



# Contractual Labor



# Introduction

In a time when companies are seeking both agility and flexibility in their workforce, the use of contractual labor has become quite imperative. However, walking over the ever-evolving landscape of contemporary business, particularly related to contractual labor, has always been a treacherous domain.

To tread over this gig economy which is majorly characterized by short-term or contract-based labor, organizations need more holistic HRMS software to manage a fluid workforce. This use case will showcase how organizations based in India, SEA, and the GCC region can navigate the complexities of the gig economy.

## What makes contractual labor important?

To thrive in a competitive environment, organizations need to be adaptable and scalable, and contractual labor packs in tons of potential. These engagements help organizations tap into specialized skills. They can scale up or down with ease, which is absolutely essential for time-sensitive projects.

Nevertheless, as with any business strategy, there comes a set of challenges, complexities, and intricacies that demand timely attention. So, let us take you through a scenario that showcases the key challenges that an organization operating in the Southeast Asia region can face, followed by the implementation of the right solutions by Akrivia HCM.



# Scenario

A multinational company operating in Indonesia and Vietnam, and having its headquarters in Singapore, was handling a workforce comprising both full-time and contractual laborers.



**43%** of their workforce was powered by contractual laborers, and the key reason behind this strategy was to deal with periods of economic uncertainty.

Along with this, the pool of contractual laborers flocking towards the Southeast Asia region offered better skillsets and experience.

Nevertheless, for the HR management, the lack of a specialized approach to handling the banner of contracts was turning out to be a major hurdle. The laws pertaining to contractual labor in countries like Indonesia are stringent, making it difficult to navigate the compliance conundrum.

## The complexities of labor laws

“The existing HR and payroll software used by the company was not designed to deal with the complexities of the regulatory landscape governing contractual labor.”

Moreover, as labor laws vary from one region to another, ensuring compliance with these intricate regulations can be akin to walking a tightrope. A single misstep in ensuring compliance can result in massive legal ramifications, reputational damage, and financial penalties.

## Lack of visibility

While contractual labor offers the promise of specialized skills, it often results in a visibility paradox. Organizations may find themselves juggling multiple contractors across various projects, but it can also lead to a lack of transparency into who does what, where, and when. This lack of visibility can hinder coordination, quality control, and strategic decision-making.

# What went wrong?

## 15 Non-Compliance incidents identified during the Audit

The organization employed contractual workers across Singapore, Indonesia, and Vietnam. During an audit, it was discovered that some workers were not provided with legally mandated benefits in one of the regions, resulting in non-compliance.

## Inconsistencies in the Onboarding and Offboarding process

Efficiently onboarding and offboarding contract workers helps ensure they have the necessary resources and training. However, the contractual workers in this organization were joining a project-based team. It took an average of three weeks to get them fully onboarded, including training and provision of resources. As a result, the average onboarding time for contractual workers is 21 days (about 3 weeks).

## Poor engagement led to a 30% attrition rate!

Keeping contractual workers motivated and committed to the organization proved to be a challenge for the HR team. The organization hired a group of contractual workers for a six-month project. Within three months, three out of ten contractual workers left for other opportunities. The turnover rate for contractual workers within the first three months was 30%.

## How did Akrivia HCM help transform the entire process?

The HR Manager in that organization discovered Akrivia HCM through the recommendation of a colleague. The team at Akrivia HCM consulted the HR Manager to understand their requirements in detail and find a sustainable solution. The team emphasized the fact that to manage contractual labor in the SEA region effectively they need something more than conventional HR and payroll software. They needed a platform that supports multi-currency payroll, ensures compliance and comes equipped with automation-based employee onboarding and engagement modules.

The solutions experts at Akrivia HCM designed a step-by-step plan to automate the payroll process and transform the engagement experience.



*They provided the Head of HR and his team with the required tools and platform that would help them meet all the necessary compliances in Singapore, Indonesia, and Vietnam, and at the same time, engage the employees remotely.*

# EMPOWERING CONTRACTUAL LABOR MANAGEMENT WITH AKRIVIA HCM



## Solution Journey

- ◆ Consultation with Akrivia HCM Experts
- ◆ Tailored Solution Deployment for Multi-Currency Payroll, Compliance, and Automation

## Streamlining Onboarding and Offboarding

- ◆ **Efficient Onboarding:** Average Onboarding Time Reduced from 21 to 2 Days
- ◆ **Structured Offboarding:** Smooth Transition for Exiting Workers

# Solution Implementation

## Addressing Non-Compliance

Akrivia HCM platform has been configured according to the regulatory compliances existing in countries like India, Singapore, Indonesia, Malaysia, Vietnam, Phillippines, UAE, etc. Plus, being a cloud HRMS software, regular updates of statutory changes are ensured by the team to the back end of the software, leaving no room for errors.

As a result, within the first quarter of implementation, the organization's compliance rate saw a significant improvement. The 15 non-compliance incidents identified during the audit came down to zero, showcasing the impact of the solution.

## Streamlining Onboarding and Offboarding

Efficiency in onboarding and offboarding processes was essential to ensuring contractual workers were productive right from day one. To expedite these critical processes, Akrivia HCM's onboarding module offered a swift and structured onboarding process.

**“The average onboarding time for contractual workers was reduced from 21 days to just 2 days, resulting in a 90% reduction in the time it took to get these workers fully onboarded.”**

This not only saved valuable time but also allowed contract workers to contribute to projects more quickly.

## Boosting Engagement and Reducing Attrition

The HR team faced a significant challenge in retaining contractual workers due to poor engagement levels. With Akrivia HCM's employee engagement tools, including 360-degree feedback mechanisms and performance monitoring,



*The HR team was able to bring down the attrition rate by 30% within the first three months.*

Further, the organization also witnessed a 60% drop in the turnover rate for contractual workers, which was a clear indication of the rising level of employee satisfaction.