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Conflicts between HR and finance ‘undermining data-driven collaboration’

30 Jan 2019 By Annie Makoff-Clark

HR urged to ‘rethink’ analytics and upskill to improve business effectiveness



Data-driven collaboration between HR and finance departments is being held back by short-term mindsets, cultural differences and mismatched skill sets, according to a new report.

The Oracle report, which surveyed 1,500 HR, finance and business professionals, found 71 per cent of respondents said there was too much focus in HR on short-term results rather than future strategic direction.

It also found 60 per cent of respondents said ingrained cultural habits were a barrier to data collaboration, while 64 per cent said mismatched skill sets and lack of talent across both HR and finance created an issue.

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The results are part of a report, *HR Moves Boldly into Advanced Analytics*, which analysed collaborative relationships between HR and finance teams across large, profit-driven companies.

Of the skills HR most needed to improve on, according to the poll, 70 per cent said it needed to act on data and analytics to solve issues, while 67 per cent said it needed to cultivate quantitative analysis and reasoning skills.

More than four out of five (81 per cent) HR professionals admitted they were unable to determine future actions based on predictive data, and nearly half (49 per cent) said they could not use analytics to forecast outcomes.

Despite this, the research identified a commitment across both teams to overcome barriers to achieve better business results. Nearly all companies polled (95 per cent) said they planned to make data-driven collaboration between HR and finance a ‘top priority’ in 2019.

Donald Anderson, director, organisation and talent development at Oracle, said HR and finance brought “different yet complementary skills to the table”, and the functions needed to collaborate to give businesses a competitive advantage.

“The first step to overcoming traditional barriers and bringing HR and finance teams together is having a collaborative mindset with the right skill sets to both gather and analyse data so that it can be used to make impactful business decisions,” he said. “That alone will deliver significant benefits to an organisation’s performance.”

However, Jeff Fox, partner at Aon, said the issue was around “squaring the priorities” of financial-led data insights with people-led insights. “A business strategy needs to ensure it places the same value on measuring the impacts of people as it does direct financial impacts,” he said.

“The UK faces an employment shortage gap in the coming years and part of the challenge here is to ensure employers are recruiting and retaining the right

talent. HR holds a role at the top table in ensuring this challenge is met.”

Nick Felton, senior vice president at MHR Analytics, echoed this sentiment. He told *People Management* HR data had been “ignored for too long” while finance teams were traditionally seen as the driving force behind organisational strategies. “This is starting to change slowly as organisations increasingly recognise the value of people analytics and HR is seen as a strategic, rather than purely administrative, function,” he said.

MHR Analytics’ own research found that HR departments within the finance industry were more advanced than those in other industries, with 42 per cent conducting strategic or financial planning within HR, compared to 29 per cent on average.

Jocelyn Paulley, director at Gowling WLG, urged companies to treat employee data with the same importance they would customer data. “Just as companies scrutinise customer data for trends, patterns and insights to inform ideas about efficiency, personalisation and new services, so too could closer examination of HR data yield information,” she said.

“As a result, companies could restructure shift working, reconsider productivity, offer different benefits and design more attractive employee engagement schemes.”

Oracle’s HR analytics report follows research published earlier this week by Fosway Group in partnership with SD Worx, which found that 50 per cent of HR professionals across Europe believe management are unhappy with the state of HR analytics.

In line with Oracle’s findings, the Fosway research found that companies recognise the importance of analytics, with 95 per cent agreeing high-quality data is important to future business success, while 65 per cent said they were planning to increase investment in HR analytics within three years.



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