

The Need for Stable Scheduling in San Diego's Service Sectors

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Service-sector businesses and their workers can benefit from more predictable and stable work schedules. The San Diego Workforce Partnership is working with businesses to develop innovative scheduling strategies because we believe stable schedules serve the “double bottom line”—both increasing profits (primarily through savings on turnover and absenteeism) and increasing workers’ quality of life. Below are five scheduling policy innovations that we believe will serve San Diego business owners and their employees:

1. **Stability:** Employers provide a good faith estimate of an employee’s schedule at time of hire.
2. **Predictability:** Employers provide employees seven-day schedules 14 days in advance. Employers provide “predictability pay” for short-notice changes and allow workers to decline short-notice requests.
3. **Reliability:** Employers do not employ “on-call” scheduling.
4. **Rest:** Employers pay time-and-a-half for any hours worked between closing and opening shifts separated by less than 11 hours.
5. **Opportunity:** Employers offer any needed hours to current, qualified part-time workers before hiring new workers or using contractors or staffing agencies.

Stability, Predictability and Reliability

Schedule instability is widespread in the service sector. Among retail workers, 87% experience fluctuating hours and 50% receive their schedules a week or less in advance; among food-service workers, 90% experience fluctuation and 64% receive schedules a week or less in advance.¹

Unpredictable schedules negatively affect the businesses that use them. Supervisors at these businesses feel “stuck in the middle” between management’s expectations and their workers’ needs.² When front-line workers are dissatisfied with their schedules, they have lower levels of *work engagement*,³ which is a major determinant of customer satisfaction and loyalty⁴ as well as worker productivity, retention, and business profitability.⁵ And conflict between work schedules and family obligations—plus the negative health impact of that conflict—also decreases employee performance.⁶ In a study that collected data on employee-customer interactions, employee work–family conflict was found to negatively impact not only worker performance but customer intent to purchase.⁷

Just-in-time scheduling is designed to save money by adjusting workers’ schedules to customer demand, but it is often economically counterproductive. A recent experiment demonstrated that the average worker would be willing to give up 20% of wages to avoid short-notice scheduling.⁸ In the Workforce Partnership’s own focus-group research with San Diego service-sector workers, when given a choice between a significant raise and a stable schedule, all participants agreed that they would prefer the stable schedule. Given the high priority workers place on predictable schedules, businesses might be able to save on payroll—and reduce turnover—by providing schedules in advance.

In addition to the problems it causes for employers, schedule instability does serious harm to workers. For hourly workers in the service sector, work-schedule instability is associated with housing and transportation precariousness,⁹ psychological distress, poor sleep, and unhappiness. In fact, schedule instability is more strongly correlated with these negative outcomes than are low wages. Research shows the relationship between schedule instability and wellbeing is driven more by work-life conflict than by economic insecurity, reinforcing the fact that the ability to plan is in many ways more important than earnings.¹⁰ On-call scheduling is associated with irritation, negative mood, and decreases in social and household activities,¹¹ and has negative effects on mental and physical health.¹²

Working parents and their families are especially hard-hit by unpredictable schedules. Last-minute fluctuations in parents' schedules inhibit the creation of routines and schedules in families,¹³ which are predictors of child health.¹⁴ Maternal "work chaos," including unpredictable work schedules, is associated with lower child health¹⁵ as well as more frequent behavioral problems and lower school performance.¹⁶ Workers who report that their work schedules interfere with family obligations have less healthy diets¹⁷ and higher incidences of depression, anxiety, and substance-abuse disorders.¹⁸

Unpredictable schedules also exacerbate existing race and class inequality. Black and Hispanic workers are disproportionately likely to receive schedules on short notice.¹⁹ And while professional-class workers generally enjoy greater control over their schedule, working-class employees have less control and are more likely to be penalized for taking time off to address family responsibilities.²⁰

Rest

"Quick returns" (rest periods under 11 hours) are associated with short, delayed onset, and low-quality sleep, fatigue, insomnia, circadian rhythm sleep disorder, schedule dissatisfaction, and work-family conflict,²¹ and are worse for sleep disorders and fatigue than are night shifts.²² A study of Japanese nurses found that the traditional 16 hours between shifts (the amount of daily rest in a typical 9-to-5 job) was needed in order for employees to fit seven hours of sleep into their schedules.²³ There is some direct evidence that quick returns are associated with accidents in industrial work,²⁴ and there is very strong evidence that fatigue impairs creative decision making and communication²⁵ and results in confusion and mood disturbance,²⁶ all of which decrease the productivity of workers. We know that insufficient sleep is connected to a wide range of negative health outcomes,²⁷ and one study estimates that worker fatigue costs employers \$136.4 billion annually in health-related lost productive time.²⁸

Opportunity

Service-sector employers sometimes maintain a large staff of part-time workers because they are less expensive to employ and allow for greater scheduling flexibility.²⁹ But these arrangements can also hurt employers. Involuntary part-time employees are less committed to their employers and more likely to leave their jobs, contributing to high turnover in the retail and food-services sectors.³⁰ These workers also find it more difficult to communicate with employers,³¹ a key determinant of job performance. Also, the overuse of part-time employment decreases the available working hours of the labor force, contributing to the service sector's labor shortages and ultimately increasing the cost of labor.

Obviously, denying workers the opportunity to work full time also hurts the workers themselves. The self-sufficiency wage for a single adult working full time in San Diego County is \$17.65 an hour.³² Many service-sector

workers do not earn hourly wages this high, and even those who do cannot support themselves if they are unable to work 40 hours a week. While some part-time workers are second earners or students who may prefer shorter hours, many San Diegans count on their service-sector wages to support themselves and must work multiple jobs to cobble together enough hours of income to do so. Because they can't get enough hours with any one employer, these workers lack health insurance and other standard benefits. Additionally, the need to work multiple jobs compounds the last-minute scheduling challenges discussed above; two fluctuating schedules are even harder to manage than one.

Involuntary part-time workers—the 8% of the workforce³³ that works part-time but would prefer full-time hours—experience fewer training possibilities, fewer opportunities for advancement, and lower job security.³⁴ They are more likely to experience low self-esteem, alcohol abuse, and depression.³⁵ There are also costs to society, as these workers are more likely to rely on government assistance.³⁶ And the challenges of involuntary part-time work are not evenly felt: in the retail sector, 13% of white workers are involuntarily part time, compared to 18% of Hispanic workers and 20% of black workers.³⁷

How stable scheduling policies benefit the double bottom line

More and more retail companies are discovering that there is a labor “sweet-spot” where stable schedules help to recruit and retain experienced, talented workers who can make a wide variety of contributions toward the financial bottom line, from cultivating customer loyalty to increasing sales.³⁸ For example, through their “MySchedule” tool, CVS posts pharmacy schedules optimized for customer demand three weeks in advance.

In 2015, after a brief pilot study in the San Francisco Bay Area, Gap announced that it would eliminate on-call scheduling and require schedules to be posted two weeks in advance. At this time, a team of academic researchers worked together with the board to develop four additional changes that they randomly assigned to some stores and not others. The changes included use of a shift-swapping app, increasing stability of schedules from week to week, providing a “soft guarantee” of at least 20 hours a week to a core group of employees, and increasing the payroll hours allotted to the store. The only cost to Gap of these changes was \$31,200 spent on the increased payroll hours. Over 35 weeks, median sales increased in the chosen stores by 7%, resulting in \$2.9 million in additional revenue. Labor productivity increased by 5%, and workers’ revenue per hour increased by \$6.20.³⁹

Last-minute scheduling is not a universal phenomenon. In Germany, retailers provide schedules six months in advance.⁴⁰ In Sweden, schedule changes less than a month in advance are considered “late notice” for shift workers.⁴¹ Even where no laws require it, employers like Gap and CVS have discovered that predictable schedules are good not just for worker satisfaction but for the bottom line.

Many governments mandate daily rest periods because of the public health benefits.⁴² The European Union requires 11 consecutive hours off of work every 24 hours⁴³ as does the Canadian province of Ontario⁴⁴ and the City of Emeryville, California.⁴⁵ Where governments do not set standards, private companies often find it economically advantageous to implement their own rules to avoid worker fatigue. For example, many of Japan’s largest companies have developed right-to-rest policies, including Honda, Mitsubishi, Sumitomo Mitsui Trust Bank, the telecom KDDI, diaper maker Unicharm, and supermarket chain Inageya.⁴⁶

At the San Diego Workforce Partnership, our vision is for every business in our region to have access to a skilled workforce and for every job seeker to have access to meaningful employment. We believe San Diego employers will find that providing stable schedules is a cost-effective means of recruiting and retaining a more skilled and

engaged workforce. Moreover, a crucial part of meaningful employment is self-sufficiency, and for service-sector jobs to provide self-sufficiency, they need to have stable, predictable, reliable schedules that allow for healthy daily routines and provide pathways to full-time work.

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