

Managing sensitive HR data

Steven T. Hunt, Ph.D.

Click to follow my posts: www.linkedin.com/in/steventhunt

HR data often contains highly sensitive information about employees and the organizations they work for. Part of using HR data is managing the potential risks it can create. These tend to fall into three broad categories.

Data privacy. HR data often contains information about employees that could be misused if it fell into the wrong hands. Identity theft is certainly one concern, however there are many other reasons to ensure HR data is handled in careful and confidential manner. Many countries have enacted regulations that impose strict requirements around how and where HR data must be stored, who can access it, and when it must be destroyed. The General Data Protection Regulation (GDPR) recently enacted by the European Union is just one example of a variety of stringent laws and rules found in different countries to ensure HR data is not used inappropriately. Anyone working with HR data should pay careful attention to these regulations lest they inadvertently violate regulations that can often result in significant financial penalties.

Cultural concerns. Increasing the transparency of HR data may reveal certain organizational characteristics that could create some difficult conversations within the company. Foremost is the potential to uncover inequitable trends related to compensation and staffing. Leaders and managers must be educated on how to appropriately respond when people call out data that suggest potential unfairness and inequity in employee treatment.

Legal exposure. HR data may also surface patterns that could put the company at legal risk. Foremost is the risk of uncovering trends that could be used as evidence of potential discrimination based on gender, age, or ethnicity. When dealing with such data, it is wise to consult corporate counsel and take precautions that minimize the potential of becoming a target of legal actions.

The risks associated with HR data are real, but they are also manageable. This starts by educating the people handling HR data on how to properly protect its confidentiality and security. It continues by controlling who see HR data and ensuring it is only used for appropriate purposes. Finally, it is important to educate leaders in the company on how to effectively discuss patterns in the data so they lead to constructive change and avoid destructive criticism.

Some companies are so afraid of the risks inherent HR data that they are afraid to use it for anything beyond the most minimal required reporting. Such practices fail to leverage the wealth of valuable information found in HR data. But even worse, they serve to perpetuate inappropriate practices rather than addressing them. When it comes to data companies have two basic choices. One approach is to hide the data in hope that any inconvenient truths it contains will never come to light. The growing number of corporate scandals occurring in the media suggest this strategy is ultimately bound to fail. The other approach is to use the data to better understand the world as it is, problems and all, and then leverage the data to develop methods to improve the world for the better. This approach does require a bit more risk taking up front, but is ultimately more likely to lead to positive long-term outcomes over the long-term.