



Manufacturing



# Control Labor Costs and Increases Productivity by 15% Using UKG™ solution

Volkswagen FAW Engine (Dalian) Co., Ltd. (FAW Volkswagen), is a SinoGerman joint venture established by Volkswagen (China) Investment Co., Ltd., and China FAW Group Corporation. Operations commenced with four major auto-parts production and assembly lines, including testing facilities. Within a few years, FAW-Volkswagen experienced tremendous growth and now employs over 980 people.

## Challenges

- Tracking employee time and attendance using manual processes was time-consuming and prone to errors
- Manually tallying complex overtime and pay rules was difficult and open to miscalculations
- Calculating complex leave rules by hand was a tedious task and created compliance issues
- Matching workforce schedules to production cycles was difficult without real-time staffing information

## Solution

- FAW-Volkswagen automated its workforce management by implementing a solution from UKG

## Benefits

- With the automated timekeeping solution, employee time and attendance records are more accurate
- By eliminating payroll errors and controlling overtime, FAW-Volkswagen saw a 100 percent ROI within 12 months
- Better visibility into labor requirements in advance cuts overtime costs 8 percent year on year
- Using data to make instant staffing adjustments has increased productivity by 15 percent on the factory floor
- Complex leave rules are automatically calculated, mitigating compliance concerns

## Customer Snapshot

Automotive engine manufacturing  
Changchun, China  
+980 employees

## Products

- Workforce Timekeeper
- Workforce Accruals
- Workforce Attendance

### The story

The rapid growth of FAW-Volkswagen presented considerable workforce management challenges. The human resources department was responsible for tracking employee time, using a cumbersome manual process. The organization used manual processes to manage different pay rules associated with permanent employees and contractors, to fulfill complex shift requirements, and to adhere to leave and attendance rules while ensuring compliance with labor laws. To overcome these challenges, FAW-Volkswagen decided to automate its workforce management processes by implementing the UKG Workforce Central suite.

### Automating time and attendance facilitates labor cost control

Due to the seasonality of production in the automotive industry, FAW-Volkswagen's management of hourly time and overtime needed to adhere to China's labor law, "Duty of integrated Computation Labor." Instead of following the conventional practice of calculating overtime at 1.5 times the hourly rate during non-statutory holidays, the organization tallied overtime hours at the end of the pay cycle and then deducted these hours if a minimum value was not achieved. Manually calculating the organization's complex pay rules was cumbersome and error-prone.

This problem was quickly remedied by standardizing FAW-Volkswagen's pay rules in Workforce Central and applying present minimum and maximum values. Accrued overtime is calculated on top of this time, as opposed to being applied immediately, and at the end of the pay period, accruals are used to offset time off. If the balance is greater than the maximum value, overtime is approved on anything above the maximum. But if the balance is less than the minimum value, the remaining amount is deducted. The UKG solution now calculates this automatically, resulting in valuable time savings and error reduction.

By eliminating payroll errors and controlling overtime, FAW-Volkswagen saw a 100 percent return on investment in its UKG solution within 12 months.

### UKG solution takes the pain out of complex leave rules and compliance

An employee's annual leave at FAW-Volkswagen is comprised of statutory annual leave and additional leave granted by the

company. The amount of leave an employee is entitled to is calculated from both the cumulative hours the employee works and the employee's length of service. Annual leave must be taken first, followed by additional leave. Only when that leave is depleted can personal leave applied. Manual management of these complex leave rules was challenging.

Automating application of these leave rules in Workforce Central has eliminated the manual process. When employees submit their leave requests through time clocks, Workforce Timekeeper automatically calculates their accrual balance and send an immediate request for approval to their manager. Workforce Central also provides audit capabilities that help support compliance with labor laws and regulations in China.

### Flexibility of UKG solution boosts productivity 15 percent

Because leave information is automatically applied with Workforce Central, FAW-Volkswagen has the flexibility to manage each workforce schedule based on production line requirements, a critical capability during peak production season. This flexibility also allows managers to make instant staffing decisions on the factory floor to ensure that the right people with the right skills are in the right place at the right time.

With this improved visibility into labor requirements in advance, FAW-Volkswagen has realized an 8 percent savings in overtime year on year. In addition, by accurately matching staffing to production demands, the company has seen a 15 percent increase in productivity on the factory floor.

### Employee satisfaction increases with self-service access and simplified processes

With the installation of UKG 4500 terminals, employees only need to swipe their badges when clocking in and out. This data is automatically and immediately sent to the system database, so if a punch is missed or any error occurs, managers are notified and can manually enter the correct information – and the system tracks these changes.

Because the terminals and UKG software are integrated, self-service features available at the terminals allow employees to easily verify their own attendance, scheduling, and leave balance information without contacting their supervisor or HR. The self-service capability has mitigated workforce management pressure on HR, simplified core time and attendance processes, and improved employee satisfaction.