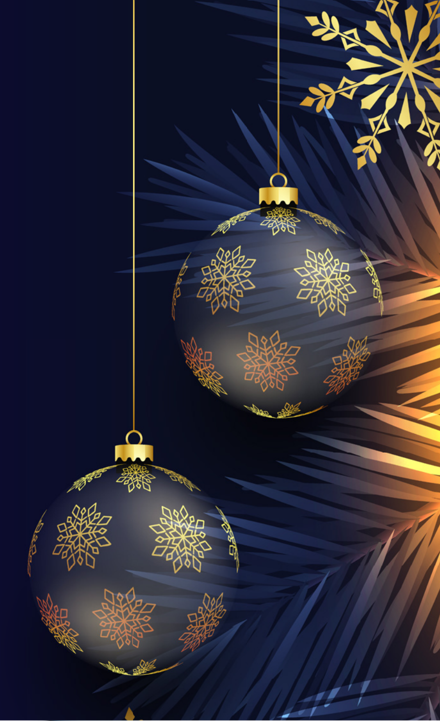
KRESTON PEDABO

Newsletter

December 2025



Welcome to the December Edition of the Kreston Pedabo Newsletter!

Warmest wishes for the holidays and the new year ahead.

This year end edition features two essential articles to inform your 2026 strategy:

- **People Analytics for SMEs:** Where to Start and What to Measure
- **The New 2025 Tax Act :** A Game-Changer for Nigeria's Manufacturing Sector

We hope these insights support your planning for a prosperous year ahead.

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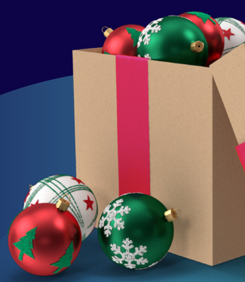


Management Consulting

People Analytics for SMEs: Where to Start and What to Measure

- *Why SMEs can no longer depend solely on intuition.*
- *How data-informed people decisions can enhance performance.*

The way we understand the workplace has changed fundamentally. For years, sophisticated HR data was something only large multinational companies worried about. But now, it is becoming essential for small and medium enterprises (SMEs). For SMEs today, making smart decisions about your team is not just good practice, but an essential ingredient for business sustainability. The need to make smarter, evidence-based talent decisions has increased, productivity has been redefined, and competition for talents is fiercer than ever. This is where people analytics becomes critical. It has moved from asking "What do we need"? ever so intuitively, to "What is the data saying?" [1].

[1] Leveraging HR analytics for data-driven business decisions: a strategic approach for SMMEs | Semantic Scholar

The transition holds greater significance for Small and Medium Enterprises (SMEs). A single incorrect hiring decision together with unmanaged performance and unaddressed employee iteration can prevent business expansion while decreasing financial performance and creating operational instability. People analytics enables SMEs to detect organisational problems before they develop into costly issues[2].

People analytics performs advanced analysis beyond standard HR reporting systems. It analyses employee conduct, work performance, skill levels and workplace involvement to determine their impact on business results including sales performance and customer satisfaction, operational effectiveness, and financial success. It provides businesses with data-driven choices instead of relying on assumptions for decision-making[3].

Business owners and leaders use people analytics to achieve more than data collection. People data analysis enables organisations to establish responsibility, which leads to employee trust, investor confidence and unified leadership team performance.

What Is Driving the Rise of People Analytics?

The increasing interest emerges from specific organisational factors, which SMEs must also address. Three fundamental market forces now compel organisations of all sizes to adopt data-based approaches for their human resource management decisions.

1 Workforce dynamics are changing rapidly

The modern workplace contains employees who need clear direction, regular feedback, purposeful work and evidence-based fairness in their treatment. Organisations operating with hybrid and remote work arrangements need to develop enhanced methods for tracking employee productivity, even as the prevailing workforce shortage continues to expand. The competition for hiring top talent has become more intense especially in sectors such as technology, financial services, oil & gas and hospitality.

Most SMEs use informal HR processes which are no longer sufficient. Data is required to achieve the following objectives:

» detect employee turnover
» determine which skills are lacking in the workforce
» determine what factors drive employee productivity
» establish standardised performance management systems
» enhance employee satisfaction levels
» develop better leadership skills in its management

Leadership decisions made without proper analysis become unproductive and expensive[4].

[2] Implementation of People Analytics in HR Management to Improve Employee Performance and Job Satisfaction | The Journal of Academic Science
[3] The Role in Empowering Strategic Decisions: The Impact of HR Analytics on Talent Management and Organizational Success
[4] Implementation of People Analytics in HR Management to Improve Employee Performance and Job Satisfaction | The Journal of Academic Science

2 Investor, lender, and partner expectations have evolved

Businesses need to demonstrate proper people management to access finance. Local banks together with private equity firms and development finance institutions require organisations to demonstrate:

- Their ability to maintain stable workforce numbers
- their governance structure and human resource management systems
- leadership capability
- Workforce risk analysis and documentation as a part of ERM for continuity

SMEs who want funding or partnership opportunities need people data to build their credibility with investors. Investors need to verify that their investment will grow without facing problems from inadequate human resource management, and people analytics provides this assurance[5].

3 Competitive pressure is intensifying

Customers experience your workforce long before they experience your product. Services delivery, response times, internal operations and customer satisfaction depend heavily on the performance of employees. Small and medium enterprises that excel at people management will outperform their competitors in a growing market. The approach of depending on instincts which is irreplicable if successful, will result in failure.
People analytics has become essential for SMEs who want to establish themselves as leaders through their ability to:

- Enhance operational performance
- Develop a robust organisational culture
- Boost employee productivity levels
- Boost team member involvement
- Provide consistent service delivery[6]

[5] Leveraging HR analytics for data-driven business decisions: a strategic approach for SMMEs | Semantic Scholar
[6] The Role in Empowering Strategic Decisions: The Impact of HR Analytics on Talent Management and Organizational Success

Beyond Box-Ticking: How People Analytics Creates Real Business Value

Many SMEs in Nigeria view people analytics as an unnecessary and arduous task, but the strategic implementation of people analytics is invaluable in its ability to generate quantifiable business value for organisations. Some of these include:

1 Reducing turnover and retaining high performers

It reveals the fundamental reasons behind employee exits which include toxic supervisors, incorrect job assignments, unbalanced workloads, insufficient employee appreciation and limited career advancement opportunities. Data-based interventions help organisations maintain their best employees while minimising the expenses associated with continuous employee replacement[7].

2 Improving productivity and operational efficiency

It reveals which factors determine productivity levels through the analysis of employee skills, tools, management performance, work patterns and team structure. SMEs can optimise their operations through evidence-based decisions about workforce distribution, automation, training programs and workflow optimisation [8].

3 Improving productivity and operational efficiency

SMEs can detect cultural problems through survey reports, employee absence tracking and behavioural signals; monitoring these issues can fix culture issues early before they negatively impact operational performance or corporate image[9].

4 Enhancing customer experience

The way employees perform their duties determines how customers view your business. Analytics ties employee behaviour and capability to customer satisfaction, enabling SMEs to deliver better service from start to finish[10] .

[7] The Role of Human Resource Analytics in Enhancing Employee Performance and Reducing Turnover Intention
[8] The Role of HR Analytics in Enhancing Organizational Performance: A Review Literature
[9] https://ierj.in/journal/index.php/ierj/article/download/4567/5380/9768?utm_source
[10] The Effect of Human Resource Analytics on Organizational Performance: Insights from Ethiopia | MDPI

5 Making smarter hiring decisions

The recruitment process becomes more effective through data-based decision making which minimises human bias and produces higher quality candidates. SMEs use data to determine which recruitment channels produce the best candidates, characteristics of successful hires, positions that experience high employee turnover, and recruitment bottlenecks that stifle growth[11].

Real-World Examples: Companies Using People Analytics to Lead

Google

Google's Project Oxygen used people analytics to identify the behaviors of high-performing managers. The insights led to a redesigned management training programme that improved team performance across the organisation[12].

This matters because performance improved not through assumptions, but through behavioural insights backed by data.

Safaricom

Safaricom, an East African company uses analytics to assess employee experience, identify burnout risks, optimise training investments, and improve retention in high-impact roles. Their insights directly influenced organisational restructuring and capability development[13].

This matters because analytics strengthened both talent decisions and internal leadership effectiveness.

From Insight to Action: *The S.M.A.R.T People Analytics Engine*

To help SMEs move from guesswork to evidence-based talent decisions, Kreston Pedabo has developed the **S.M.A.R.T People Analytics Engine**, a framework that provides a structured, practical, and scalable methodology for conducting HR People Analytics for all businesses especially tailored for start-ups and growing companies.

[11] People Analytics: Why Is It Important? | Blog | OrangeHRM
[12] How Google Uses People Analytics to Create a Great Workplace
[13] Our human capital – Safaricom

S — **S**tart with the Business Pain

Business analytics becomes effective when it solves actual business problems. Identify:

- What is slowing the business down?
- What workforce issues are hurting productivity or revenue?
- Where are inefficiencies or risks most visible?

M — **M**ap the Critical People Data

Link each business pain to the specific data needed.

For turnover › track resignation reasons, tenure, manager patterns.

For poor performance › track output per employee, training, manager feedback.

For productivity › track attendance, workflow bottlenecks, overtime usage.

This creates a simple data map showing **what to collect, where the data sits, and who owns it.**

A — **A**nalyse & Activate Insights

Turn the data into action. This includes identifying:

- performance patterns
- early warning signals
- high-risk teams
- high-value roles
- skill gaps
- manager behaviours impacting output

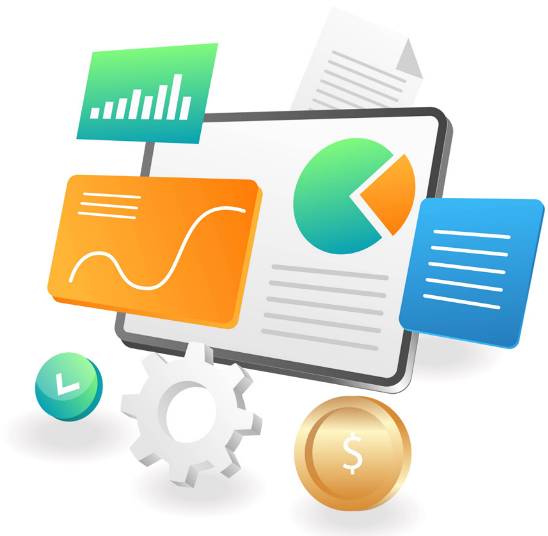
Generate a **simple insight brief** each quarter.

R — **R**eview Behaviours, Not Just Numbers

Numbers describe ***what*** is happening. Behaviours explain ***why*** it is happening. This changes the people management from administrative HR to strategic talent management.

T — **T**ransform Through Continuous Talent Decisions

Use insights to improve **hiring, onboarding, training, performance management, retention, culture, and workforce planning.** The outcome is a quarterly roadmap that guides your People Analytics transformation.



The Road Ahead: Preparing for the Next Era of People Analytics

People analytics continues to advance at a fast pace. Organisations that start their preparation work now will obtain substantial competitive benefits.

1. People analytics will become a requirement, not a choice:
Organisations now be required to provide workforce data by lenders, investors and partners before they will consider deal partnership or collaborations[14].

2. Technology will automate HR insights:
AI systems together with HRIS platforms and predictive analytics tools enable SMEs to achieve the following:

- predict turnover
- forecast staffing needs
- detect skills gaps
- monitor cultural risk[15]

The cost of analytics will become cheaper, while its speed and accessibility will increase.

3. Talent competition will intensify: Organisations that understand their workforce dynamics will maintain better employee retention rates while achieving better business performance than their competitors[16].

4. Data-driven culture will shape SME success: The top-performing SMEs will achieve success through three essential strategies:

- measure what matters
- act on insights
- continuously improve workforce systems[17]

Analytics becomes the groundwork for long-term business continuity and sustainability.

[14] Competing on talent analytics
[15] Predictive Analytics for Human Resources | Wiley
[16] linkedin-2020-global-talent-trends-report.pdf
[17] Competing on Talent Analytics

Conclusion: Turning People Data into a Competitive Strength

People analytics is no longer a business tool used by large organisations. It is a practical, strategic, and transformational tool which enables sustainable growth for all enterprises, irrespective of their size[18].

The enterprises that will succeed in the coming years are those that:

» incorporate analytics into daily decision-making
» focus on behaviours, not just metrics
» use insights to improve hiring, performance, and culture
» create a clear, data-driven workforce strategy

SMEs that adopt people analytics will lead their industries because they will navigate today's fast-paced business environment, talent shortages, and rapid change successfully while organisations that delay adoption may face challenges in staying resilient[19].

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[18] The Datafication of Human Resources
[19] Using people analytics to drive business performance: A case study | McKinsey

Policy Update

The New 2025 Tax Act : A Game-Changer for Nigeria's Manufacturing Sector

Introduction

Nigeria's manufacturing sector has long been the backbone of the nation's economy, contributing significantly to employment generation, technological innovation, and Gross Domestic Product (GDP) growth. However, the sector has faced numerous challenges, including infrastructure deficits, access to financing, and an often-complex tax regime. The recent enactment of the Nigeria Tax Act 2025 marks a pivotal shift in the country's fiscal landscape. Designed to unify and modernise tax administration, the Act introduces sweeping reforms that promise to reshape the operational environment for manufacturers.

This article explores the key provisions of the Act and their potential impact on manufacturing businesses in Nigeria.

What are the key Reforms in the New 2025 Tax Act?

The new Nigerian Tax Act successfully consolidates multiple tax laws into a single, coherent framework. For manufacturers, several provisions stand out:

1. Economic Development Tax Incentives (Part II, Chapter Eight)

The Act introduces targeted fiscal incentives designed to stimulate activity in designated priority sectors, including the manufacturing sector. Companies classified under "priority sectors" can apply for an **Economic Development Incentive Certificate**, which offers:

» A **5% annual tax credit** on qualifying capital expenditure for up to five years.
» Eligibility for **extended incentive periods** upon reinvestment of profits.
» **Exemption from stamp duties** on certain instruments related to manufacturing operations.

These incentives are designed to stimulate investment in local production, reduce dependency on imports, and bolster Nigeria's industrial capacity.

2. Enhanced Capital Allowances (First Schedule)
The Act provides clearer guidance and broader provisions for claiming capital allowances on manufacturing assets. It allows qualifying capital expenditure on plant, machinery, and industrial buildings to be deducted more efficiently, which helps improve cash flow and lower the tax burden, especially in the early years of operations.

3. Research and Development (R&D) Deductions (Section 165)

Manufacturers that invest in research and development can deduct up to five per cent of their turnover from taxable profits. This incentive supports innovation, product development, and technological advancement, all of which are essential for remaining competitive in the global market.

4. Streamlined VAT Administration (Chapter Six)

The Act simplifies VAT compliance by:

» Maintaining the standard VAT rate of 7.5%.
» Exempting locally produced goods such as agricultural products, medical supplies, and educational materials from VAT.
» Introducing clear rules for input VAT credits, reducing the risk of cascading taxation on raw materials and essential capital equipment.

5. Special Provisions for Agriculture and Agro-Processing
Manufacturers in the agro-processing value chain benefit from:

» Income tax exemptions for the first five years (Section 163.1p).
» Zero-rated VAT on locally produced animal feeds, fertilizers, and veterinary medicines.
» Duty exemptions on imported machinery for agricultural production.

These measures align with the government's agenda to diversify the economy and promote food security.

Potential Benefits for Manufacturers

The implementation of the Act is expected to yield several tangible benefits, some of which are:

1. Improved Cash Flow and Profitability
The cumulative effect of tax credits, accelerated capital allowances, and R&D deductions will free up capital for reinvestment. Manufacturers can redirect savings toward expansion, workforce training, and technology upgrades.

2. Competitive Advantage
Local manufacturers will benefit from reduced production costs and increased competitiveness against imported goods. The Act's focus on local content and value addition is expected to spur growth in sectors such as textiles, food processing, and pharmaceuticals.

3. Encouragement of Formalization
By offering clear and attractive incentives, the Act may encourage informal manufacturers to formalise their operations, thereby broadening the tax base and improving regulatory oversight.

4. Attraction of Foreign Direct Investment (FDI)
The predictable and incentive-driven tax regime is expected to elevate Nigeria's appeal as a manufacturing hub for foreign investors, particularly in priority sectors like automotive assembly, renewable energy, and digital technology.

Challenges and Considerations

Despite its potential, the successful implementation of the new Tax Act will require addressing several systemic challenges:

1. Administrative Capacity
The Nigerian Tax Administration must be adequately resourced to process incentive applications, conduct audits, and provide timely guidance to taxpayers.

2. Awareness and Compliance
Many manufacturers, especially Small and Medium-Sized Enterprises (SMEs), may lack awareness of the new provisions. The government must launch robust sensitisation campaigns and simplify compliance procedures.

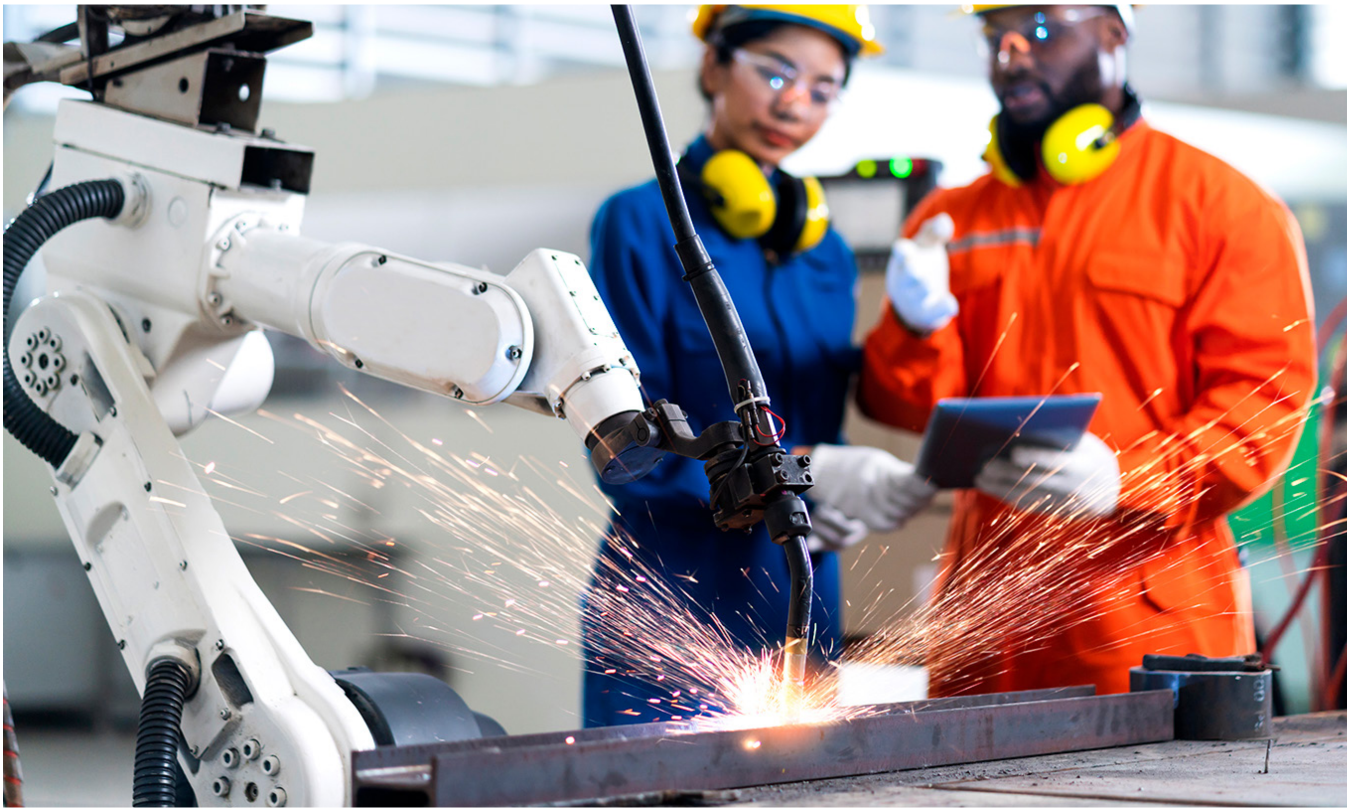
3. Potential for Abuse
Strong oversight is needed to prevent misuse of incentives, such as false claims for R&D deductions or aggressive transfer pricing practices.

4. Infrastructure Gaps
Tax incentives alone cannot overcome systemic issues like power shortages, poor logistics, and access to finance. Complementary investments in infrastructure and industrial policy are essential.

Conclusion: A New Dawn for Nigerian Manufacturing

The new 2025 Nigerian Tax Act represents a bold step toward creating a more supportive and predictable tax environment for manufacturers. By aligning fiscal policy with industrial strategy, the Act has the potential to unlock significant investment, drive innovation, and enhance Nigeria's manufacturing output.

However, its success will depend on effective implementation, continuous stakeholder engagement, and sustained efforts to addressing non-tax barriers to industrial growth. If these conditions are met, the Act could indeed mark the beginning of a new, prosperous era for Nigeria's manufacturing sector—one where "Made in Nigeria" becomes a symbol of quality, competitiveness, and economic resilience.



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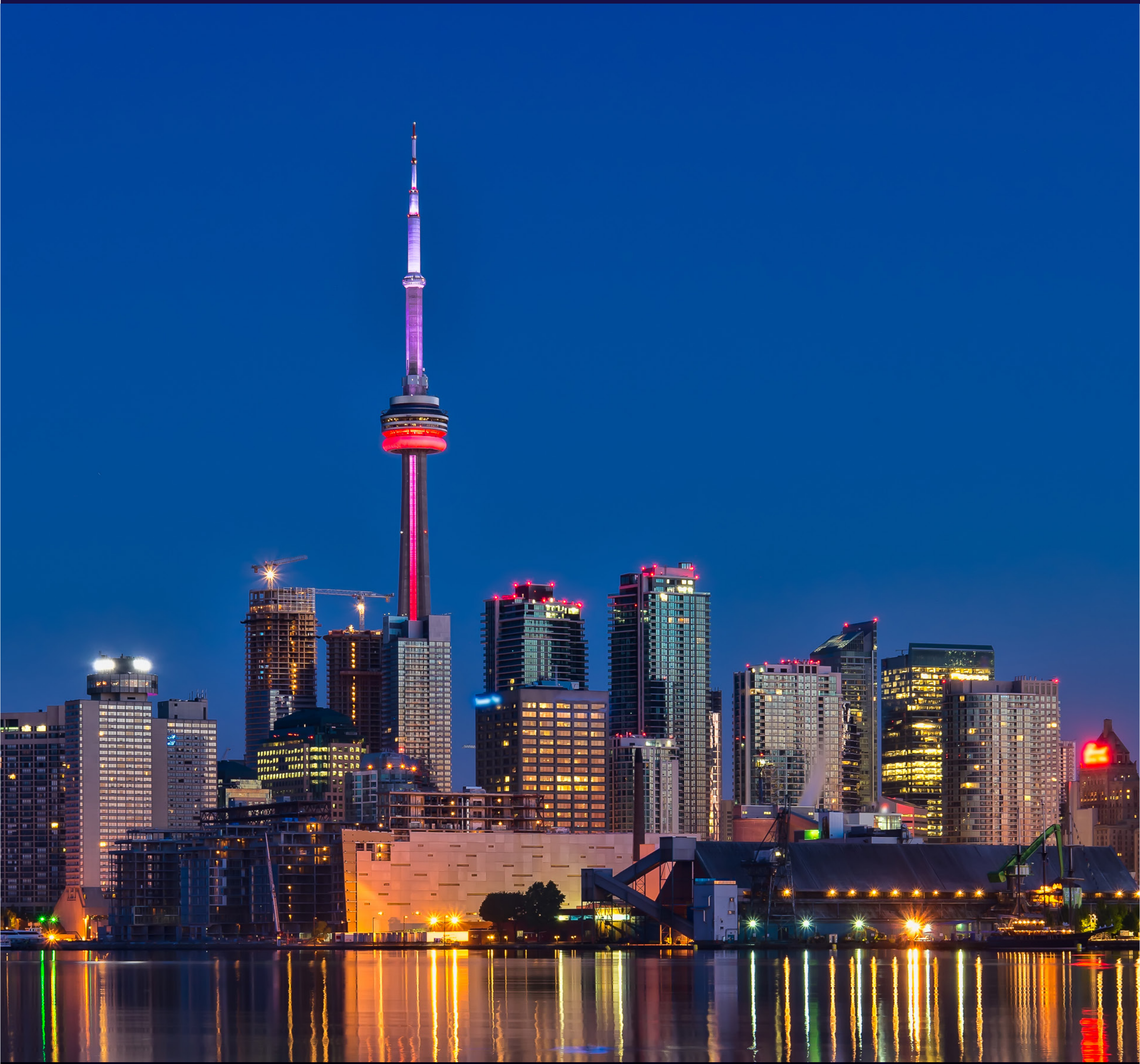

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