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# What we know about scheduling practices

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# Empirical basis of my research

- Multi-method studies of employer practices and hourly jobs in over 30 firms:
    - retail (stores and distribution centers)
    - hospitality (hotels)
    - transportation (package handling and airlines)
    - manufacturing (nondurable goods)
    - financial services (banks)
  - Studies of workers in retail and manufacturing
  - Randomized experiments in national retail firms focused on improving the stability and predictability of hourly associates' schedules
  - Analysis of nationally representative data on scheduling practices to establish the prevalence of potentially problematic scheduling practices in the US labor market
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# Three ideas today

1. Business and policy context behind problematic scheduling practices
  2. Evidence suggesting it is feasible for employers to improve scheduling practices
  3. Considerations for legislation setting new work hour standards
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# Business and policy context

- **Cost containment as a goal**
    - US firms are increasingly adopting business models that emphasize cost containment as a route to profitability.
    - Under such business models, payment for labor that exceeds narrow definitions of demand (e.g., number of customers, sales, rooms, flights, tables) is viewed as an unnecessary expense.
  - **Intense pressures to “stay within hours”**
    - Retail: Ratio of sales/traffic to staffing hours
    - Hotels: Housekeepers driven by room census
    - Banks: Lock-box jobs in banks scheduled according to payments to process
    - Restaurants: Managers monitor food sales and flow of customers (Haley-Lock & Ewert, 2011).
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## Business and policy context

- **Labor costs in today's hourly jobs (especially part-time jobs) are mostly variable (per hour worked) rather than fixed (per employee)**
  - **Biggest fixed cost** is (was?) health insurance
    - Health insurance provided to individual worker (if job classified as full-time or employee works above minimum number of hours)
  - **Variable costs**
    - Wages incurred only when hours are worked
    - Employers' contributions to Social Security, Unemployment Insurance, and Workers Compensation Insurance incurred as a percentage of wages paid.

**Because costs are incurred mostly by hour rather than by employee, containing labor costs takes the form of limiting wage rates and the number of hours distributed among workers.**

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# Business and policy context

- **Few policy restrictions on variable costs**
  - Minimum wage legislation provides a floor on hourly wages
  - No federal minimum hour legislation; no real floor on hours

***Managers face few incentives and few pressures to concentrate hours on individual workers or to schedule them for consistent hours. Rather, they face pressure to keep labor flexible.***

- ***Two tools managers use to keep labor flexible:***
    - *Scheduling practices*
    - *Head count*
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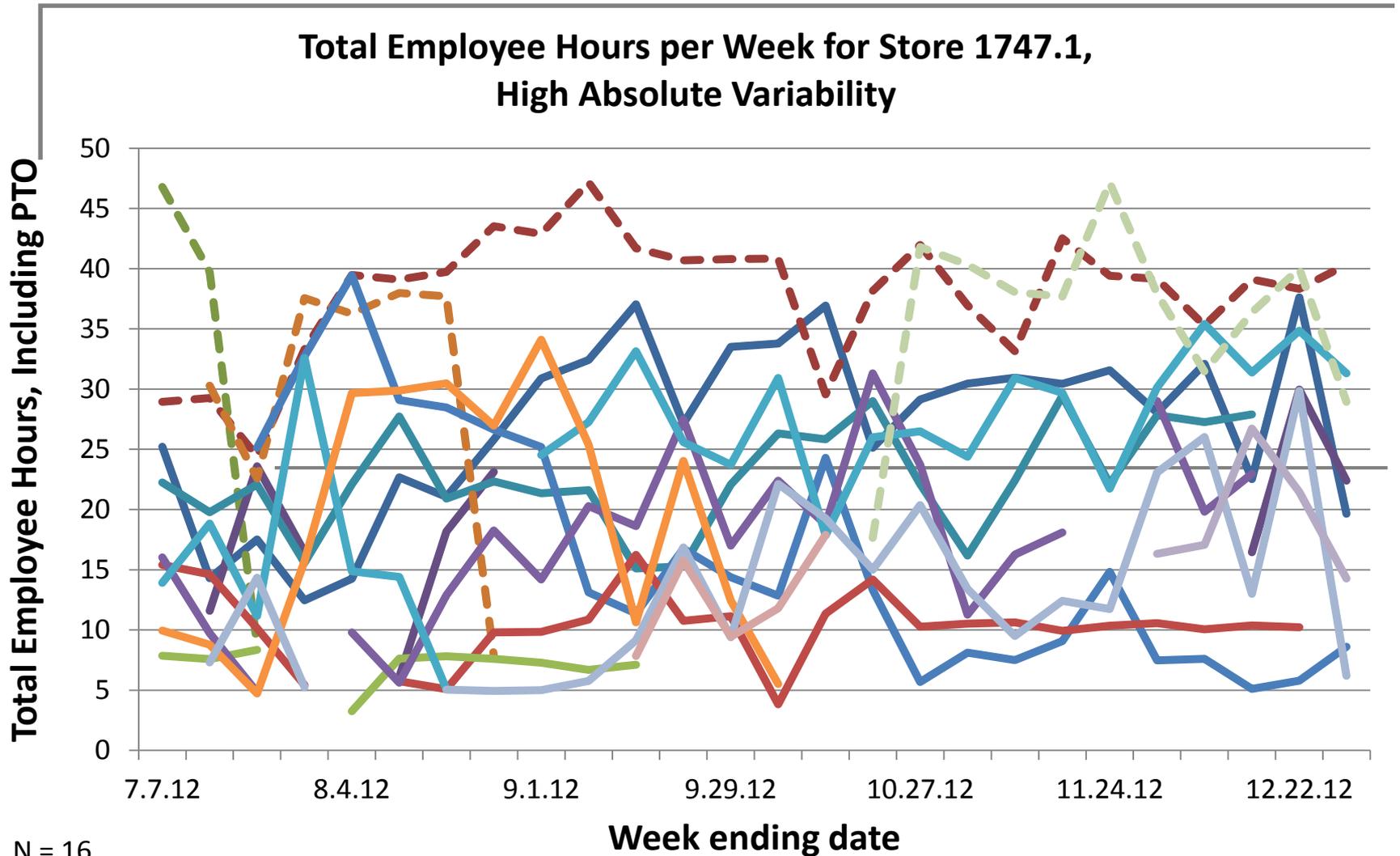
*Labor Flexibility:*

## **Scheduling practices**

- **Work schedules posted a few days before the workweek begins**
  - **Last minute adjustments to posted schedules**
  - **Real-time adjustments during the day**
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# Number and stability of work hours, hourly employees

## Total weekly work hours, per employee



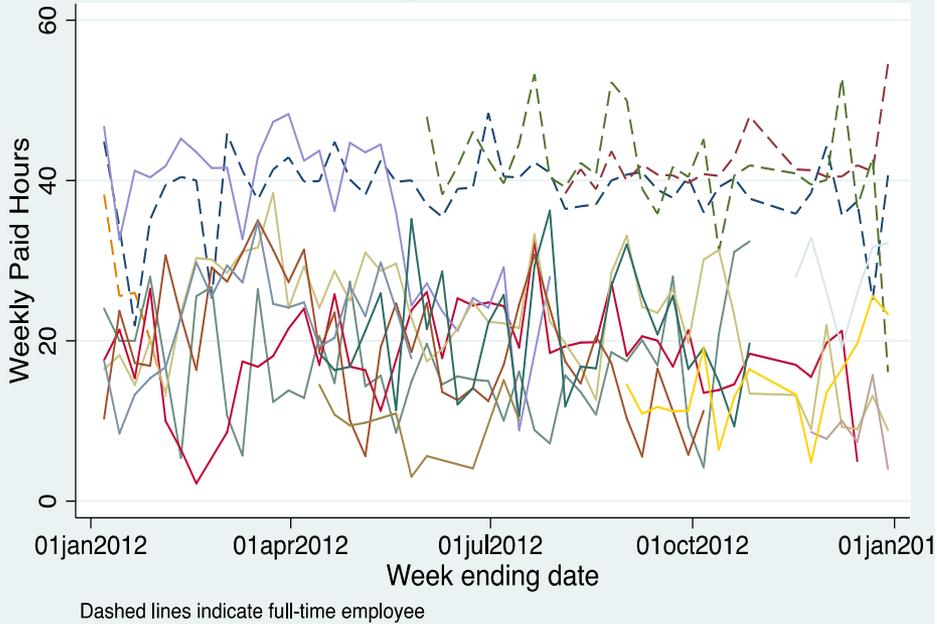
N = 16

Dashed lines = Full-time employee

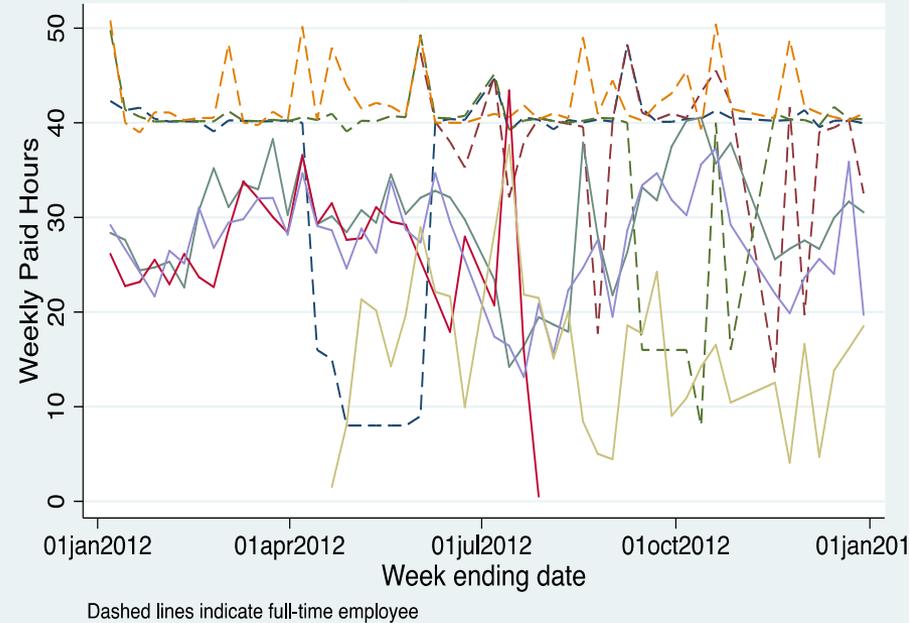
# How much do employees' work hours *vary* week to week?

## Total weekly hours, per employee

Total weekly Paid hours, per employee, store 1743.1  
High-variation store



Total weekly Paid hours, per employee, store 299.1  
High-variation store



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# Schedule predictability, stability, and flexibility matter for work-life outcomes and well-being

- Schedule unpredictability and volatility related to
    - higher levels of stress
    - greater work-to-family conflict
    - more interferences with nonwork activities such as scheduling doctor's appointments, socializing with friends, and eating meals together as a family (Henly & Lambert, 2014)
  - Schedule unpredictability makes it difficult to
    - arrange reliable child care
    - to participate in family routines important to child development such as monitoring homework and establishing bedtime routines (Henly, Waxman, and Shaefer 2006).
  - Schedule unpredictability and volatility can contribute to economic insecurity
    - When you're paid by the hour, an unpredictable and unstable work schedule also means unpredictable and unstable earnings.
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*Strategy to “stay within hours”:*

## **High headcounts**

- **US employers tend to keep headcount – the number of workers on the payroll – high, especially in part-time hourly jobs.**
    - Have a pool of workers to draw on to work short shifts during peak business hours.
  - **Can do this partly because of low-fixed costs.**
    - It doesn't cost much for employers to keep employees on the payroll.
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## Implications of high headcount

- Because managers are responsible for staying within the allocated hours no matter how many workers on their payroll, **the more workers on the payroll, the fewer hours available, on average, for each.**
  - See the ramifications in:
    - Growing rates of involuntary part-time employment
    - And in poverty rates
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## Poverty rates among working families (defined as having at least one child under 18 in household) [National: Current Population Survey(ASEC)2013]

- **All households with children** (11.2% poverty rate)
  - 3.4% poverty rate among families with at least one full-time, year-round earner
  - 27.5% poverty rate among families without full-time/full-year earner but at least 1 part-time/part-year worker
- **Female-headed households**
  - 8.5% poverty rate with full-time worker
  - 46.3% poverty rate with only part-time/part-year worker
- **African American households**
  - 6.9% poverty rate with at least one full-time/full-year worker ; female-headed 12.9%
  - **43.5% poverty rate with only part-time/part-year worker**; female-headed 55.5%
- **Hispanic households**
  - 9.4% poverty rate with at least one full-time/full-year worker; female headed 14.6%
  - **44.1% poverty rate with only part-time/part-year worker**; female-headed 58%

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## **Problematic scheduling practices are widespread in the labor market**

- **Lack of advance notice (2014 GSS: workers of all ages)**
    - Over 40% of hourly workers in their 20s, 30s, 40, 50s and 60s know when they will need to work 1 week or less in advance
  - **Fluctuating hours (2011 NLSY: early-career workers, 26-32)**
    - 74% of hourly workers report fluctuating weekly work hours during a single month
    - 50% of hourly workers report fluctuations of more than 8 hours, i.e., a full day of pay
  - **Lack of input (early-career workers, 26-32)**
    - Many are not simply deciding when to work at the last minute or varying their work hours by choice
    - 50% say their employer sets their schedule without their input; only 16% say they determine their start and end times either freely or within guidelines set by their employer
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## Some occupations at high risk of problematic scheduling practice

	Any fluctuation	Instability ratio* (if hrs vary)	1 week or less notice	Employer decides timing
Janitors and housekeepers	66%	0.43	40%	50%
Food service workers	90%	0.68	64%	39%
Retail workers	87%	0.48	50%	44%
Home care workers	71%	0.62	55%	37%

\* Instability ratio = (greatest – fewest) ÷ usual hours, averaged across those reporting fluctuating hours.

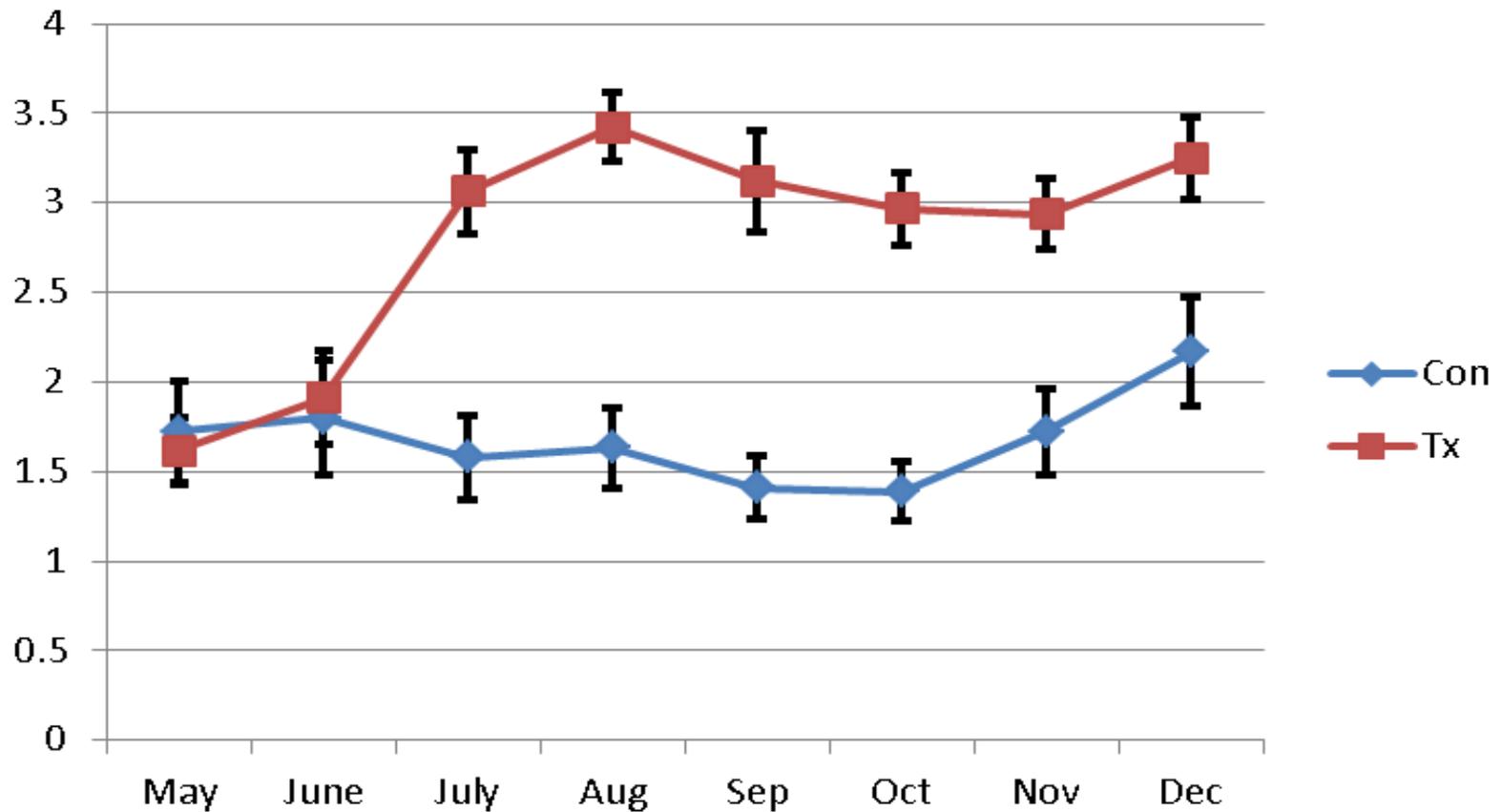
+ Includes hourly workers and non-hourly workers whose low earnings (< \$455 week) render them non-exempt from FLSA provisions.

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## Is it feasible for employers to provide more stable, predictable, and adequate hours?

- Or is there just too much volatility in demand?
  - **Evidence suggests it is possible, that there is more stability and predictability in labor demand than commonly believed.**
    - Randomized experiments
    - Data from operations research
    - Employer leadership, i.e., Starbucks, Victoria Secret, The Gap have all pledged to get rid of on-call shifts and to post schedules two weeks in advance.
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# Weeks at a Time: Observed Means ( $\pm 1$ SE)

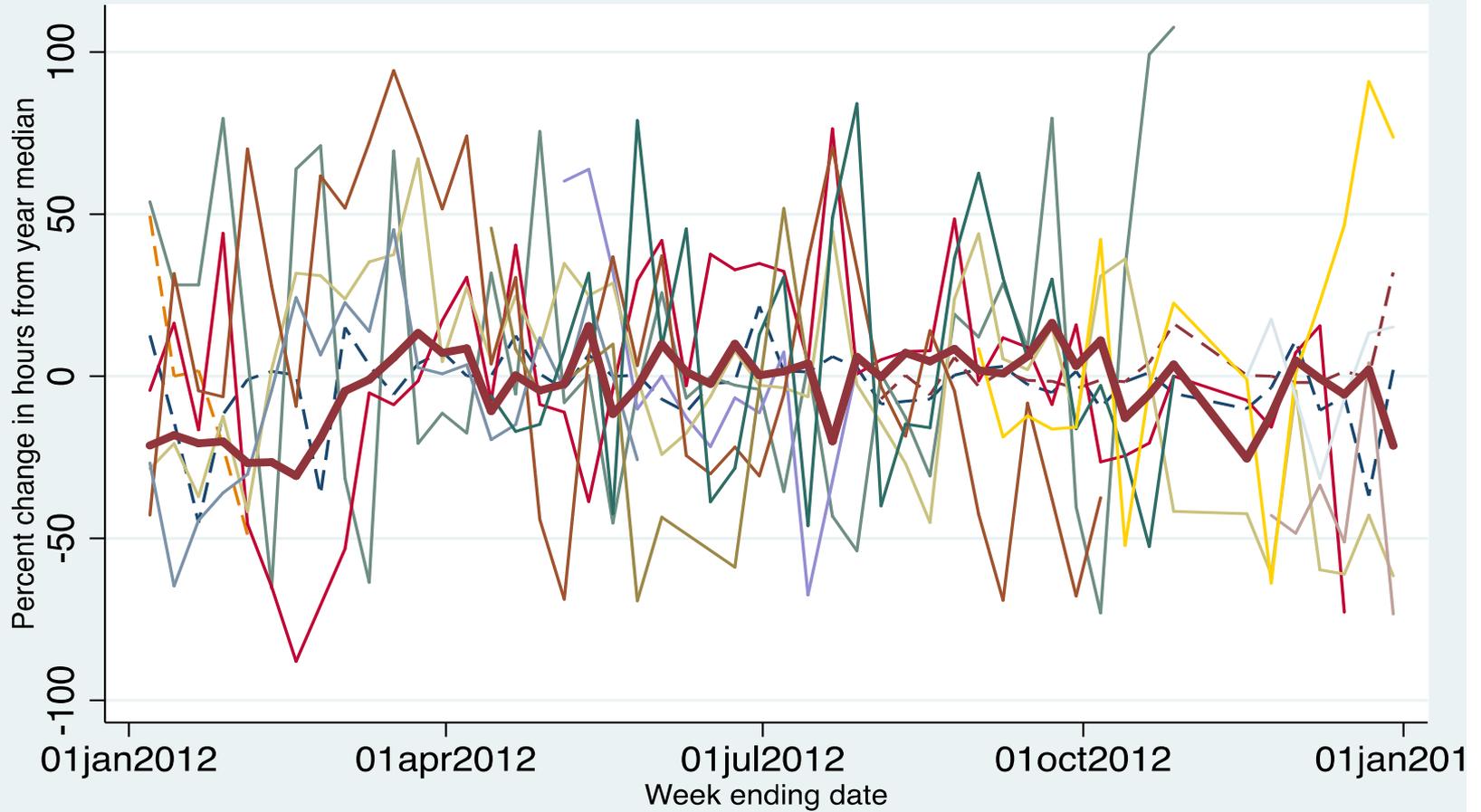


# Unpredictable demand?

- Hours used did not vary all that much
    - Maximum minus minimum number of hours assigned staff in 2012
    - 50% of stores saw variations of 25% or less
    - 25% saw variations of 15% or less
  - Variation in hours used month to month and week to week was much smaller.
    - Week to week, >90% same in terms of total payroll hours
    - EX: average hours= 220 per week; average 7 hours difference week to week (paid \$8.25 on average = \$57.75.)
  - And labor demand was very predictable
    - Correlation between initial hour allocations and hours actually used in the stores (from payroll system) was high ( $r=.90$  for weeks during the experimental period)
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Figure 1: Variation in Employee Work Hrs and Store Staffing Hrs

Store 1743.1, 2012



Dashed lines = full-time employee; Thick line = store staffing hrs

# Add'l evidence of hidden stability and predictability in labor requirements

- **Research from operations research** (e.g., Kesavan, Staats, & Gilland, 2014) **demonstrates substantial consistency in labor demand from week to week in retail.**
  - Understaffing more expensive than overstaffing, e.g., Kesavan et al. 2014; Marshall Fisher [Retail Rage] 2012 ]; Zeynep Ton 2014.
- **And what is not consistent is largely predictable**
  - Workforce optimization vendors boast about their ability to predict variation in demand.
- **But there's little incentive to pass the stability and predictability on to workers.**

*Accountability practices in firms focus managers' attention on the instability in labor demand rather than the stability, on the 10% (or even 30%) instability rather than the 90% (or 70%) stability.*

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# Considerations for legislation

- **A package of standards is needed**
    - Ex: post ahead, but if no incentive to not make adjustments
      - so many changes, won't result in greater predictability
      - And if only incentivize reducing cuts in hours, managers will do bare-bones schedule and then just add hours, which also won't result in greater predictability or stability.
  - **Cost sharing rather than cost shifting**
    - If maintaining a flexible workforce is essential to profitability, then employers should be willing to share its cost
      - Real costs to workers, i.e., setting up just-in-case child care, paying for additional care, taxi home, pay-day loans
      - Opportunity costs to workers, i.e., hard to hold second job or take classes
  - **Work hour standards can provide incentives for employers to pass the stability and predictability that is in their business on to employees**
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# Stable Schedules Study [Joan Williams (U. of California-Hastings, Susan Lambert (U. of Chicago) , Saravanan Kesavan (UNC)]

- Goals
    - Enable the labor flexibility managers need to meet accountability requirements while increasing the adequacy, stability, and predictability of sales associates' work schedules
  - Company-wide changes (implemented October 1, 2015)
    - Elimination of formal on-call shifts
    - Posting schedules two weeks in advance
  - Stable Schedules Study Intervention Components
    - Part-time plus (guaranteeing a minimum of 20 hours to some part-time sales associates)
    - Stable Schedule Structure & Core Hours (consistent start and end times/associate hours)
    - *Shift Messenger* (app associates use to voluntarily pick up and swap shifts)
    - Additional staffing investments (during times when likely to raise conversion rates) to ease pressures on managers so they can comply with the other components
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