



How to Decrease Costs & Increase Engagement

THE HR PLAYBOOK



center of
excellence
by Paycor



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EXECUTIVE SUMMARY

In uncertain economic times leaders look to reduce expenses, **but cut too deep or trim the wrong budgets, then employee engagement, productivity and retention can take a hit.** You need a strategy that manages to both control costs and increase overall engagement. Here's how to do it.

Control Costs & Do More with Less

- **Automate to reduce human error.** Manual processes of all kinds are prone to honest mistakes, blind spots or fraud. For example, 75% of companies are victims of timecard fraud (*American Payroll Association*). 19% of expense reports have errors (*GBTA*). And it's easy to miss common tax credits, like WOTC, if your HR systems don't automatically identify and process them.
- **Automate to save time.** Consider just one example: 45% of shift workers say they still receive paper schedules (*Ximble*). Rule of thumb: any process that relies on paper is both error-prone and unnecessarily time consuming.
- **Use analytics to discover new efficiencies.** If your HR, payroll, and time systems are unified and can "talk to each other," you have access to a wealth of data that can save your business time and money. When evaluating a data analytics tool, pay attention to how easy it is to manipulate and customize the data.





Drive Engagement & Retention

- **Invest in leaders. Managers account for 70% of variance in employee engagement** (*Gallup*). But leaders are in short supply. 53% of companies do NOT feel confident that they could replace their most effective managers with internal candidates within a month. Investing in leadership training pays off, because without great leaders, employees are far less likely to be productive, loyal or engaged.
- **Give workers a sense of momentum.** 91% of employees say that career development and training are important factors when deciding whether to take a new job or stay at their current one (*MetLife*). To keep workers engaged, give them opportunities to learn new skills.
- **Make employee benefits meaningful.** 86% of leaders are concerned about mental health in the workplace. And the pandemic taught us that mental wellbeing is multifaceted. For example, 72% of Americans are stressed about their finances (*American Psychological Assoc*). Work with a healthcare broker to customize benefits which address the needs of your diverse, multigenerational workforce.





Part 1:

Control Costs & Do More with Less

In uncertain economic times, it makes sense to want to cut costs. But cut too deeply, or trim the wrong budgets, then employee morale will take a hit. In this section, we review 7 ways to reduce expenses and save time without damaging the employee experience. Big picture, look to automation to reduce human error and save time. Then, use analytics to discover new efficiencies.



Don't Miss Out on WOTC

WOTC HAS BEEN
EXTENDED THROUGH 2025

When you hire and retain new employees from certain groups of people who may need help finding jobs, you can get tax credits of up to \$9,600 per hire. (For more info on targeted groups, see Paycor's article [here](#).) The tax credit equals 40% of the employee's qualified wages if the employee works at least 400 hours during their first year. Employees who work at least 120 hours get you a credit equal to 25% of the employee's qualified wages. You can't claim the credit for rehired employees.





To do:

Automate the process. WOTC opportunities are easy to miss. 20-30% of your employee base could qualify for WOTC (*Equifax*). Look for an HR software provider that can help you automatically screen job candidates for WOTC eligibility as well as automates the payroll process on the backend. You'll also need your HR software to maintain accurate records, report tax credit activities, and meet deadlines.

Consider:

Paycor customers claimed \$24 million in WOTC tax credits in 2022.



Outsource Payroll

IN-HOUSE PAYROLL IS MORE
EXPENSIVE THAN YOU THINK

PwC found that outsourced payroll can be nearly 30% less expensive than in-house. Hidden costs, like installing and maintaining the system plus the time it takes to collect, approve and prepare employee hours for payroll processing, drive up the in-house price tag. The other big advantage is compliance expertise. **Even the most innocent payroll or tax filing error can be costly.** You'll save money by finding a payroll provider with deep, proven compliance expertise, and a knowledge of compliance risks which affect your industry and geography. (But beware **PEOs**, as they can be costly and not reliable when it comes to compliance.) **Finally, consider security.** The best providers offer extra layers of protection, like multi-factor authentication, disk level encryption, and enterprise-class data storage.





To do:

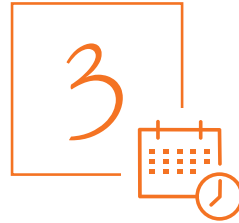
Compare the costs of outsourced payroll to in-house payroll.

Remember, whoever oversees your payroll has a legal obligation to stay on top of emergency legislation and rapidly integrate changes into the system. That's a daunting (and risky) task even in normal circumstances.

If you currently outsource payroll, make sure you're getting your money's worth. Your provider should be automatically updating your payroll software every day to handle the latest changes in tax, compliance, and federal, state and local relief programs, at no additional cost.

Consider:

Bonus points for an HR software provider that offers payroll autorun—a feature which automatically calculates salaries, imports timecards, calculates deductions, and runs payroll for you each pay period.



Maximize Schedule Efficiency

MAKE SCHEDULING A SCIENCE

Human error in timecard prep is between 1% and 8% and three quarters of companies fall victim to timecard fraud (*American Payroll Association*). If your schedule isn't perfect—if there's any error in either direction, too little coverage or too much—then you're wasting money. Scheduling software helps you find and fill gaps so that your workforce is always maximally deployed. The best scheduling software is delivered seamlessly through a mobile app, making it easy for employees to view the schedule and swap shifts. As Fair Workweek laws become the norm, it's more important than ever to give your employees predictable schedules.





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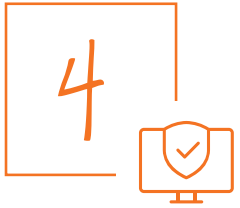
Take a closer look at your scheduling practices.

Are managers routinely under or over-scheduling?
 Are you making payroll mistakes due to inaccurate timesheets? Are you consistently surprised by unplanned overtime? If so, investing in scheduling software may actually save you money.

Consider:

45% of shift workers say they still receive paper schedules

(Ximble State of Workforce Survey). If that sounds like your company, consider the benefits of a mobile app which can enable employees to swap shifts and managers to review and approve.



Accurately & Consistently Manage Unplanned Overtime

UNPLANNED OVERTIME EATS PROFITS,
BUT THERE'S AN EASY FIX

Not all overtime is bad, but when it's a surprise, it can be expensive.

The only way to solve the problem is to be able to forecast overtime expenses accurately and consistently. And the best way to do that is by mining your workforce data. If your HCM (human capital management) data is in the cloud, chances are you already have access to all the data you need to forecast and manage overtime costs. That's because the "secret" to predicting overtime is in the data housed in your HR, payroll, and time & attendance systems.





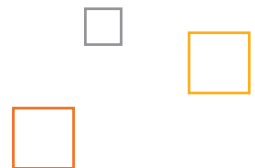
To do:

Here's the trick: you need a tool which can extract that data and present it back to you in a meaningful, actionable way. The best data analytics tools enable you to filter, customize, and tailor information to fit your unique needs. For example, a best-in-class workforce data tool will enable you to:

- See how much of your total pay is overtime pay
- Reveal overtime trends
- Drill down to specific problem areas (e.g., which managers or office locations are responsible for the most unplanned overtime)
- Easily create a graphical report you can customize to suit your audience

Consider:

When evaluating a data analytics tool, pay attention to how easy it is to manipulate and customize the data.





Automate & Streamline Expense Management

YOU MIGHT BE SURPRISED

AT HOW MUCH MONEY YOU'RE LOSING

43% of companies manage expenses manually (*Travel & Expense Management Trends Report*). That's a problem for two reasons. First, it's expensive: on average, it can cost your business \$58 to submit and process an expense report and \$52 to correct it (*GBTA*). Second, 19% of expense reports have errors (*GBTA*), so if you're relying on manual oversight, chances are you're missing a lot of errors. Expense management software can significantly reduce data errors by automating receipt capture and report filing and flagging questionable claims.



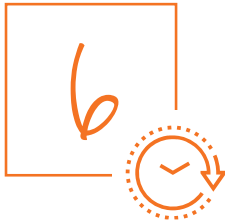


To do:

As more companies automate the expense management process, third-party providers have grown in popularity. But buyer beware; integrated solutions still require employees and managers to learn a new system, resulting in extra work and the potential for errors. Look for a unified expense management software that makes it easy for employees to enter eligible expenses, for frontline managers to approve them, and for payroll administrators to submit reimbursement.

Consider:

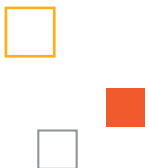
Look for a solution that enables employees to submit expenses from the same web and mobile apps they use every day to view their paystubs and schedule.



Save Time with HR Automation

A SINGLE SOURCE OF TRUTH
FOR ALL EMPLOYEE DATA

Paycor found that nearly 70% of HR teams waste time on tedious, manual workflows. When your business is trying to do more with less, burdensome HR admin is the first inefficiency to prioritize, because so much of your business operations run through HR. The solution is a unified HR platform that serves as a single source of truth for all employee data. Which means your HR team is out of the weeds, as the system automatically updates employee information throughout the employee lifecycle.





To do:

Think of an HR platform as a one-stop shop hosted in the cloud and designed to merge and streamline all of your employee management requirements: from the start of the lifecycle with recruiting and onboarding, to running payroll, through managing and developing your employees. If your current HR toolkit consists of a mixed bag of disparate solutions that don't "talk" with each other, you'll end up spinning your wheels. Using a unified platform containing all the tools you need to find, develop, and retain employees will make you more efficient and reduce the chances of error.

Consider:

Look for a unified HR platform that also integrates with 3rd party apps, so you have the benefits of unification with the flexibility to utilize the right vetted partners.





Modernize the Way You Recruit

91% OF COMPANIES ARE
PLANNING TO HIRE NEW STAFF

Paycor found that recruiting is the #2 priority for businesses, second only to retention. We also found that a whopping 91% of companies are planning to hire (*HR in 2023 Survey*). To compete, automate your recruiting process so you never miss out on a candidate. You can automate pretty much all the transactional, administrative components of recruiting, including resume screening, candidate matching, job board posting, candidate communications (even texting), post-interview feedback gathering, background checks, and EEO and OFCCP compliance. Recruiting analytics is the next step up, as it gives you insight into KPIs, like time-to-hire, interview-to-offer ratio, and more.





To do:

Here's what to look for in an applicant tracking system (ATS). First, an ATS must help you attract and engage quality candidates, make it easy for them to find your job posting, and make it even easier to apply. Next, your ATS must drive them through the process with customizable email and text communications, advanced candidate matching, Outlook & Gmail interview scheduling, interview scorecards to capture feedback in an organized way, and customizable workflows for special hiring needs. Finally, your ATS must help you close the deal with integrated background checks, digital offer letters, EEOC and OFCCP compliance, and automated onboarding.

Consider:

62% of business leaders believe the current talent shortage is "long-term or permanent." (*Paycor*)

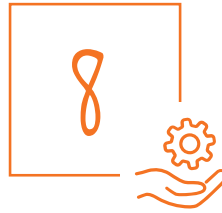




Part 2:

Drive Engagement & Retention

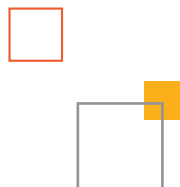
To motivate employees and inspire lasting loyalty, invest in three areas: leadership training, employee learning & career development, and meaningful benefits that address a full picture of wellbeing. Of the three areas, leadership training is the most important. Managers account for 70% of variance in employee engagement, but only 1 in 10 people have a naturally high capacity to manage (*Gallup*). Leaders aren't born, they're trained. And an effective leader can make all the difference.



Empower Frontline Managers

**53% OF COMPANIES DON'T HAVE
A LEADERSHIP PIPELINE**

In 2022, a Paycor survey of nearly 6,000 professionals found that 53% of companies do NOT feel confident they could replace their managers with internal candidates within a month. That's a problem. Managers account for 70% of variance in employee engagement, but only 1 in 10 people have a naturally high capacity to manage (*Gallup*). If you don't have an internal pipeline of leadership talent, it can be difficult to quickly train people to step up into leadership roles. To address this outage, consider investing in your current managers and in succession planning to identify the next generation of leaders at your company.





To do:

Prioritize continuous education for your managers. Your HCM provider should be able to provide both ready-made courses and the technology you need to easily design your own training. Core managerial skills include balancing demands from multiple constituencies, interpersonal skills and emotional intelligence, delegation, and the giving and receiving of feedback. And speaking of feedback, **a key to effective management is more frequent one-on-ones with direct reports.** These (ideally weekly) meetings can not only foster a more productive and transparent communication style across the organization, but they can also give managers “batting practice,” so they can practice the skills (like active listening) they need to become stronger, more effective leaders.

Consider:

Succession planning isn’t just for CEOs. Identify critical roles and then look for internal candidates who, with coaching and development, might one day step up to fill vacancies.





Help Employees Learn New Skills

WANT TO KEEP TOP TALENT?
INVEST IN TRAINING.

Training your current employees to learn new skills and to become more valuable in the workforce makes a whole lot of sense. For one, it's a powerful driver of retention. 91% of employees say career development and training are important factors when deciding whether to take a new job or stay at their current one (*MetLife*). And Gallup found that 87% of Millennials (this generation makes up half the workforce) say professional development is the most important factor when evaluating a job offer. Secondly, as the pool of available talent shrinks, and especially during tight job markets, it's important to train and develop employees; it can be a lot easier than trying to recruit.



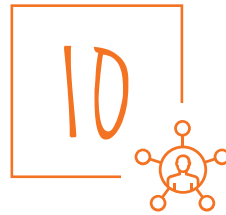


To do:

Make learning and skills-based training part of your company's DNA, starting at onboarding. That way, your employees associate your company with a place they can grow, right from the start. Onboarding can continue through the first year of employment, giving the new employee more confidence in finding their "fit." A robust, meaningful onboarding experience is also a great retention-booster. SHRM found turnover can be as high as 50% in the first 18 months of employment, and Gallup Analytics found that only 1 in 10 employees strongly agree their organization does a good job of onboarding.

Consider:

Culture Amp shows that employees who believe their jobs contribute to their personal development are **21% more likely to stay with their current employer.**



Commit to Continuous Feedback

THE PERFORMANCE REVIEW PARADOX

Most people hate annual reviews. For the receiver of the review, the feedback can feel like an attack. And for the manager, who must dig through a year's worth of information scattered throughout emails and meeting notes, the review is an administrative nightmare. **The solution is counterintuitive: more frequent reviews feel more empowering.** Continuous feedback delivered via one-on-ones and quarterly reviews become more like career coaching than criticism. The immediacy of continuous feedback is a driver of engagement, too. Real-time feedback eliminates recency bias and encourages course-correction, so a glitch in performance doesn't have to become a problem.



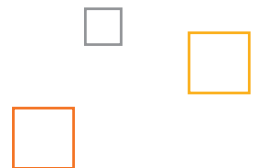
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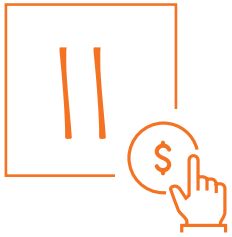
Don't expect managers to do it on their own.

Continuous feedback is a culture shift, and a lot to ask of leaders who are already stressed. Here's where HR technology can help. The right solution will help managers not only schedule the meetings, but shape the conversations with customizable, preloaded templates. Best of all, an HR performance dashboard captures the key points of what was said in each meeting, giving the entire process a forward momentum it would lack without written documentation.

Consider:

When performance reviews are a continuous, data-driven and frictionless part of the company culture, organizations see a 14% increase in engagement and 24% higher workforce performance (Gartner).





Provide Access to Healthcare Payment Plans

ENABLE WORKERS TO PAY

MEDICAL BILLS OVER TIME, INTEREST-FREE

72% of Americans are stressed about their finances (*American Psychological Assoc.*). Adults who are struggling to pay off debt are three times more likely to suffer from a mental health disorder and twice as likely to report poor overall health (*Forbes*). More than 50% have gone into debt over the past 5 years due to medical or dental bills (*Kaiser*). Stress at home carries over to the workplace. Nearly 30% of employees say financial stress has affected their capacity to focus, and 25% say it has reduced their on-the-job satisfaction (*Harris Poll*).





To do:

The intersection of physical and financial wellbeing is a natural place for employers to offer value, and there's a way you can do it without breaking the bank.

Innovative benefits providers are offering online services that allow your employees to pay for healthcare at the time of service, and then pay their medical bills off over time, interest free—in some cases for up to a year. Giving your employees the option of setting up their own interest-free payment plan can improve their quality of life, as they not only get the healthcare they might otherwise choose to skip, but they also get a stress-free way of paying for it. The best providers offer this service to employers for just a few dollars a month per employee.

Consider:

OnDemand Pay is another way to relieve financial stress. Enable employees to access up to 50% of their earned wages before pay day, without requesting an advance or paying additional fees.



Prioritize Mental Health at Work

ADDRESS THE ELEPHANT IN THE ROOM

Paycor found that 86% of business leaders are concerned about mental health in the workplace (*Paycor's State of American Business Survey*). One in five American adults will have a diagnosable mental health condition in any given year (*Centers for Disease Control*), and 67% of US workers say they're burned out (*Gallup*). Nearly 50% of Black and Latino workers have left a job at least partly due to mental health concerns (*Mindshare Partners*). And 48% of Gen Z say they feel stressed or anxious all or most of the time.



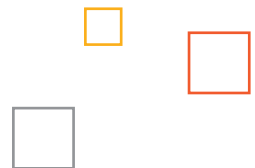


To do:

There are 3 important things you can do to address mental health at work. First, ask leaders to model healthy behavior. When company leaders take time off, their direct reports will, too. When leaders admit mistakes or simply feel comfortable saying, “I don’t know, let me get back to you,” the entire organization gets the message that it’s okay to show vulnerability. **Second, build an inclusive workplace,** as vulnerable populations and the young are most likely to suffer in silence. **Third, talk to a trusted healthcare benefits broker** to understand what wellbeing programs you can offer to support the demographics of your specific workforce.

Consider:

Less than 50% of employees feel that mental health is prioritized at their company (*Harvard Business Review*).





Invest in New Ways to Listen

THE MORE YOU LISTEN,
THE MORE YOU'LL LEARN

In a Paycor survey of nearly 6,000 professionals, we found **company culture is the #1 driver of retention**. We were curious to learn more, so we asked an open-ended question that got 2,000 responses, totaling more than 30,000 words. Here's what we found: **trust is the primary driver of culture**. Workers want to trust that leaders are acting in their best interests, not just the interests of the business. We also found **communication is the primary driver of trust**. Companies which give employees channels to express their feelings anonymously, and that valued candid conversations between managers and employees, fared much better than ones that didn't.





To do:

Go beyond the standard employee survey. Occasional employee satisfaction surveys are lagging indicators of persistent concerns. New AI tools, powered by natural language processing (NLP), give leaders a way to gather continuous feedback, so you're able to gauge in real time exactly what your workforce is feeling in the moment. **When leaders know what matters most to their teams, they can celebrate what's working and spot trouble before it becomes a problem.** NLP uncovers valuable insights including large variances and concerning outliers to quickly turn raw data into action planning and more informed decisions.

Consider:

Only 51% of employees think their organization is great at listening, and only 56% feel their leaders stay in touch with what employees need
(OC Tanner).

About Paycor

Paycor's human capital management (HCM) platform modernizes every aspect of people management, from recruiting, onboarding and payroll to career development and retention, but what really sets us apart is our focus on leaders. For more than 30 years we've been listening to and partnering with leaders, so we know what they need: a unified HR platform, easy integration with third party apps, powerful analytics, talent development software, and configurable technology that supports specific industry needs. That's why more than 29,000 customers trust Paycor to help them solve problems and achieve their goals.

LEARN MORE AT [PAYCOR.COM/LEADERS](https://paycor.com/leaders)

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