

Understanding the ROI of HR Software



How Smart HR Software Purchases Easily Provide ROI

Construction companies today are striving to do more with less. The cost of materials rose **0.4% in February 2023** alone and companies are still struggling, and paying, to recruit for available positions. According to a June 2023 **Bureau of Labor Statistics report**, job openings increased from April to March, but hiring was down.

With all these costs coming in, construction companies need to make sure outgoing costs will help them improve their bottom line. One area that can make an impact is technology. Construction companies need to make smart software purchases that will help them run their businesses more efficiently, often without hiring more office staff. But these purchases can't just be good on paper, they need to prove they provide a healthy return on investment (ROI) to decrease any further financial strain on the company.

HR technology in particular can help companies not only do more with less but can directly add value in terms of costs.

HR software can improve how a company operates while saving money. Investing in HR software:

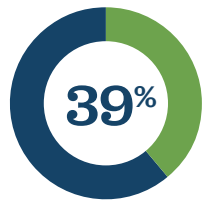
- Maximizes the value of your people - **Businesses that spend at least \$1,500 per employee annually on training activities reportedly earn 24% more profit than those with lower training budgets.**
- Minimizes the cost of doing business – **HR automation reduces the need for manual labor, lowering staffing costs.**
- Helps you do more with less - **HR automation reduces waste while increases productivity with better resource allocation.**
- Ensures adequate staffing for growth and success – **HR software can reduce your time to hire**, saving you significant hiring costs.
- Aids in risk avoidance – **Fines for unpaid back wages can range from \$100,000 to \$200,000 before civil lawsuits.**
- Increases retention, helping to avoid replacement costs – **It costs about \$4,000 to hire a new employee.**



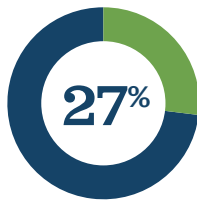
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The Time for HR Automation is Now

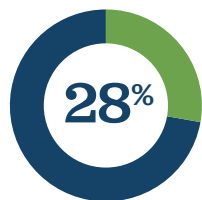
Automation is the future of business. Automation can include something as common as software applications to something much more complex like robotics. Automation can help address many of the HR challenges that undercut productivity and drive-up costs **including:**



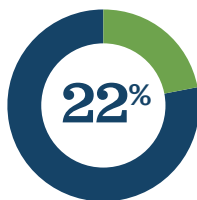
of HR leaders face recruiting and hiring challenges



find retaining key talent challenging



have learning and development or upskilling challenges



face challenges when it comes to benefits

Automating can also cut the cost of required routine manual tasks by using digital solutions for:

- Posting job listings
- Contacting candidates via automated emails and AI or chatbots
- Onboarding paperwork, including digital signatures
- Payroll processing
- Benefits enrollment
- Learning and development, including upskilling
- Tracking employee time and attendance

The right HR software can automate the most tedious and repetitive tasks, saving HR teams time while reducing costly errors, and it helps maintain compliance to reduce risk. Some companies even find that using HR software helps them avoid adding new administrative staff.



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Residual Benefits of HR Automation

While HR automation is the key to managing necessary tasks with the utmost efficiency, it has other benefits as well. According to [TechTarget](#), with HR automation there is:



Less waste.

HR automation reduces paperwork, which can lower the cost of materials and manual workflows.



Data-driven decision-making.

HR automation allows teams to track data across multiple functions, allowing them to analyze the effectiveness of processes.



Transparency and consistency.

When workflows are automated, staff receive clarity about their roles. Employees also receive transparency about things like benefits, expense reports and PTO.



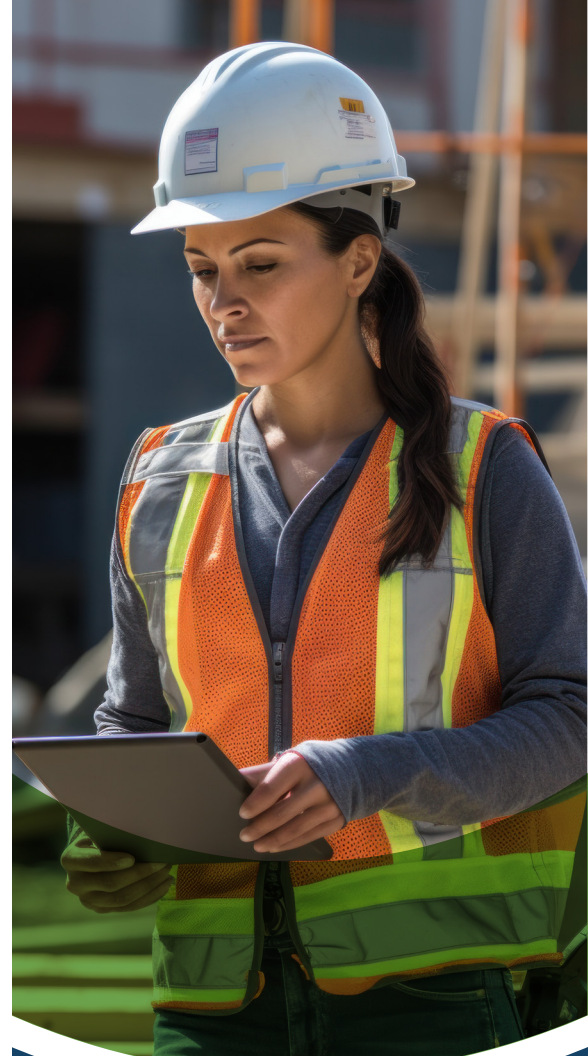
Increased productivity and better resource allocation.

HR automation frees up time for both HR departments and employees by streamlining HR processes.



Better security practices.

HR automation provides tools that can better protect company and employee information.



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ROI is a Big Consideration

Moving to more automation with HR software has significant benefits, but it still comes at a price. Without a doubt, HR tech tools are an investment. And if a company is going to sign off a new purchase, especially during a time of shrinking budgets and economic downturn, that solution better pay for itself, and fast. That doesn't mean companies are not confident about their ability to grow. But it's important that any purchase offers a real and quantifiable ROI.

HR Software Investments That Prove ROI

Applicant Tracking System

An applicant tracking system (ATS) is the first tool HR teams often consider upgrading. An ATS can automate nearly the entire hiring process, saving both time and money by reducing recruiting costs and increasing the chances of hiring the right person.

The traditional hiring process costs an average of **\$4,000 per position**. That may seem like a lot until you consider just how much is invested in hiring a candidate. The formula for calculating cost-per-hire is:

$$\frac{(\text{Internal Recruiting Costs} + \text{External Recruiting Costs})}{\text{Total Number of Hires}}$$

Internal costs can include:

- Referral program bonus
- Recruiters' salaries

External costs can include:

- Posting to job boards
- Hiring a recruiter
- Relocation costs
- Recruiting events

Plug in your numbers and see just how high your cost-per-hire could get.



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How an ATS Proves its ROI

An ATS provides efficiency, and that's exactly how it saves money. With built-in job description tools, an ATS can post to numerous job boards automatically, speeding up the time it takes to reach candidates.

Because an average job posting costs ranging from \$249 to \$495 for a 30-day posting, speed is imperative. An ATS with the ability to request background and drug screenings further accelerates the process. But what's more, a good ATS will weed out candidates that aren't qualified for the job.

Spending money on hiring a great candidate is one thing, wasting that money on a bad hire is another. A bad hire can also bring safety issues, workplace culture problems and even negatively impact recruitment and retention. A strong ATS will pre-screen and rank candidates using criteria tailored to your company's needs. Better candidates will filter to the top, leading to quicker hiring, more fluid onboarding, a better work atmosphere and ultimately a more productive workplace.

Onboarding Software

The cost to hire an employee is already high, but if that new employee quits within the first couple of weeks or even days, that money is not only lost but more must be used for a replacement. Turnover can be a huge drain on company finances. Simply put, a bad hire costs you. Calculate the cost for yourself using the formula below:

$$(Recruiting\ Costs + Onboarding\ Costs + Training\ Costs + Unfilled\ Time) \times (Number\ of\ Employees) \times (Annual\ Turnover\ Percentage) = Annual\ Cost\ of\ Turnover$$

How an Onboarding System Proves its ROI

One of the best statistics out there that proves effective onboarding is worth it comes from a [Brandon Hall Group study for Glassdoor](#):

- Organizations with a strong onboarding process improve new hire retention by 82% and productivity by over 70%.

While retention is one goal, reducing organizational risk is often another. When all required paperwork for new employees is automated, errors are reduced. Plus, a good HR software system will update forms automatically within the system, reducing the time it takes HR to pull paperwork and ensure accuracy.



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Performance Management System

A performance management system aids HR departments to create and manage all types of on-demand reviews like project based, skills assessment, discipline action form, employee recognition form and so on. Managers can also track all of this information from one dashboard. You can review employee performance on a project-to-project basis and provide managers with feedback from a project lead's perspective by an individual, group or both. This type of feedback is not only productive for HR, but more and more employees are demanding it.

A [Gallup](#) report shows only 19% of Millennials strongly agree they receive routine feedback at work. And, only 17% report receiving meaningful feedback, the kind that matters because it helps individuals learn, grow and do their jobs better.

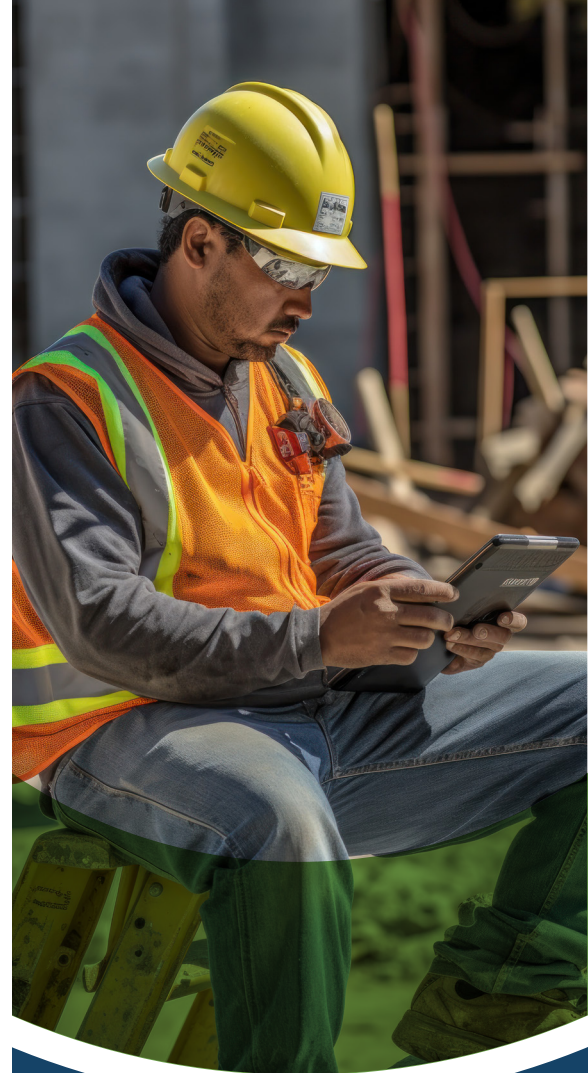
Offering valuable feedback to employees keeps them engaged and focused on long-term goals with your company.

How Performance Management Proves its ROI

Performance management empowers team members to direct their own career development toward mutually agreed upon goals and competencies, which directly translates to engagement. And the more engaged your employees are, the more productive they'll be. And, as engagement is directly tied to turnover, keeping it high is essential to maintain your workforce.

- Organizations with a turnover rate of 20% prior to the pandemic could expect that number to jump to 24% in 2022 and in years to come. ([Gartner.com](#))
- A company with a workforce of 500 would need to hire 120 new workers each year.

But performance management also benefits your company. When employee efficiency is maximized, companies have an edge when it comes to achieving organizational business objectives. Basically, managers are able to better understand the strengths and weaknesses of the overall team and keep them focused on achieving their goals. By benchmarking, tracking and evaluating employee performance over time, HR teams gain all the insight needed to make informed personnel decisions.



The more
engaged your
employees
are, the more
productive
they'll be.

Learning Management System (LMS)

Training is part of onboarding, but it shouldn't end there. Ongoing training keeps workers safe, helping to mitigate high injury costs. According to [OSHA](#), American companies pay nearly \$1 billion per week for direct workers' compensation claims to cover medical and disability expenses.

Incorporating a learning and development program via an LMS also helps to futureproof your business. Upskilling employees not only helps them feel more engaged but will fill any skill gaps left behind by workers who leave the job. In fact, offering development opportunities may help retain your workers.



- According to an [upskilling study](#), 74% of Millennial and Gen Z employees are likely to quit in 2023 due to a lack of skills development opportunities.

How an LMS Proves its ROI

Staying up to date on safety trainings like OSHA and other professional development requirements ensures safer worksites. It also helps your employees become more skilled over time. Plus, indirect costs, personnel turnover or damaged equipment can add up to a lot of money, and under-qualified workers amplify the risk.

Benefits Management

Benefits management is a core HR function. If it isn't handled efficiently, your HR team can get lost in paperwork, translating to lost productivity. Not to mention that employees themselves are impacted by inefficient processes, i.e., employees don't generally notice when benefits are managed well, but they WILL notice and become demotivated when they're managed badly.

Automating the benefit management process clearly has benefits.

Employees receive:

- Timely and quality communication.
- 24/7 access to information.
- A digital process they expect



Employees don't generally notice when benefits are managed well, but they WILL notice and become demotivated when they're managed badly.

How a Benefits Management System Proves its ROI

A good HR software benefits module is a great tool to help companies offer a positive benefits experience while complying with regulations like the Affordable Care Act. Having your software do the heavy lifting on annual enrollment and maintaining the data for legal requirements makes perfect sense. Ensuring compliance is always a great investment because the alternatives may be fines and lawsuits.

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But by automating your benefits process, your HR team and employees can also save considerable time, which translates to improved productivity. And don't forget the direct savings from reduced paper and postage to distribute benefits guides and other information.

According to [Forbes](#), US businesses waste \$8 billion on managing paper each year.

Core HR

Core HR, otherwise known as an HRIS, HRMS or simply an Employee Portal, is the central hub for storing, managing and accessing employee data. Core HR helps HR teams and employees complete central functions like:

- Changing vital employee information
- Viewing pay stubs
- Automating workflows
- Storing and viewing company policy documentation
- Plus, Core HR stores all the data, keeping it secure, accurate and quickly accessible when teams need it.

How Core HR Proves its ROI

Using this type of HR automation can drastically reduce the time it takes teams to complete tasks, freeing them up to focus on strategy or other big picture items.

- The time employees waste on completing HR-related tasks adds up to 40 million hours each month and about \$8.15 billion in lost productivity, according to [HR Executive](#).

And that increased productivity can not only save money but help increase company growth.



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Essential Integrations

Any piece of HR software is only good if it works with the systems that already exist, otherwise it could create more work. Integrations between software systems quickly and easily share data, saving time and ensuring accuracy. Arcoro's Core HR integrates with top construction software systems like Procore, Sage 100 Contractor, Sage 300, CMiC and Acumatica.

How Integrations Prove their ROI

Having a single source for necessary data gives HR teams the ability to better handle necessary employee processes, such as employee tax, demographic data, direct deposit and benefits elections.

- Fewer data entry points reduces data errors and saves time
- Enhanced accuracy means better compliance for data-driven requirements like EEOC
- All data is secure and protected
- Minimal set-up required; integration protocols are established, tested and turnkey

When integrations work, all of your HR software does what it was meant to do: save you time and money and increase accuracy.

HR Tech for Construction Makes Sense

HR software is a big purchase and decision makers will have an easier time getting on board if they understand the cost benefits. HR software not only addresses workforce management challenges, but automating processes saves money both directly and indirectly via reduced workload and increased productivity which translates to cost savings every time.

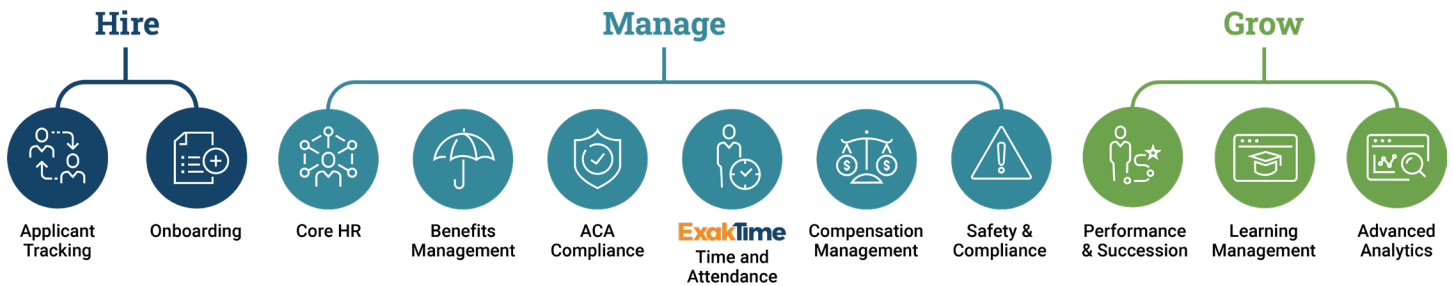
Contact us for a free HR assessment and ROI discussion.



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Arcoro delivers modular HR & people management solutions to help companies hire, manage and grow their workforces.



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