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ETHICAL DILEMMAS IN HR ANALYTICS
Perspectives from the global workforce

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"

We take the views
of our employees
very seriously.
Just because we're
legally allowed to
analyze certain
types of employee
data doesn't mean
we always will.

"

ALAN WILD
VICE PRESIDENT HUMAN RESOURCES, IBM

EXECUTIVE SUMMARY

Over 20,000 workers in 44 countries were surveyed for their ethical perspective on data use in HR analytics. This paper presents the results and practical implications for HR analytics projects. The countries surveyed have been classified according to one of four ethical ideologies: Absolutism, Situationalism, Subjectivism, and Exceptionalism (see Figure 1). Most countries are classified as predominantly Absolutist. The next biggest categories are Situationalist followed by Exceptionalist. No countries were classified as Subjectivist. We conclude by discussing the implications of these ethical perspectives, including the need for clear, transparent policies about data use, and what to do when multinational organizations have offices in countries with different ideologies with regard to data use.

Figure 1. Types of ethical outlooks

ABSOLUTISTS ASSUME
THE BEST POSSIBLE
OUTCOMES OCCUR
WHEN UNIVERSAL
MORAL RULES ARE
FOLLOWED.

*"I believe the rules are
the rules."*

SITUATIONALISTS
REJECT MORAL
RULES AND ADVOCATE
INDIVIDUALISTIC
ANALYSIS OF EACH
SITUATION.

*"The rules are made for the
guidance of the wise. If a new
policy means better results
and benefits for everyone
involved, it should be enforced."*

SUBJECTIVISTS
WANT EVALUATIONS
BASED ON PERSONAL
VALUES RATHER
THAN UNIVERSAL
MORAL PRINCIPLES.

*"It's my way or the highway.
I personally can't get
behind a policy that ignores
potential risks, so I can't see
why anybody else would be
comfortable with that."*

EXCEPTIONALISTS
WANT MORAL RULES
TO GUIDE JUDGEMENTS
BUT RECOGNIZE THE
NEED FOR EXCEPTIONS.

*"The exception that proves the
rule. I don't personally love this
idea, but I can see how others
might benefit from it."*

THE FUTURE OF HR IS ANALYTICAL

New analytical capabilities are revolutionizing the field of Human Resources (HR), and evidence based approaches are replacing intuition as the preferred way to make decisions in HR. These developments are driven by improvements in both scientific understanding and technology:

BEHAVIORAL SCIENCE THEORY and research are able to clearly specify which information about employees HR departments should measure.

TECHNOLOGY PLATFORMS can now store large volumes of relevant HR information and offer sophisticated methods of analysis.

OPEN STANDARDS allow methodology experts to link disparate data sources to generate more accurate predictions about employee behavior.

These developments, in turn, allow better decision-making on topics such as: which candidates companies should hire, how workers should be rewarded, and who is most at risk of leaving. It seems the limit to what professionals could do with analytics in HR is set only by our analytical creativity. But what we *could* do and what we *should* do in analytics within HR are altogether different questions.

USING EMPLOYEE DATA – THE CONTEXT

HR professionals need to ensure they do not infringe upon laws, social norms, and customs with regard to appropriate data use. Working within these rules requires knowledge of worker attitudes towards how personal data will be used in workforce analytics projects. This knowledge is relevant for several different audiences:

FOR CHIEF HUMAN RESOURCES OFFICERS (CHRO) to be able to establish policies that reflect their company culture and the views of their workforce.

FOR HR ANALYTICS PRACTITIONERS to make decisions consistent with the established policies.

FOR EMPLOYEES to gauge how consistent their views are with those of their co-workers.

In two previous papers[1,2], we examined whether individual workers and countries could be accurately described using a well-established framework originally developed by Westin, an influential scholar of privacy theory. These recent papers had two primary conclusions:

1. Few workers today are unconcerned about the privacy of their personal data. The Unconcerned group that was observed in past studies using Westin's framework have been replaced by a category we called "Security Conscious."

2. People in difference countries vary in their sensitivity to having their data analyzed for HR analytics.

This previous research, however, did not examine workers' views about decision making in grey areas where legal precedent does not exist, or data ownership is unclear. We address those topics in this paper.

ETHICAL DATA DILEMMAS

Questions about what we should or should not do with data in HR analytics fall into the realm of HR analytics ethics. In this paper, we will use the definition of ethics from the Merriam-Webster English dictionary and apply it to the HR analytics context. Ethics in HR analytics in this paper, therefore, refers to "the discipline dealing with what is good and bad and with moral duty and obligation" as it applies to workforce analytics. The most important point to note here is that what we can do and what we should do in HR analytics might not always coincide. Take the following examples of real experiences the authors have encountered. Each required a decision to be made about what to do:

- We can now 'probabilistically' identify employees and link their Employee Assistance Program (EAP) use with their absence record to improve well-being programs. Should we do this?

- Social network analysis and text analysis of work email traffic (who contacts whom, what is said) allows more accurate estimation of employee engagement. Can we analyze this type of data?

- Statistical analyses indicate that certain employees are chronically disengaged and do not respond to salary increases with increased engagement. Should these employees be the focus of remedial action?

- Data collected in personal development programs would be useful to incorporate in decision-making about a high potential program. What are the ethical implications of doing so?

- New technology permits identification of employees who are making negative comments about their employer on public websites. What should we consider before proceeding?

- We would like to integrate data sets from different systems such as employee opinion surveys and performance management for strategic insight that will help with workforce planning. Is it okay to do so?

- We would like to survey our employees about a sensitive topic, and were told we should not because it will make the workers think about things they wouldn't have thought about otherwise. Is this a valid reason not to proceed?

- We can detect potential employee health risks through wearables and sleep monitors. Should we use this information to make decisions about employees? What if that employee is an airline pilot for example and their potential health risk could be dangerous for customers?

In an ideal world, the answers to dilemmas such as those above would be documented in legislation, such as the General Data Protection Regulation (GDPR), which will be implemented in the European Union in 2018. Indeed, HR analytics practitioners already advocate involving legal advisors from the outset of HR analytics projects. See, for instance, Rule 5 from Patrick Coolen's 10 Golden Rules of HR analytics.[3]

The approaches to ethical dilemmas would also ideally be documented in company data usage policies, such as those offered in guidance by organizations such as the Chartered Institute of Personnel Development (CIPD), or the Society for Human Resource Management (SHRM). In many cases, however, decisions about the appropriateness of analyses are grey, not black and white. Legislation and policies might not cover new technologies and applications, for example.

In cases where the legislation is silent, HR analytics professionals might make decisions based on the risk of harm to workers or the firm, for example, asking how will it appear if there is an investigation. The problem with this approach is that different people have different interpretations of risk and harm, especially when those evaluating the risk and those likely to experience damage due to the risk are different people.

In this paper, we propose that when existing guidelines and legislation are unable to provide sufficient direction, questions about the use of data in workforce analytics should be informed by the ethical perspectives of the culture(s) in which your organization operates.

A THEORETICAL MODEL OF ETHICAL IDEOLOGIES

To understand the dominant ethical ideology about HR analytics data usage in different cultures, we surveyed more than 20,000 workers in 44 countries. We presented respondents with statements describing different approaches to deciding whether data should be used in analytics.

The statements corresponded to a conceptual model of ethical ideologies first proposed by Forsyth (1980). However, we adapted the model for the modern workforce analytics context by making each of the ethical ideologies describe ways that decisions should be approached in workforce analytics.

We divided the ethical outlook of workers into four distinct types, and we asked survey respondents to decide which of four statements they agreed with most, where each statement represented a different type of outlook. The types are described earlier in this paper in Figure 1.
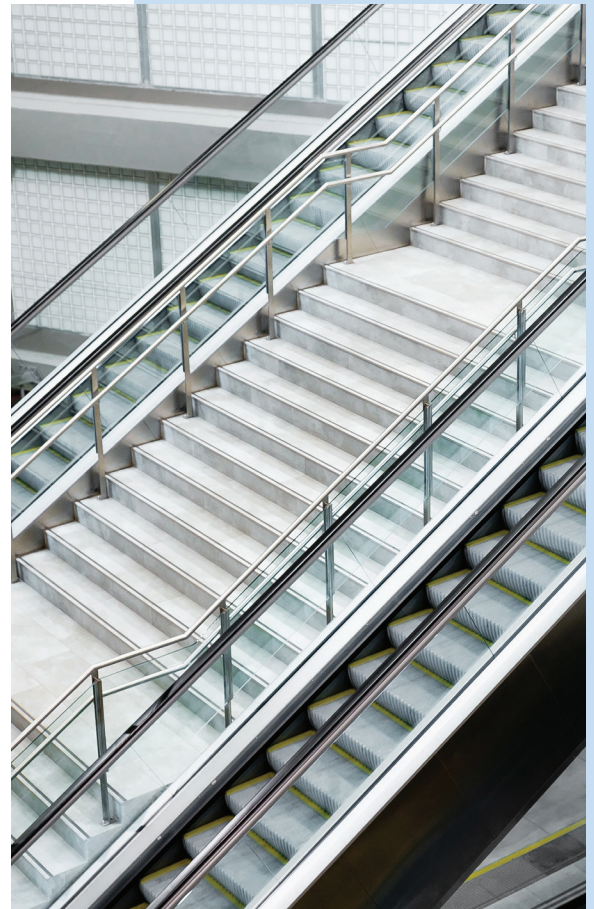
INSIGHTS FROM
OUR ANALYSES

Most countries have dominant ethical ideologies.
All four ideologies were endorsed by respondents in
each country, but proportions varied considerably
and interesting patterns emerged. Examining the
proportions of the samples within each country that
chose each statement revealed that most countries
have dominant ethical ideologies. On average, a
country's dominant ethical ideology was more
common than the next most influential ideology by
12 percentage points. The smallest degree by which
an ethical ideology was preferred was 1 percentage
point, for Thailand, where Exceptionalism was
marginally preferred to Absolutism. The maximum
amount by which an ideology was dominant was 29
percentage points in Chile, where Situationalism was
preferred over Subjectivism.

Most countries have an Absolutist ideology. Across
the 44 countries we surveyed, the dominant ethical
ideology was Absolutism – dominant in 73 percent
of countries. The Absolutist ideology far outweighed
the next most common ideology, Situationalism,
which dominated in just 18 percent of countries
surveyed. There was some geographic consistency
with respect to the countries that preferred the
Situationalist scenario, the second most common
ethical ideology. Namely, many Situationalist
countries were Latin countries, including Argentina,
Brazil, Chile, Mexico, and Portugal.

*Cultural differences in ethical ideologies are likely
driven by cultural values.* Hofstede's dimensions
of national culture[4] form the dominant explanatory
theory for national differences in attitudes and
behaviors. They are therefore a potentially
appropriate explanation for any differences in ethical
ideologies with respect to the use of employee
data. Briefly, Hofstede proposes that the culture of
countries differs across a number of dimensions:

POWER DISTANCE
the extent to which the less powerful accept that
power is distributed unequally

INDIVIDUALISM VERSUS COLLECTIVISM
the degree to which people in a society are
integrated into groups

UNCERTAINTY AVOIDANCE
a society's tolerance for ambiguity

MASCULINITY VERSUS FEMININITY
the level of preference in society for achievement,
heroism, assertiveness, and material rewards for
success

LONG TERM ORIENTATION
the extent to which societies emphasize dealing with
the challenges of the present versus those of the
future

In a follow up analysis, we conducted preliminary and exploratory analyses into the origins of differences in ethical ideologies with respect to workforce analytics. We created a binary indicator of whether a country was Absolutist or not, which is the dominant ethical ideology. We correlated this new variable with the country scores for each of Hofstede's dimensions. Results indicated that the strongest predictor of whether or not a country was Absolutist was its preference for Uncertainty Avoidance. This makes sense, because clear rules remove the opportunity for variation, which in turn reduces uncertainty.

Few employees are Subjectivists, irrespective of nationality. One universal rule that held across all countries surveyed is that there were no countries in which the majority of the workers expressed a subjectivist ideology. The country with the highest proportion of workers in the Subjectivist category was Portugal, where 27 percent of workers were Subjectivists. However, this group was considerably smaller than the largest ideological group in Portugal, which was Situationalist, at 38 percent. Leaving decisions about data use in HR analytics to the HR analysts, without any oversight, is unlikely to be perceived favorably by the working population in any country.

Regional differences exist in ethical ideologies. In the tables in the Appendix, we present the results alphabetically for readability. However, many people will likely expect that countries in close proximity to one another will have the same dominant ethical ideology. There is some evidence that this is the case. For example, many of the countries where the majority of workers can be categorized as Exceptionalists are Latin countries, including Argentina, Chile, Brazil, and Mexico.

However, caution is advisable before overgeneralizing conclusions about the similarity of countries in close proximity to each other, because even when examining countries in the same continent we sometimes observed differing dominant ideologies. One example is Africa, where the majority of Kenyans can be classified as Exceptionalists while the majority of South Africans can be categorized as Absolutists. Another example is Asia, where the majority of Chinese workers are Absolutists but the majority of workers in the Philippines are Exceptionalists.

A better approach is to understand the ethical ideology of employees in the specific country you are considering. In summary, there are some regional similarities in dominant ethical ideology in countries within close proximity of one another, but it is not always the case that countries in close geographic proximity have the same views.

ONE COUNTRY AT A TIME:
HOW IBM NAVIGATES INTERNATIONAL PRIVACY LEGISLATION

IBM uses social listening technology to help respond to emerging issues in the organization. A visual depiction of the technology, called Social Pulse, is shown in Figure 2. Social Pulse allows HR executives to monitor social media chatter across IBM's operations around the world. According to Sadat Shami, Director of the Center for Engagement & Social Analytics at IBM, managing the international privacy legislation to allow a global view of what is occurring in the organization was not straightforward: "Several countries had different legal rules that we had to comply with. In certain countries, even where the legal rules were clear, different values regarding privacy had to be navigated."

Figure 2: Social Pulse Dashboard

Sadat advises starting with the countries where you can reach privacy agreements more easily, and then, at a later stage, bring in the countries where it takes longer to get agreement. Taking that approach, IBM has managed to deploy social listening technology across all of the geographies in which it operates, but the way technology is deployed varies across countries. For example, intranet comments are only analyzed where the number of postings or the size of the organization ensures anonymity. The social listening technology has demonstrated real business benefits. In one example, an employee started an online petition about the company not allowing workers to use ride-sharing services such as Uber. This led to a storm of social media chatter on the corporate intranet platform. Social Pulse detected the event quickly, and the company reversed the ban within 24 hours.

IMPLICATIONS AND CONCLUSIONS

Legislation may not be able to keep pace with technological advances, so what can organizations do to keep their decisions and actions in check? Following the research presented in this paper, our overriding message is to look to their country's cultural preferences to set ethical policies and guidelines. This is because organizations using data for workforce analytics are less likely to fall foul of employee opinions and any emerging legislation if their workforce data privacy policies reflect the local ethical ideologies with respect to data use.

While it may be easy enough to follow the privacy cultures within a particular country, a global policy covering a number of geographies could be more of a challenge. The results of this paper show that it is possible for organizations spread across geographies to have organizational headquarters with a different ethical ideology about data use from their offices in other countries. In these cases, a globally applicable policy may not be possible, although the commitment to processes of consultation and participative decision making and, so far as possible, transparency, seem prudent in all instances.
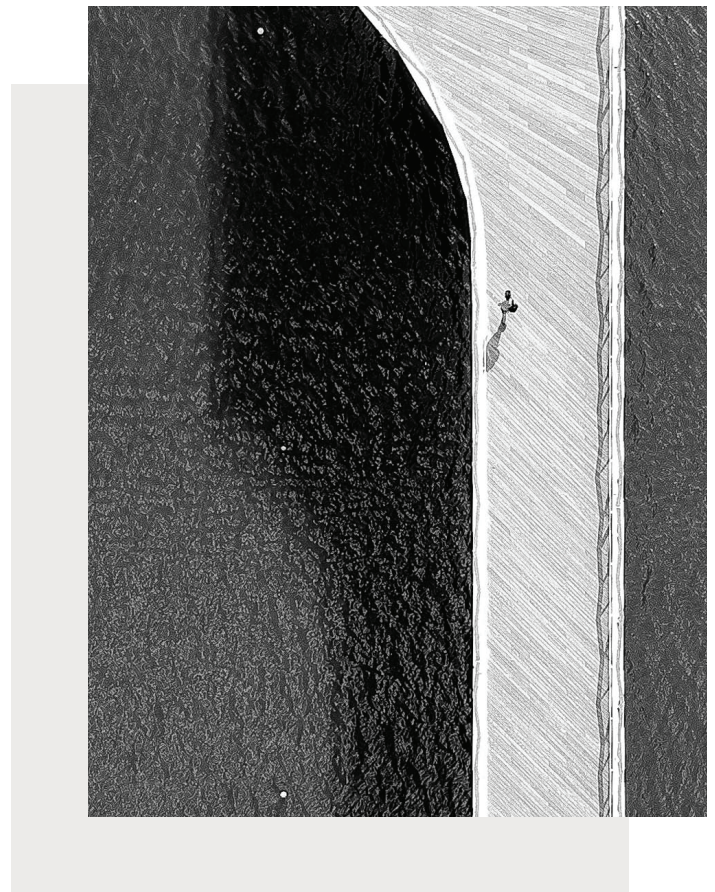
For employees, we recommend paying closer attention to the digital footprint created through daily activity to ensure you are not making data available that you would prefer not to have analyzed. As much as it is important for organizations to approach analysis of employee data in an ethically responsible way, it is prudent for employees to realize that even with the best intentions mishaps will inevitably occur. Employees will be better positioned to cope with any unexpected situations if the information they share about themselves is, as far as possible, information that they want to share.

In Absolutist cultures employees expect that rules will be established first that govern how data dilemmas will be resolved, and that these rules will be adhered to regardless of the situation. In an Absolutist culture, an approach for keeping up with fast moving technological change might simply be that when a new data dilemma arises, a group of representatives will meet to check for relevant legislation, examine how similar organizations are approaching the situation, and decide the way forward. This group would include people from HR and legal functions of the business as well as employee representative bodies such as unions and works councils.

In Exceptionalist and Situationalist cultures, organizations can afford to be more fluid about their rules, given the preference of Situationalists (and tolerance of Exceptionalists) for flexibility. As a consequence, organizations in these countries may also have more latitude in what they can do in workforce analytics and can consider proceeding on more of a case-by-case basis. In such situations, it will still be important to ensure clear communication with stakeholders with regard to what is happening, and as far as possible, ensure transparency. Even though it might not be possible for legislation to cover unforeseeable technological developments, it is possible for organizations to describe and communicate to their workers how such challenges will be met.

Overall, the findings of this study indicate there are important differences between cultures that may impact employees' receptiveness to having their personal data analyzed for workforce analytics. Legal considerations are most important in the first instance. In cases where legislation does not adequately cover data generated by new technology, or where analytics opportunities present privacy related challenges not covered by the law, we recommend considering the expectations of your workforce. In Absolutist cultures, have a clear policy from the outset and stick to it. In Exceptionalist and Situationalist cultures, publicize the decision-making process when these sorts of situations are encountered to promote perceptions of fairness amongst employees.

■ ABSOLUTIST   ■ SITUATIONALIST   ■ EXCEPTIONALIST   ■ SUBJECTIVIST
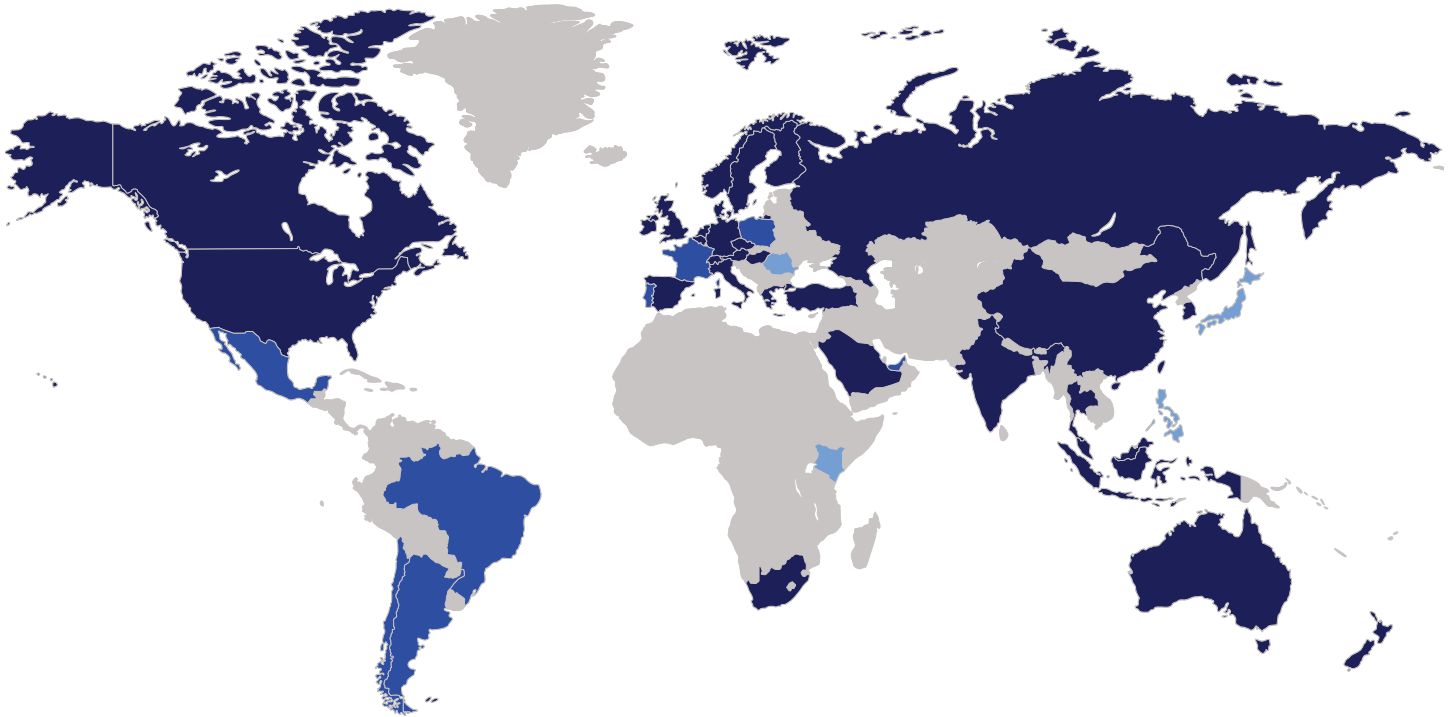
ABSOLUTIST

AUSTRALIA	GERMANY	MALAYSIA	SOUTH AFRICA
AUSTRIA	GREECE	NETHERLANDS	SPAIN
BELGIUM	HONG KONG	NEW ZEALAND	SWEDEN
CANADA	HUNGARY	NORWAY	SWITZERLAND
CHINA	INDIA	RUSSIA	THAILAND
CZECHIA	INDONESIA	SAUDI ARABIA	TURKEY
DENMARK	IRELAND	SINGAPORE	UK
FINLAND	ITALY	SOUTH KOREA	US

SITUATIONALIST

ARGENTINA	MEXICO
BRAZIL	POLAND
CHILE	PORTUGAL
FRANCE	UAE

EXCEPTIONALIST

JAPAN	PHILIPPINES
KENYA	ROMANIA

In the following tables, percentage refers to the percentage of the population expressing agreement with each statement.

Legend: ABSOLUTIST, SITUATIONALIST, EXCEPTIONALIST, SUBJECTIVIST

Countries (top to bottom): ARGENTINA, AUSTRIA, AUSTRALIA, BELGIUM, BRAZIL, CANADA, CHILE, CHINA, CZECHIA, DENMARK, FINLAND, FRANCE, GREECE, GERMANY, HONG KONG, HUNGARY, INDIA, INDONESIA, IRELAND, ITALY
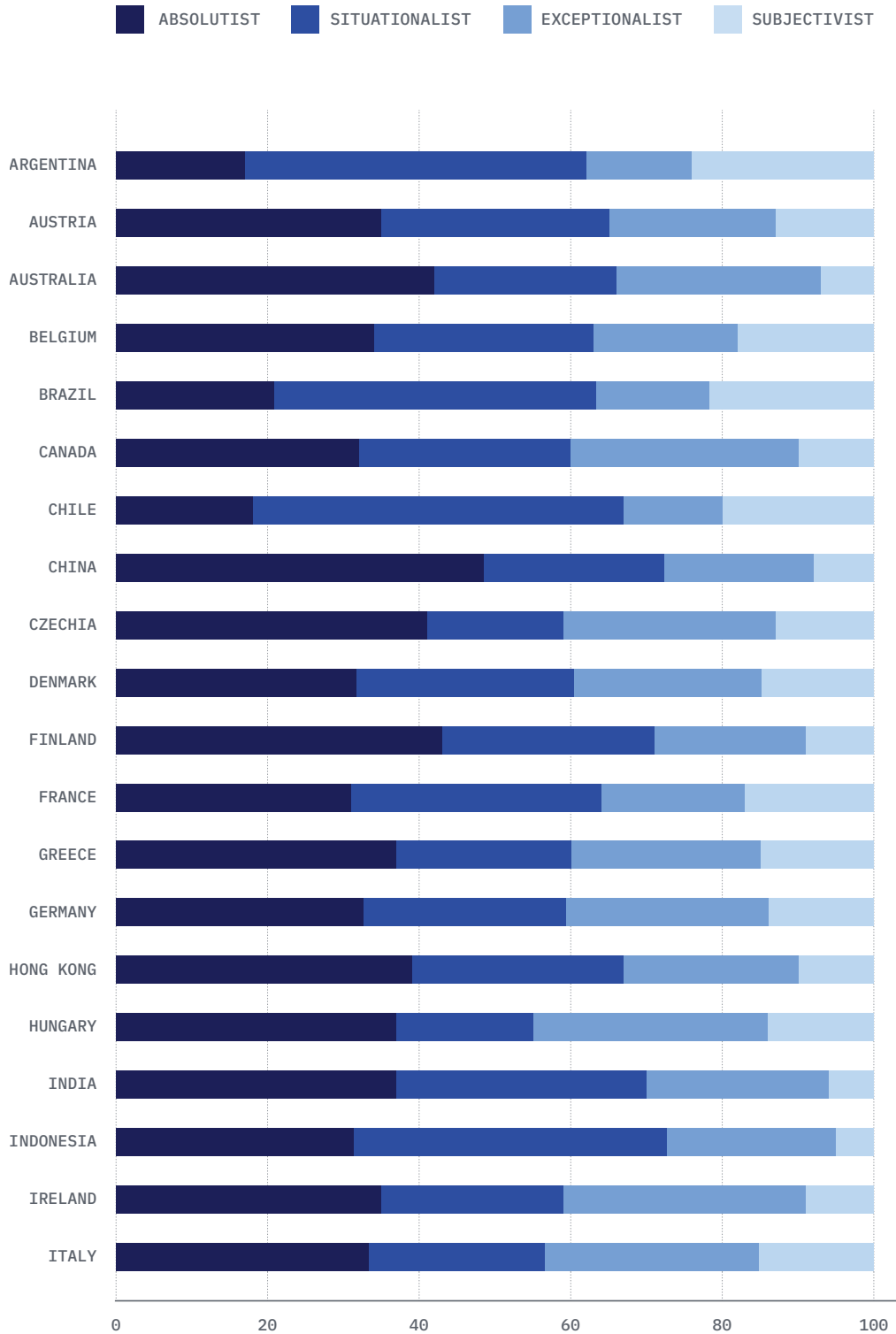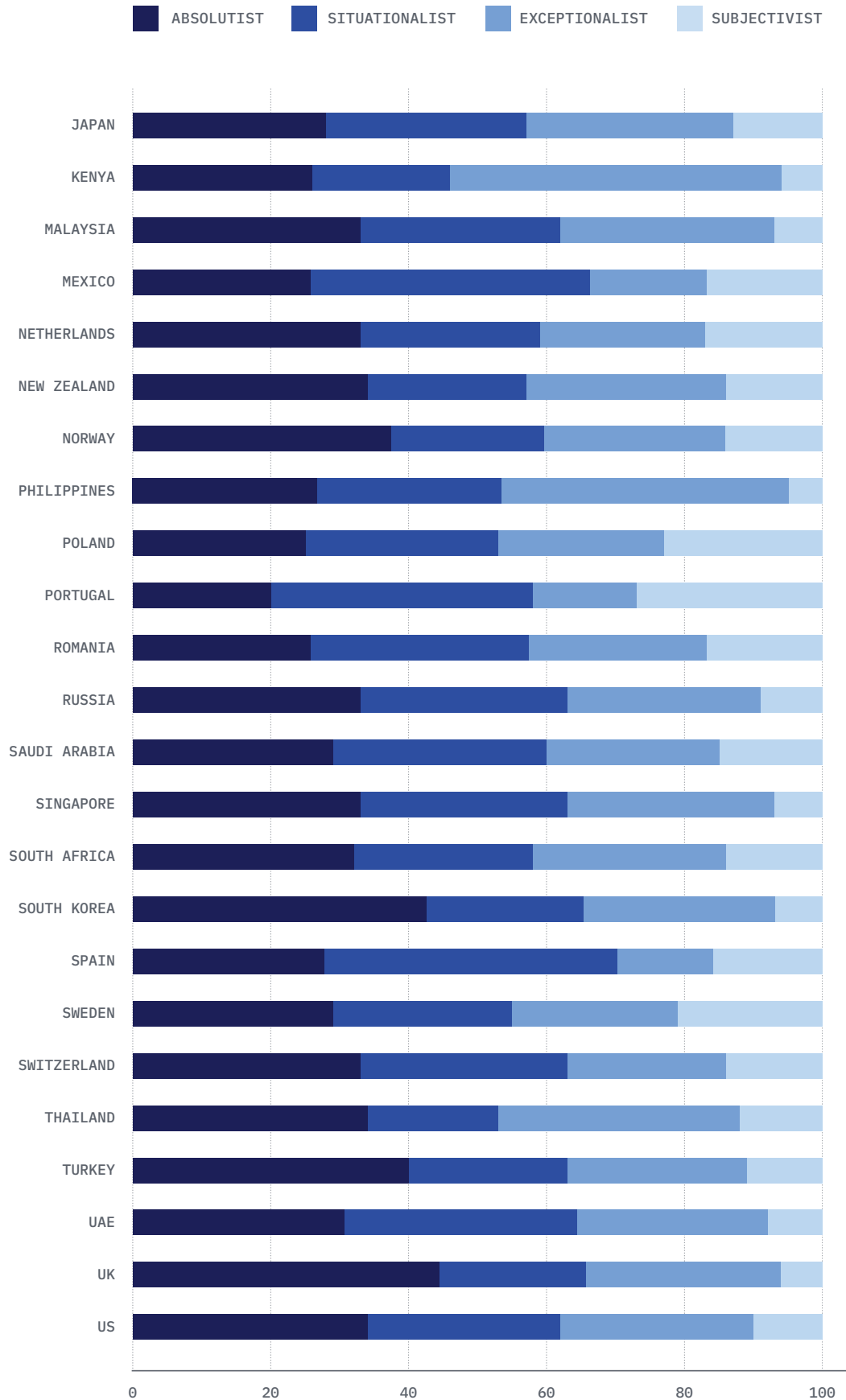
IBM SMARTER WORKFORCE INSTITUTE

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IBM is at the forefront of practices and technology that help organizations improve business outcomes through their people. We bring together the power of behavioral science, cognitive technologies, and expert consulting to help our clients get ahead and stay ahead.

Learn more about IBM Watson Talent.

Sheri Feinzig, Ph.D. is the Director, IBM Talent Magagement Consulting and Smarter Workforce Institute and has over 20 years' experience in human resources research, organizational change management and business transformation. Sheri has applied her analytical and methodological expertise to many research-based projects on topics such as employee retention, employee engagement, job design and organizational culture. She has also led several global, multi-year sales transformation initiatives designed to optimize seller territories and quota allocation. Additional areas of expertise include social network analysis, performance feedback and knowledge management. Sheri received her Ph.D. in Industrial/ Organizational Psychology from the University at Albany, State University of New York. She has presented on numerous occasions at national conferences and has co-authored a number of manuscripts, publications and technical reports. She has served as an adjunct professor in the Psychology departments of Rensselaer Polytechnic Institute in Troy, New York and the Illinois Institute of Technology in Chicago, Illinois, where she taught doctoral, masters and undergraduate courses on performance appraisal, tests and measures. Sheri is also co-author of the book The Power of People: Learn How Successful Organizations Use Workforce Analytics To Improve Business Performance (Pearson, 2017).

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