Study finds worker-friendly scheduling boosts bottom line

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Life as a part-time retail worker can be tough.

Hours can vary widely from week to week. Workers may be called in at the last minute or sent home before their shift is over. They may work late one day to close the store and start early the next to open, a practice known as "clopening." They simply may not get enough hours to make ends meet.

But what if employers adopted more responsible scheduling practices, providing workers with consistent, predictable and adequate schedules with a measure of employee control?

Starting in 2015, a group of researchers, including Pradeep Pendem, then a graduate student and now an assistant professor of operations and business analytics in the UO's Lundquist College of Business, conducted a large-scale field experiment at Gap retail stores to find out.

Their findings, published in March in the journal *Management Science*, found that stores that adopted responsible scheduling practices were more productive and saw increased sales and reduced labor hours compared to Gap stores that maintained the status quo.

The study provides "evidence that retailers may not need to choose between profits and employee well-being by demonstrating that responsible scheduling practices can serve both goals," the authors say. It's the first randomized field experiment to evaluate the effect of scheduling practices on business outcomes in retail stores.

The study found store productivity rose 5.1 percent, store sales rose 3.3 percent and labor declined 1.8 percent.

Pendem, who joined the Lundquist College of Business in 2018, is one of four co-authors, with colleagues from the University of North Carolina (where Pendem earned his master's and doctoral degrees), the University of Chicago, and the University of California, San Francisco.

Their work was cited in a bill now before Congress, HR 6670, the Schedules That Work Act, that would permit employees to request changes to their schedules without fear of retaliation, ensure that employers consider those requests, and require employers to provide more predictable and stable schedules for employees in certain occupations.

The study also was cited in the 2022 Economic Report of the President recently released by the White House Council of Economic Advisors.

"It is immensely satisfying as a researcher to see the references to my research study in a congressional bill and in the Biden-Harris administration's 2022 economic report," Pendem said.

More importantly, he said, it was gratifying to see national policies being backed by rigorous scientific studies.

Several cities and states, including Oregon, have already adopted laws that regulate scheduling practices by large companies, including retailers.

The study examined the longstanding practice by employers to match labor supply to customer traffic. Operations management researchers have developed sophisticated algorithms for scheduling labor to closely track variations in consumer demand. These "workforce optimization systems" create an ebb and flow of workers in and out of the workplace as the volume of customers rises and falls across hours, days and weeks.

But "these workforce management systems have failed to consider worker well-being," Pendem said.

Such practices can inflict considerable costs on workers navigating unstable and unpredictable schedules, the study says. Unpredictable work schedules can have significant negative effects on sleep quality, mental health and happiness and are associated with unstable child care arrangements and negative health and behavioral outcomes for children.

In addition, such practices hit workers of color harder, according to the Schedules That Work Act. Compared to their white workers, workers of color are more likely to have canceled shifts, have on-call shifts, be involuntary part-time workers, have trouble getting time off, and be required to work "clopening" shifts.

To find how more responsible scheduling practices would affect both businesses and employees, Pendem and colleagues designed an experiment with the cooperation of Gap Inc., the global clothing retailer.

Starting in 2015, they studied 28 Gap stores with more than 1,500 employees in San Francisco and Chicago for nine months. The stores were divided into two groups: Nine stores were control stores, where managers made no changes to workers' schedules, and 19 stores were treatment stores, where managers agreed to adopt so-called "responsible scheduling practices," including:

- Stable shift structures, with fixed start and end times for shifts.
- Core scheduling, with employees getting the same shifts week to week.
- "Part-time plus," where managers were asked to build a core team of part-time workers whom they would regularly schedule for at least 20-hour weeks.
- Targeted additional staffing, where managers were given modest increases in their stores' labor budgets for times when the store was deemed to be understaffed.
- Tech-enabled scheduled changes, in which employees used a third-party app to post shifts they did not want to work and to pick up additional shifts.

Several mechanisms account for increased sales and decreased labor hours when firms adopt reasonable scheduling practices, Pendem said.

One is that when employees have stable schedules, they're happier and put in more effort at work, he said. And when they have stable schedules, workers are more likely to show up for work on time and less likely to stay late.

Pendem said he expects more firms will adopt scheduling practices based on the study. And if Congress adopts the Schedules That Work Act, "such policies will indeed encourage firms to embrace these practices," he said.

More information: Saravanan Kesavan et al, Doing Well by Doing Good: Improving Retail Store Performance with Responsible Scheduling Practices at the Gap, Inc., *Management Science* (2022). DOI: 10.1287/mnsc.2021.4291

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