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A Fair Workweek: Good for Businesses and Workers

FAIR WORKWEEK INITIATIVE

THE CENTER FOR POPULAR DEMOCRACY

Working people increasingly experience unpredictable part-time work schedules that exacerbate inequality by causing under-employment and volatile incomes. When parents have ever-changing work schedules, families struggle to meet basic expenses and plan for childcare, family meals, or doctor's appointments. These challenges are especially common for retail, food service, and hospitality workers.

What is a Fair Workweek?

A family-sustaining workweek ensures that working people have predictable, stable hours with flexibility and the opportunity to work full-time. Policies include advance notice of work schedules, access to more hours, adequate rest between work shifts, and flexible, responsive schedules.

What is just-in-time scheduling?

"Just-in-time scheduling" occurs when companies rely on algorithms to automate workers' schedules based on projected customer demand, often on an hourly basis. This scheduling practice wreaks havoc on workers' lives as their workweeks and incomes change from day to day and they are required to call in the day of their shift to see if they should come to work

Research shows that a Fair Workweek is good for business.

Workers and their families thrive on full-time jobs with stable, predictable, and flexible hours, but industry groups have complained that Fair Workweek policies are bad for business. In fact, research has shown that businesses can create schedules that deliver predictability, stability, flexibility and adequate hours and enhance their bottom line. By treating front-line workers as an asset that can boost a company's profitability – rather than as a cost to be contained – businesses can increase productivity and sales, and actually reduce long-term labor costs.

Q: How does a Fair Workweek reduce labor costs and boost business operations?

A: By offering workers a Fair Workweek, businesses can:

Boost Profits: When businesses invest in workers by offering balanced schedules, higher wages, and training, they benefit with improved store operations, greater labor productivity, and higher profits.[1] Increased productivity and sales—combined with cost savings from lower rates of absenteeism and turnover—allow businesses that adopt Fair Workweek policies to attain higher profits.

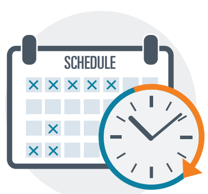
Improve Worker Performance: Managers report that workers who can work their preferred hours are less distracted, have a better attitude, and perform better.[2] Studies have shown that workers with unpredictable schedules have low morale, receive less training, and make more mistakes while those with more predicable schedules are more likely to be cross-trained on various job duties, are more knowledgeable, and provide faster customer service.[3]

Recruit and Retain Talented Workers: There is growing consensus that offering stable yet flexible schedules helps to recruit and retain talented staff.[4] Staff turnover is very expensive for companies, costing 20% of annual pay.[5] Offering stable full-time hours dramatically reduces turnover. For example, one study showed that turnover can be 34% higher among part-time workers than full-time workers.[6]

Reduce Costly Absenteeism: High rates of absenteeism increase labor costs, lower productivity and drain management's time.[7] Stores with adequate staffing levels see higher sales, are more efficient, and provide better customer service.[8] Short-staffing caused by unfilled absences is costly: a large multi-industry survey found that the cost of worker absences at least 15% of base payroll, and unplanned absences reduce productivity by nearly 37%.[9]

Q: If stable schedules are good for business, why haven't more companies adopted Fair Workweek policies?

A: Conventional business practices rely on inaccurate assumptions on how to boost profits.



On-call scheduling, last-minute shift changes, short shifts, and over-reliance on part-time hours have become common practice in the service industry. Many service sector businesses—including those in retail, food service, and hospitality—assume that just-in-time scheduling can contain labor costs by matching staffing levels to customer foot traffic through workforce management technology (WFM).[10] Yet, with mounting public attention, employers are becoming aware of the hidden costs associated with unstable schedules, such as absenteeism, turnover, low productivity, and unsatisfactory customer service. Some employers are now starting to emphasize worker engagement, and are adopting policies to provide stable, predictable work schedules that offer adequate work hours and respond to worker availability.

Q: Is it burdensome for a business to implement Fair Workweek policies?

A: Technology makes Fair Workweek policies easy to implement.

Workforce management technologies can be part of the solution by creating predictable, balanced schedules. In cities and states with Fair Workweek laws, WFM tools can be programmed to automate policy compliance and easily retrieve compliance records. WFM technology allows employers to provide workers with stability and flexibility while also matching staffing to customer demand.[11] Many companies are now adapting new mobile technologies that allow workers to adjust their availability and swap shifts.

Gap Stable Schedules Study:
Do Predictable, Stable Hours Boost Sales, Profits and Worker Satisfaction?

In 2015-16, Gap Inc. partnered with leading academic researchers on a randomized experiment to test a multi-component intervention designed to provide store employees with more stable schedules. Researchers from the University of Chicago, University of California, and University of North Carolina sought to test if retailers could improve work hours for front-line sales associates and enhance profits.

The answer was a resounding YES.

Gap increased schedule predictability, flexibility, stability and adequate hours with the intervention:

PREDICTABILITY: Eliminated on-call scheduling and committed to providing two weeks advanced notice in all stores nationwide.

FLEXIBILITY: Allowed shift swapping via a mobile app.

STABILITY: Increased the consistency of store start and end times for work shifts as well as scheduled individual associates for more consistent work days and times.

ADEQUATE HOURS: Offered a baseline of 20 or more hours per week for a core group of workers, and gave managers more "payroll hours" to ensure adequate staffing at the stores.

SOURCE: Susan J. Lambert, Joan C. Williams, Saravanan Kesavan, "Stable Scheduling Increases Productivity and Sales: The Stable Scheduling Study" March 28, 2018.

RESEARCH RESULTS SHOWED:

Stable schedules significantly boost profits:

The 19 Gap stores that provided stable schedules earned an additional $2.9 million in revenue over an 8-month period and increased sales by an average of 7%. For comparison, retailers often aim for 1-2% sale growth in a given year.

Stable schedules double labor productivity:

Labor productivity increased by 5% in Gap stores that implemented stable scheduling. This productivity increase is **double** the average annual growth in overall retail labor productivity from 1987 to 2014.

Stable schedules improve retention of the most seasoned sales associates:

The Gap workers with the longest tenure and most experience received a more stable income with a soft guarantee of 20 hours or more per week. This intervention improved retention rates among these senior, high productivity workers.

Decisions from corporate headquarters, not customer traffic, drive most schedule instability:

While companies often argue that fluctuation in customer demand drives unstable schedules, the researchers found that fluctuations in store traffic (which can often be predicted from historical sales data) accounted for only 30% of the instability in payroll hours. Most of the schedule instability, especially last minute schedule changes, came from factors within corporate control, such as last-minute changes to store promotions and inaccurate inventory.

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4 Amy Richman, Diane Burrus, Lisa Buxbaum, Laurie Shannon, & Youme Yai, Corp. Voices For Working Families, Innovative Workplace Flexibility Options for Hourly Workers (May 2009).
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6 Lambert, S., J. R. Henly. 2010. Work Scheduling Study: Managers' Strategies for Balancing Business Requirements with Employee Needs. The University of Chicago.
7 Kocakülâh, M., Galligan Kelley, A., Mitchell, K. & Ruggieri, M. Absenteeism Problems And Costs: Causes, Effects And Cures (May 2009). International Business & Economics Research Journal, Vol. 8, No. 5, 2009.
8 Ton, Z. 2009. The Effect of Labor on Profitability: The Role of Quality. Working Paper.
9 Mercer, June 2010. Survey on the Total Financial Impact of Employee Absences; Kronos, 2010.
10 Employers use workforce management technologies to forecast labor needs and automate their schedules.
11 Bernstein, E., Work Schedules: The False Tradeoff Between Fair and Productive. Roll Call. July 22, 2015.