

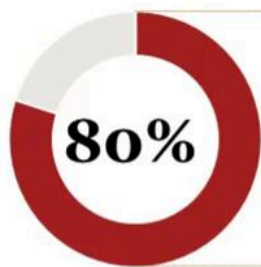
# HUMAN CAPITAL MANAGEMENT IN 2025 & BEYOND

LEVERAGING ANALYTICS FOR  
BETTER DECISION-MAKING





## INTRODUCTION



of CEOs reported that data mining and analysis are strategically important to their businesses.

*Global CEO survey 2016*

Human capital is an organisation's most valuable asset. However, managing this asset effectively requires addressing significant challenges, including attracting and retaining top talent, skill gaps, unfavourable compensation plans, poor leadership, and ineffective performance management methods.

Addressing these challenges and maximising human capital potential can be achieved by leveraging data analytics to understand how the workforce fits the work. Data, when carefully collected and analysed can provide valuable insights that drive business growth. This is evident in a report by McKinsey & Company that found that organizations using data-driven HR are 3 times more likely to achieve efficiency in their recruitment processes and can make hiring decisions 2 times faster. In addition to this, another survey conducted by PwC revealed that companies utilizing analytics in HR are 4 times more likely to be ahead of their competitors in revenue growth.

The ever-changing technological landscape has ushered in a new era of data-driven decision-making, particularly in human capital management. Traditional approaches often rely on intuition and anecdotal evidence, which can lead to inefficiencies and missed opportunities. In contrast, analytics empower organisations to make informed, precise, and strategic decisions by harnessing data from various sources.

# THE ROLE OF ANALYTICS IN HUMAN CAPITAL MANAGEMENT

## 1. TALENT ACQUISITION AND RECRUITMENT

Predictive analytics identifies candidates most likely to succeed in specific roles, reducing time-to-hire and improving recruitment outcomes. For example, by comparing the skills and information of potential candidates with the skills and information of current top performers using algorithms, employers can identify the best fit for open jobs.

According to a peer-reviewed study published in the *Bulletin of Business and Economics*, analysis revealed that 72% of HR managers reported increased efficiency in talent acquisition due to the use of big data analytics, highlighting the positive impact of data on talent acquisition and recruitment.

## 2. EMPLOYEE ENGAGEMENT AND RETENTION

The data analytics study referenced above also observed a 65% improvement in employee engagement and retention when data analytics is used to manage human capital.

Sentiment analysis tools can assess employee feedback to uncover drivers of satisfaction and dissatisfaction. In Nigeria, where employee engagement scores are often below global averages, these tools can pinpoint cultural and systemic factors affecting morale.

Also, turnover prediction models identify at-risk employees, enabling proactive interventions in industries with high attrition rates.

## 3. PERFORMANCE MANAGEMENT

Advanced analytics has also been deployed to track performance and KPI metrics, identifying and appropriately rewarding top performers while providing personalised development plans to employees who are struggling in their roles.

Real-time dashboards can enable managers to monitor team productivity, interaction and collaboration between departments, Turn-Around Time (TAT), and other vital metrics. By analysing employee data, employers and HR managers can identify patterns and trends that can help with developing human capital management strategies that drive performance and business growth.

## 4. LEARNING AND DEVELOPMENT

Skill gaps identified from performance data analytics inform targeted training programs, aligning employee capabilities with business goals. For instance, by plotting the skills you have against the skills you need to achieve your organisational objectives, complex data models can help you upskill and reskill your workforce, save time and resources, boost efficiency and productivity, and achieve your overall business goals.

## 5. WORKFORCE PLANNING

HR data analytics also provides scenario modelling that helps organizations prepare for contingencies, including economic downturns, currency fluctuations, and policy changes.

These predictive analyses can help organisations forecast their staffing needs, optimise workforce planning, and make better staffing decisions such as hiring new employees before a dip in workforce strength becomes apparent and undermine organisational productivity.

# STRATEGIES FOR IMPLEMENTATION



## DEVELOP A DATA-DRIVEN CULTURE

Promote data literacy and create a culture of data recording and collection across all levels of the organisation. Analysis can only be done when data is collected, it is therefore imperative that managers help their teams develop the habit of tracking all data relevant to their duties, tools, and outcomes.

It is also important to encourage collaboration between HR and data science teams to build analytics capabilities.



## INVEST IN TECHNOLOGY

Adopt advanced HR analytics platforms that integrate seamlessly with existing systems, such as payroll and performance management tools.

AI and machine learning can also be leveraged for deeper insights, particularly in talent acquisition and workforce planning.



## FOCUS ON DATA GOVERNANCE

Establish clear policies for data collection, storage, and usage, ensuring compliance with data safety and protection procedures, policies, and regulations, both internal and external.



## START SMALL, SCALE STRATEGICALLY

Begin with pilot projects to demonstrate value and refine approaches in high-impact areas such as recruitment and retention.

Gradually expand analytics initiatives based on proven success, focusing on areas critical to organisational growth.

# CHALLENGES AND CONSIDERATIONS

While the benefits of leveraging analytics in human capital management are substantial, organisations must also be aware of the challenges and pitfalls some of which include:

## DATA QUALITY AND INTEGRATION

Inconsistent or incomplete data, particularly resulting from inadequate data-gathering tools, can undermine the reliability of analytics.

## INFRASTRUCTURE LIMITATIONS

Limited access to advanced technological infrastructure in many areas of the country can hamper analytics adoption.

## PRIVACY AND ETHICS

Balancing data utilisation with employee privacy rights is crucial, especially with Nigeria's Data Protection Regulation (NDPR) in place.

# CASE STUDIES



## COMPANY A

IBM used data on recruitment, tenure, performance, role, salary, promotion history, and location to reduce their turnover rates in critical roles by 25% over four years.

## COMPANY B

A large Dutch FMCG retailer used people analytics to analyse the effectiveness of their training. They found that training shop personnel positively impacted the shop's financial performance, which they measured through A/B testing. The ROI of their training program was 400% in the first year.

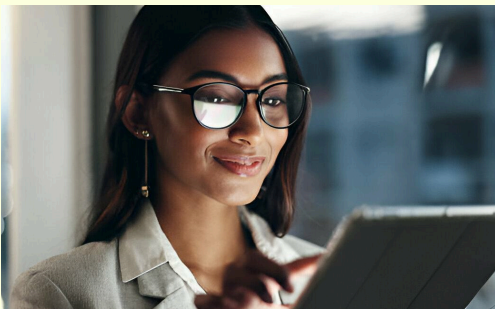


## COMPANY C

At Credit Suisse, analytics enabled the HR team to predict who might quit their job and why. Managers received this information to reduce the risk of turnover and improve retention. They were also provided training to help retain high-performing employees who might be at risk of leaving. Overall, this program saved the company approximately \$70,000,000 a year.

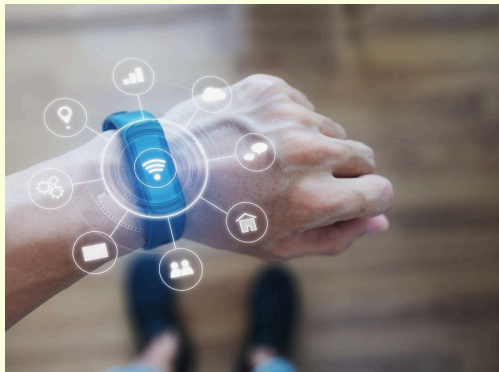
# FUTURE TRENDS

As we move further into 2025 and beyond, several trends will shape the use of data analytics in human capital management:



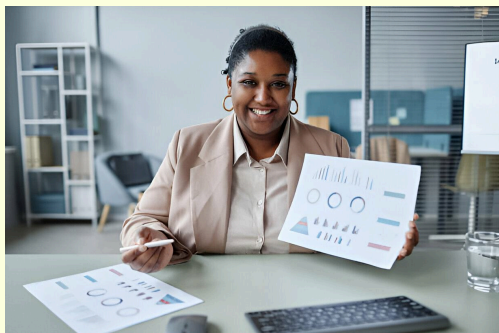
## INCREASED ADOPTION OF AI AND MACHINE LEARNING

These technologies will drive more sophisticated predictive and prescriptive analytics, particularly in major commercial centres like Lagos and Abuja.



## INTEGRATION OF WEARABLE TECHNOLOGY

Wearables will provide real-time data on employee wellness and productivity, offering solutions to health and safety challenges in sectors like oil & gas, engineering, and construction.



## FOCUS ON EMPLOYEE EXPERIENCE

Analytics will enable hyper-personalized experiences, fostering stronger engagement and satisfaction, which is critical for retaining top talent in Nigeria's competitive job market.

# Conclusion

Research by Harvard Business Review reveals that companies utilising data analytics for talent management see a 30% improvement in employee engagement and a 17% increase in productivity: this study and many more highlight the extensive benefits of data analytics when correctly deployed.

The future of human capital management in Nigeria lies in the intelligent use of analytics to drive better decision-making. By embracing a data-driven approach, organisations can unlock the full potential of their workforce, achieving greater agility, efficiency, and success in a competitive landscape.

