (31%), with only 8% engaging in communication content analysis.

Managers report that these tools improve decision-making quality (60%), citing increased information availability, faster processing, and greater managerial autonomy as drivers for productivity gains. However, significant concerns remain regarding accountability for erroneous algorithmic decisions (28%), the opacity of algorithmic logic (27%), and the potential for inadequate protection of workers' physical and mental health (27%) (OECD, 2025, p. 19).

When employers negotiate AI solutions with third-party vendors, the primary objectives are typically profit maximization and the elimination of operational bottlenecks. This focus often ignores the divergent concerns of the workforce, potentially placing employees in a precarious position. Consequently, the digital revolution necessitates robust labour law safeguards. AI tools must be developed through a human-centric lens that prioritizes worker rights.

Historically, workers have occupied the subordinate position in labour relations—a disparity that persists even in regions with the most developed and the most dynamic collective bargaining traditions, such as Northern Europe. Digitalization threatens to exacerbate power imbalance and weaker position of workers compared to employers. Newman (2017, p. 693) posits that big data is actively deployed to depress wages through hiring practices, restructured merit-based raises, and the strategic “disorganization” of workplaces to erode employee bargaining power.

The workforce claims that constant surveillance risks “robotizing” employees, heightening information asymmetries and further enhancing the power balance toward employers (Bernhardt, Kresge & Suleiman, 2021, p. 15; Fernandez Macias, 2023, p. 17).

Such environments can diminish job satisfaction and compromise health and safety standards. (Gonzalez Vazquez *et al.*, 2024, p. 28; Hertel-Fernandez, 2024, p. 63; Holubová, 2022,

p. 39; Hunt & Pickard, 2022; Thorn Jensen, Oosterwijk & Nørgaard, 2024, pp. 18, 67; Lee *et al.*, 2015). When monitoring extends into private time through legally ambiguous methods, worker bargaining power is significantly diminished (Mateescu & Nguyen, 2019, p. 28; Möhlmann *et al.*, 2021, p. 25; Enqvist, 2023, p. 520).

Information asymmetries (Rosenblat & Stark, 2016, p. 15; Cox, Anttila & Oosterwijk, 2024, p. 26; Agosti *et al.*, 2023, p. 43) in algorithmic labour on the workers' side have further amplified the historical power imbalance between employer and employee.

Furthermore, the concept of "consent" is highly contentious within the context of subordinate digitalized employment. Given the inherent power imbalance, it is questionable whether workers can provide meaningful consent to data tracking and other digital monitoring practices when they are employed as platform workers. In order for workers' consent to be meaningful, it needs to be unambiguous, specific, free and informed. Non-negotiable nature of consent in digital work renders it a purely formalistic precondition for employment relation. If the worker rejects to consent to data tracking and other digital monitoring practices, he/she will not be engaged as platform worker. Given the size of platform labour market, and the fact that labour offer exceeds labour needs, the platform work transcends the traditional boundaries of time and space. In digitalized work, consent thus becomes contentious simply because the worker has to consent as otherwise, he/she will be substituted by another platform worker within minutes.

3. EUROPEAN UNION REGULATION ON THE USE OF ARTIFICIAL INTELLIGENCE IN LABOR RELATIONS

To address the risks of extreme labour flexibilization and the erosion of worker benefits for an estimated 28 million platform workers in the EU, the European Union has adopted Directive (EU) 2024/2831 of the European Parliament and of the Council of 23 October 2024 on improving working conditions in platform work (further: Platform Work Directive). The main goals of the Platform Directive are threefold: introducing measures to facilitate the determination of the correct employment status of persons performing platform work, establishing rules to improve the protection of persons performing platform work with regard to the processing of their personal data by increasing the transparency, fairness, human oversight, safety and accountability of relevant algorithmic management procedures in platform work and improving the transparency of platform work in cross-border situations (Art. 1 of the Directive).

In the Preamble, Directive refers to Principle No 5 of the European Pillar of Social Rights providing that, regardless of the type and duration of the employment relationship, workers have the right to fair and equal treatment regarding working conditions, access to social protection and training...and that employment relationships that lead to precarious working conditions are to be prevented, including by prohibiting the abuse of atypical contracts (p. 3 of the Preamble of Platform Directive). It further refers to Principle No 7 of the Pillar on the right of workers to be informed in writing at the start of employment about their rights and obligations resulting from the employment relationship and stating that, prior to any dismissal, workers have the right to be informed of the reasons and be granted a reasonable period of notice and the right to access to effective and impartial dispute resolution and, in the case of unjustified dismissal, a right to redress, including adequate compensation (p. 3 of the Preamble of Platform Directive). Finally, it refers to Principle No 10 of the Pillar on the right of workers

to a high level of protection of their health and safety at work and the right to have their personal data protected in the employment context (p. 3 of the Preamble of Platform Directive).

The Directive introduces a rebuttable presumption of employment. Under this provision, if a platform utilizes AI for task control or supervision—in accordance with national laws and collective agreements—the worker is legally presumed to be an employee. Crucially, the burden of proof shifts to the platform, which must demonstrate the absence of an employment relationship to challenge this classification.

The Directive includes certain level of social protection, primarily through provisions protecting platform workers from algorithmic discrimination (Art. 10, p. 3), safety and health protection (Art. 12), right to redress (Art. 18), protection from adverse treatment or consequences (Art. 22), protection from dismissal (Art. 23), and promotion of collective bargaining (Art. 25).

A cornerstone of the Directive is the requirement for human-in-the-loop oversight. Crucial employment decisions related to the livelihood of worker and his/her family, such as the suspension or termination of contracts, should not be executed solely by algorithms and must undergo human review. This alignment seeks to maintain human agency in key employment decisions. Adams-Prassl *et al.* (2023, p. 143) argue that addressing the regulatory gap in human agency requires a multi-layered approach in several phases of the labour relation—and follows the Directive's loop—adding that more than one loop is required should we wish to protect workers from possible detrimental consequences of digitalized decisions of employers. Thus, the authors claim that we need to get involved “*before the loop: involving information and consultation rights; in the loop through prohibition of fully automated terminations, after the loop through the right to a meaningful review of decisions and above the loop through mandatory algorithmic impact assessments.*” The implementation of a quadruple-layer safeguard framework is essential to ensuring the non-discriminatory application of labour rights within the digitalized work. The establishment of information and consultation rights constitutes a fundamental procedural prerequisite for an equitable employment environment. Complementing this, a strict prohibition on fully automated terminations is essential to ensure that disciplinary actions are not dictated solely by quantitative metrics; rather, mandatory human oversight must be integrated to facilitate an evaluation of all relevant qualitative factors (Adams-Prassl *et al.*, 2023, p. 143). Furthermore, the provision of a meaningful review mechanism offers a critical layer of protection, enabling workers to contest algorithmic outputs. Within this framework of review, employers should incorporate a formal right of rebuttal, thereby ensuring that automated decisions are subject to rigorous scrutiny and adversarial challenge. Finally, the systematic implementation of algorithmic impact assessments is essential to mitigate discriminatory biases that may remain undetected by preceding safeguard layers. These assessments function as a critical ex-post mechanism, ensuring that technological oversight does not inadvertently perpetuate systemic inequality. Proposed quadruple-layered regulatory architecture is indispensable for securing substantive employment protections and upholding the fundamental rights of workers within the digital economy (Adams-Prassl *et al.*, 2023, p. 143).

The Directive reinforces transparency by requiring platforms to disclose the mechanics of automated monitoring and decision-making systems, including criteria for task allocation and remuneration. Workers are granted a right to explanation, allowing them to receive written justifications for automated decisions and the right to contest them.

Regarding data privacy, the Directive imposes more stringent safeguards than the General Data Protection Regulation (GDPR). It prohibits the processing of sensitive data via automated

systems, including emotional or psychological states, private conversations, trade union activities, and protected characteristics such as race, religion, or political affiliation. Furthermore, the Directive acknowledges the inherent power imbalance in labour relations by stipulating that consent is generally no longer considered a valid legal basis for data processing in platform work due to the power imbalance between the platform and the worker.

Article 22 of the GDPR grants individuals the right not to be subject to decisions based solely on automated processing. While Article 22 contains exceptions for contractual necessity and explicit consent, these often assume *an equality of arms* that is largely absent in digitalised labour by the mere fact that the labour demand exceeds the labour offer, as it expands geographically across the entire world. The Directive and the EU Artificial Intelligence Act (Regulation 2024/1689) provide more robust safeguards, such as mandatory human oversight and the right to contest decisions.

The EU Artificial Intelligence Act (Regulation 2024/1689) is the world's first comprehensive and sophisticated legal framework for AI, categorising systems by risk levels. The Act prohibits unacceptable AI risks, such as social scoring and biometric categorisation in workplaces. The most critical high-risk AI systems (to become enforceable in summer this year) are those for recruitment, performance monitoring, task allocation and termination of employment contract. The Act clearly states that key employment decisions about recruitment and termination cannot be made solely by an algorithm.

Further, transparency is a prominent feature implying that workers must be notified when high-risk AI is being used to monitor or evaluate them. Training datasets must be high-quality and tested to minimise discriminatory outcomes. Systems must automatically record events (logs) to ensure results can be traced and audited.

4. LANDMARK CASE LAW IN AUTOMATED PERFORMANCE MANAGEMENT

In recent years, the evolution of automated performance management has frequently outpaced regulatory efforts, leading to the adoption of post-factum legislation that primarily serves to formalize pre-existing labour relations. Consequently, judicial intervention has become indispensable; courts in various jurisdictions have recognised that their case law is fundamental to supporting subsequent legislative reforms. By interpreting novel workplace scenarios—particularly those involving algorithmic oversight of performance management—courts have effectively expanded the traditional scope of labour law.

The following four landmark judgments illustrate this judicial proactive role across distinct jurisdictions:

Uber & Ola Cabs v. Worker Info Exchange (2023) (Amsterdam Court of Appeal)

The Court ordered the platforms to provide “meaningful information” about the logic behind their automated decisions, such as task allocation and dynamic pay. Significantly, the Court rejected Uber’s claim that human reviews made their system “not fully automated”, labelling such manual intervention as a “symbolic act” that did not provide real human oversight. This decision represents a critical jurisprudential development; the court provided an exhaustive conceptualisation of meaningful information and the requisite standards for human oversight in the exercise of managerial prerogative.

Deliveroo v Independent Workers Union of Great Britain (2023) (UK Supreme Court)

The Court found that Deliveroo drivers were not workers because they had a genuine “substitution clause” (the right to send someone else to do the job), which undermined the requirement for personal service. This highlights the legal gaps employers still use to avoid traditional labour regulations. By scrutinizing the “worker” designation in platform-based labour, this ruling highlights that the power of substitution fundamentally de-personalizes the labour performed. As a result, the court concluded that such services lack the essential characteristics of a traditional labour relationship.

Uber BV v Aslam (2021) (UK Supreme Court)

The Court dismissed Uber’s complex contractual wording as “fiction”, ruling that drivers were workers because the app exercised “significant control” over them. Crucially, the Court highlighted that Uber’s automated passenger rating system and the penalisation of drivers (by logging them out for declining fares) were forms of performance management that proved a subordinate relationship. This judgment is of particular importance, as it asserts the primacy of factual reality over contractual form. The court established that the automated management of platform workers constitutes a form of supervision that cannot be disguised by misleading contractual frameworks designed to evade traditional labour protections.

Filcam CGIL v Deliveroo Italia (2020) (Bologna Labour Court)

The court found that Deliveroo’s “Frank” algorithm was discriminatory because it lowered the “reliability score” of drivers who failed to log in, regardless of whether the absence was due to illness, childcare, or a protected right like a strike. It proved that an algorithm’s “blindness” to the reason for an action can lead to legal outcomes that are contrary to labour law. This court ruling clearly demonstrates that human oversight (human agency or human management) of workers’ performance could and should not be replaced by the algorithm due to the absence of ability on the part of the digital tool to consider inability to work in the context of labour law and, perhaps even more importantly, in the context of individual worker who, for legally justified reasons—such as sick leave or child care obligations—should not get demoted, excluded from work platform, or, in the most serious case, dismissed. The inability of digital performance management tool to capture legal nuances and personal circumstances of a worker and to connect them to the applicable legal provisions, confirms the need to preserve human agency. Managerial decisions on performance management conducted purely on the basis of log- in times and screen times contravene the purpose of meaningful labour, and thus, the main purpose of labour law regulation.

5. AUTOMATED PERFORMANCE MANAGEMENT AND DECISION MAKING IN LABOR LAW

Algorithmic management represent a novelty in the world of labour where computer-programmed applications, rather than human managers, supervise, evaluate, and terminate workers. This approach is subject to legal regulation—starting with the EU acquis, while also expanding to other parts of the world—to ensure human accountability.

5.1. Human oversight and review of performance management and evaluation of workers

In order to develop effective mitigating measures for protecting the fundamental rights and dignity of workers, it is essential to analyse the underlying development drivers of digitalised

performance monitoring and evaluation. The Already cited OECD surveys revealed that employers primarily adopt AI to enhance productivity and reduce the time traditionally allocated to performance appraisals (OECD, 2025). While reallocating their time toward strategic growth or market expansion, the resulting automation of performance management introduces significant psychological and social risks (OECD, 2025).

A critical paradox emerges: by automating performance evaluation, employers often eliminate the singular aspect of the employment relationship where workers experience professional dignity—the human exchange of praise, constructive feedback, and mutual recognition of good work and work ethic. This shift suggests either a profound misunderstanding of the psychological dimensions of labour or a systemic disregard for worker’s motivation. When human agency is removed from performance evaluation, the work risks losing its perceived meaning, as employee motivation is intrinsically linked to the experience of being valued by another human being for the efforts invested in subordinate work.

In addition, employers seem to have a serious issue with distrust in the work ethic of workers, so they engage and actively seek invasive monitoring applications that survey screen time, private remote-working environments, emotional states, health metrics, and real-time geographic locations. This climate of suspicion represents a profound threat to the stability of employment relationships, as trust is the foundational element of any functional labour dynamic.

By marginalising human agency, we risk dismantling the essential “relationship” component of regulated labour relations. In labour law, regulation is predicated on a complex web of interpersonal and collective interactions—between workers and employers, trade unions, colleagues, and third-party stakeholders. In the field of labour law, interpersonal and collective interactions are crucial for the functioning of labour market. Some of these interactions are formalised—such as a tripartite social partnership where the government, employers, and workers’ representatives (trade unions) collaborate to negotiate terms and maintain social peace, while others are not formalized, but nonetheless, are equally important. The resulting “erosion of the personal relationship” fundamentally alters the dynamics between the individual and the corporation, leading to a “deeper shift away from a sense of care and responsibility” (Kellogg, Valentine & Christin, 2020, p. 45). Such a trajectory could permanently destabilize the world of work, as employees—when afforded the opportunity—will inevitably disengage from environments where their autonomy and dignity are compromised.

This aversion stems from the fact that workers, whenever feasible, will actively avoid employment within organizations that robotize and dehumanize their labour. If personal circumstances and human contingencies are reduced to mere “non-productivity” metrics—subject to automated financial penalties, disciplinary measures, or dismissal—the traditional protections of labour law are rendered obsolete. In such a scenario, the legal framework governing the employment relationship faces an existential threat, as it becomes an ineffective bystander to an entirely algorithmic and transactional system.

Labour regulations have a strong social component, the result of a long historical evolution aimed at balancing economic interests with human rights and professional dignity. To now suggest that the employment relationship should be reduced to a purely productivity-driven, profit-centric transaction—stripped of compassion, care, and dignity—represents a regression that threatens to dismantle the carefully constructed architecture of modern labour law.

Furthermore, such a shift jeopardises the very dignity of the workforce, whose well-being is the ultimate engine of productivity. As noted by Adams-Prassl *et al.* (2023), “taking managerial

decisions without human agency risks alienation and violations of workers' individual dignity", whereas "human agency is central to flexibility and empathy". By removing the human element, we risk replacing a nuanced legal and social framework with a sterile, mechanical system that is fundamentally incompatible with the human-centric values of contemporary labour law.

5.2. Prohibition on high-risk practices

The latest legal regulation of automated performance management in the EU had to prohibit certain practices that are considered high-risk for the livelihood of workers, such as automated decisions in the area of suspension and termination of employment contracts, and a meaningful human review for significant decisions like hiring, firing, or disciplinary measures. In order to prevent such practices, there is a need for substantive legal protection, meaning that employers must honestly reveal that the automated decision had no human oversight. Employers can claim that the automated decision did have a human oversight—either by the HR department or the executive officers representing the employer—but in reality, it can easily be the case that the automated decision was unsupervised, and this will be very difficult to prove in a possible out-of-court settlement or court proceeding. Therefore, mandatory audits should be required for all companies dealing with automated performance management; workers and trade unions should be a part of those audits in order to ensure a reliable procedure that is in line with EU law and the protection of fundamental labour rights of workers. Internal impact assessments should be conducted regularly to assess the impact of automated decisions.

Further, high-risk practices that are invasive to privacy and unnecessary for the employment relationship or work performance, like constant biometric or emotion inference monitoring, or monitoring of private premises of workers, recording conversations in private time, and similar practices should be prohibited while algorithmic applications should automatically delete all data collected outside of working time and all data that is considered illegal to collect.

When considering the regulation of automated performance management, we need to bear in mind that regulation should encourage further innovation or, at a minimum, avoid impeding developmental progress through excessive administrative burdens on enterprises. Clear guidance for tool developers should not discourage the development of new and innovative practices in the area of artificial intelligence at work. The pursuit of operational does not inherently contravene the protection of workers' fundamental labour and human rights.

5.3. Explainability and transparency

In the context of automated performance management, it is imperative that organisations adhere to a framework of monitoring transparency and human-centric governance. Prior to the deployment of AI systems that monitor performance, employers must fulfil a mandate of formal notification to both employees and their representative bodies. This disclosure should comprehensively detail the underlying logic of the algorithms, the specific categories of data collected, and the evaluative parameters utilised to assess worker productivity.

Furthermore, the principle of human-in-the-loop oversight is essential for high-risk employment outcomes. Any final determination regarding the termination of a contract or significant disciplinary action must be decided by a human rather than an automated system. This human intermediary—whether from management or human resources—needs

to possess the capacity to interpret algorithmic outputs and provide a reasoned explanation to the affected individual.

To ensure accountability, organisations employing algorithmic management must establish a redress mechanism. These procedures should allow workers to challenge automated or semi-automated decisions, ensuring a right to a substantive human review of the underlying circumstances.

5.4. Trade unions' role

The role of trade unions and collective representative bodies is paramount within the framework of national labour legislation, particularly regarding the mandatory oversight of employment terminations for vulnerable or disadvantaged workers. In this context, trade unions function as a regulatory oversight mechanism, safeguarding employee interests against management decisions that significantly impact worker livelihoods. The efficacy of trade unions' involvement is contingent upon their ability to provide meaningful intervention in automated decision-making processes. If trade union involvement and consultation functions merely as a procedural formality rather than a substantive check on the legality of algorithmic decisions, it risks becoming an additional administrative burden that fails to enhance worker protections. Furthermore, the institutional strength and bargaining power of trade unions are critical determinants in the rectification of adverse automated performance management decisions. In countries where trade unions are an equal and strong social partner, they are better positioned to challenge and mitigate the risks of algorithmic error affecting labour relations. Conversely, in countries where trade unions are fragmented or weak, the ability to contest automated decisions is significantly diminished.

Established unions with legitimacy are more likely to be integrated into labour governance. Mutual respect and social dialogue between employers and trade unions remains the primary precondition for ensuring that automated systems comply with international labour legal standards and uphold fundamental workers' rights.

6. CONCLUSION

The digitalisation of performance management represents a major shift in labour relations and applicable labour law that fundamentally reconfigures the employment relationship and poses completely new challenges to labour law. The transition from human (employers') supervision to algorithmic management is characterised by decentralised, output-oriented metrics. While data from the OECD (2025) underscores the efficiency gains for employers and enhanced managerial autonomy by digital tools, the paper highlights the possibility of an erosion of worker dignity, privacy, and psychological well-being.

The research indicates that the "robotisation" of the workforce and the invasive surveillance of both professional and private spheres have rendered traditional notions of "informed consent" largely illusory within the subordinate employment context. By reducing workers' contribution to pure productivity metrics, algorithmic systems risk obsoleting the functions of labour law.

However, the emerging European regulatory landscape—specifically through Directive (EU) 2024/2831 on Platform Work and the AI Act (Regulation 2024/1689)—offers a sophisticated legal framework. By institutionalising the "rebuttable presumption of employment",

establishing “human-in-the-loop” obligation for high-risk decisions like suspension and termination of employment contract, and prohibiting invasive biometric and emotion-inference monitoring, the EU is pioneering a human-centric model of digital governance of performance.

In conclusion, the survival of the labour relationship in the digital age depends on the successful harmonisation of technological innovation with the fundamental rights of workers. Regulatory frameworks must move beyond formalistic requirements to ensure substantive human involvement, where such involvement is crucial to prevent the commodification of labour and performance management based purely on efficiency metrics, in breach of labour law standards.

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