

From **Zero** Joy to **Zero** Stress: Making Flexible Scheduling Work

*The University of Cambridge **Zero2Zero** Workshops*



UNIVERSITY OF
CAMBRIDGE

CIPD

TUC 

E·S·R·C
ECONOMIC
& SOCIAL
RESEARCH
COUNCIL

Media partner: **Safety
Management**

Dr Alex Wood alex.wood@oii.ox.ac.uk (University of Oxford)

Dr Brendan Burchell bb101@cam.ac.uk (University of Cambridge)

Dr Adam Coutts apc31@cam.ac.uk (University of Cambridge)

February 2016.

Contents

Background.....	3
Expert Perspectives.....	5
Academic research	6
CIPD (Chartered Institute of Personnel and Development)	7
TUC (Trade Union Congress).....	7
HSE (Health and Safety Executive).....	8
Discussion of Problems with Zero Hours Contracts.....	8
Possible policy options	9

Executive Summary

This report details a unique collaborative project organised by the University of Cambridge Department of Sociology and our partners the CIPD, TUC and Safety Management Magazine. In November and December 2015 we brought together a diverse range of experts and practitioners to discuss ways in which the problems encapsulated by zero hour contracts could be overcome. Participants at two workshops included trade unionists, human resource managers and consultants and health and safety managers.

Many points of view were expressed during the course of the discussions which were informed by expert presentations by Dr Alex Wood (University of Oxford), Dr Brendan Burchell (University of Cambridge), Gerwyn Davis (CIPD), Hannah Reed (TUC) and Peter Kelly (Health and Safety Executive). Encouragingly, there were a number of areas of agreement and some original solutions were developed which may enable experiences of zero hour contracts and flexible scheduling to be improved.

There was agreement that the issues highlighted by zero hours contracts are actually much wider than suggested by the focus on this specific employment status, with short hour contracts and other forms of manager-controlled flexible scheduling being recognised as equally problematic and even affecting full-time workers with standard employment contracts. Therefore, public and policy discussion of zero hour contracts needs to be reoriented towards a recognition that manager alterations of employee working time, whether through the use of zero hour contracts, short hour contracts or, what we term, labour matching, is the real issue. Manager-controlled flexible scheduling was recognised as being detrimental to work-life balance and job security and therefore as being harmful to mental health.

Consensus also emerged among the participants, including the trade union representatives, that simply banning zero hour contracts would be ineffective. In part this is an obvious conclusion of understanding the problem to be wider than just zero hour contracts. Banning zero hour contracts would mean employers merely making use of other manager-controlled flexible scheduling practices in order to continue to contain costs by tightly matching labour supply to demand. Even if it were an effective measure, it would likely be damaging to employment in many sectors. Ideally flexibility should take account of the needs of both employers and employees. Flexibility can provide firms with the ability to match labour supply to demand but should also enable workers to balance both work and non-work commitments and to feel mastery over their time-use. What is needed is worker-controlled flexible scheduling as well as manager-controlled flexible scheduling.

A number of alternative solutions were raised (see page 7), however, we wish to highlight one of these ideas as having particular potential. The suggestion being to develop the existing ‘right to request to work flexibly’ so that employees have the ‘right to request working time stability.’

This would entail the legal right to request specific fixed hours, and employers would have to provide a reasoned, written business case if the request is to be denied.

Dr Alex Wood (University of Oxford)

Dr Brendan Burchell (University of Cambridge)

Dr Adam Coutts (University of Cambridge)

This report published as part of a project funded by the ESRC Impact Acceleration Account, University of Cambridge. We are grateful to them for their support.

Background

Two workshops were convened in London and at Cambridge University to bring together experts and practitioners to discuss the advantages, challenges and measures to redress the problems of zero-hour and short-hour contracts. 'Zero-hour contracts' are those in which the employee, paid by the hour, has no fixed number of hours per week or guarantee of work, and whose hours are determined by management on the basis of short-term projections of demand. With 'short-hour contracts', a minimum number of paid hours per week is contractually stipulated, in many cases these may be as few as four hours, with extra hours per week determined by demand as with zero-hours contracts. These have become an established feature of the labour market and have received a great deal of media attention in the last two years. The workshops featured presentations which shared expert perspectives, followed by group discussions involving attendees as well as experts to relate experiences of zero-hour contracts, the emergent issues, and possible ways forward.

Participants

Experts:

Dr Alex Wood (University of Oxford)

Dr Brendan Burchell (University of Cambridge)

Gerwyn Davis (CIPD)

Hannah Reed (TUC)

Peter Kelly (HSE)

Expert Perspectives

Academic research

Dr. Alex Wood of Oxford University discussed the results obtained from the PhD research he conducted into zero-hours contracts at Cambridge University. ‘Manager-controlled flexible scheduling’ (MCFS), he argued, is preferable to ‘zero-hour contracts’ as a term, for it allows us to distinguish between working schedules that are determined by management and those that are ‘worker-controlled’ and selected by the employee (such as ‘flexi-time’). The research indicated that scheduling based on managerial projections of demand leads to significant weekly fluctuations in hours of paid work, which can range from 38 hours to 10 hours to 0 hours within three weeks. Interviews with workers on zero- and short-hour contracts at two leading retailers in the US and UK testified to the climate of financial and personal insecurity that this creates for them. It is highly damaging to the work/life balance of employees. It has a negative impact on family life, caring responsibilities and personal relationships, as unpredictable schedules mean that workers are unable to plan ahead for family events or holidays, for example. The anxiety and insecurity that result, both personal and economic, lead to high levels of stress which are detrimental to health – examples were given of workers on such contracts who have had to seek therapy in stress and anxiety management. However, these negative effects were experienced beyond workers employed on zero and short-hours contracts. Standard full-time employees also experienced manager controlled alterations to their working pattern due to the manager practice referred to as ‘labour matching reviews.’ Labour matching reviews entailed workplace-wide evaluations of the labour supply and demand with all workers’ hours potentially being altered in order to enable the better matching of demand.

Dr. Brendan Burchell outlined the findings of Europe-wide surveys and large data-sets, in particular the European Working Conditions Survey held every five years. This evidence supported the conclusions of Alex Wood from his local level case studies. The European surveys assess workers according to the five-point Wellbeing scale established by the World Health Organization. Those with variable and unpredictable hours score lower than other workers; the effect is most harmful for those who are the principal contributors to a household’s income.

According to the 1974 Health and Safety Work Act, it is the responsibility of employers to ensure a working environment that is without risks to health, including work-related stress. This is clearly not being adhered to in many implementations of MCFS. There is a need for more dialogue between management and workers to allow for more worker-controlled flexible scheduling. This would enable workers to match hours to their specific needs, improving their levels of wellbeing, in tandem with a managerial adjustment of labour to demand, leading to an overall increase in productivity and performance.

CIPD (Chartered Institute of Personnel and Development)

Gerwyn Davis of the CIPD, an association that represents human resources management professionals, discussed the results of two CIPD surveys undertaken into zero-hours and short-hours contracts in 2013 and 2015. Also drawing on the Wellbeing scale of the WHO, this research indicated that zero and short hours workers scored marginally higher than the rest of the workforce in their levels of work and life satisfaction. Two thirds of workers on such contracts reported that they were content with their arrangements, due to its reduced levels of pressure and workload compared to full-time work, and 9 out of 10 stated that they accepted zero or short hours contracts out of preference rather than compulsion. CIPD claim that the rise of such contracts is not due to employers seeking to pay less but an effect of inconsistent demand in certain sectors, for which these contracts are well-suited – only a very small percentage of workers on these contracts have a regular pattern of weekly hours. Davis warned that legislation targeted against zero hours contracts might have the unintended consequence of pushing management into sourcing more agency work, which has inferior rights and conditions to zero hours employment. Legislation should not favour short hours contracts – the CIPD’s research indicated that zero hours workers, contrary to expectations, often worked more hours than those on short hours contracts.

While the CIPD claim that zero and short hours contracts are benefitting both employees and employers, they also say that there is still room for improvement. Not enough employees on such contracts are receiving written terms and conditions from their employers, as is their legal right, and the government interventions and awareness-raising campaigns are needed to ensure that firms comply with their responsibility to make workers fully aware of their rights. There is also a need for adequate compensation when shifts are cancelled with little or no prior notice – the CIPD argues that workers should receive at least one hour’s pay under such circumstances, and a reimbursement of travel expenses if they have been turned away on site.

TUC

Hannah Reed presented the TUC’s view that the labour market needs to move away from zero hours contracts and the increasing casualization of the workforce since the 2008 recession. The latest government statistics indicate that 1.5 million workers are on zero hours contracts, which suggests that while such contracts are supposed to be a short-term response to cyclical downturns in the economy, their rise despite the current signs of economic recovery is troubling. Such contracts are most frequent in the hospitality sector, but since the recession there has been a trend towards their usage in two major new sectors. Zero and short hours contracts are becoming widespread in professional-type jobs, even including starter pilots in airline companies, and also in the public sector as an adjustment to government spending cuts. This has included social care workers, hospital staff, and education. Each of these has created unfair conditions for workers: social care workers, for example, are often only paid if they cross the threshold into a home, and are unpaid for ‘doorstep’ support, while teachers might work one shift in the morning and one more at the end of day, requiring them to remain at an institution for the intervening and

uncompensated period of time. Workers on such contracts are often ineligible for basic rights such as statutory sick pay and redundancy as their hours are too few to qualify.

The TUC highlighted the damaging consequences of this trend for both workers and companies. Zero and short hours workers face a considerable income insecurity which not only makes financial planning difficult, but has also encouraged an increasing number of mortgage companies and landlords to decline workers on such contracts. They are also vulnerable to abuses in the workplace: the TUC claim that agency workers are frequently dismissed when pregnant, and zero hours workers, though employees with statutory rights, are often informed by their employers that they have no such rights. Zero hours and similar contracts also can have a negative impact on businesses. Morale and performance are lower, it has become harder to retain staff to meet contractual requirements (an issue, for example, in the care sector), and the level of skills in the workforce has deteriorated due to the reduced investment in training when workers have fewer hours and there is a high turnover of staff.

The TUC therefore called for better workplace planning in sectors where demand is not subject to seasonal fluctuations. In addition, zero hours workers should be entitled to all fundamental employment rights such as redundancy pay and maternity leave, and all time spent 'on call' should be compensated.

HSE (Health and Safety Executive)

Peter Kelly of HSE discussed the effects of increased pressure on the workforce since the 2008 recession, which is especially acute in the case of zero and short hours contract workers. He distinguished between 'pressure' and 'stress' – while pressure can be positive and motivational, the stress that arises from excessive pressure has negative effects on health and wellbeing. The three main indicators of stress are demand – control – support. The high demands placed on zero hours workers, coupled with a low degree of control over their work and hours, and low support from workplace colleagues, make them particularly vulnerable to damaging levels of stress. This can lead to depression or a disengagement that negatively impacts productivity, as workers do not feel their employers are prepared to support and invest in them. It would improve business performance and delivery, as well as the work/life balance of employees, if jobs were tailored to individuals rather than the inverse as with zero hours contracts. The most successful companies in Europe set a premium on the health and wellbeing of their workers as it makes good business sense. Workers need to be involved in the choice of their hours so they can plan for family activities, for example. We should not just work to live but have a quality of life in the hours outside work.

Discussion of Problems with Zero Hours Contracts

The group discussion highlighted the problems and dissatisfaction that arise when schedules are manager rather than worker controlled, a distinction that was not made by the CIPD surveys. There was surprise and incredulity from the other speakers and in the group discussions at the CIPD's very positive survey responses concerning zero-hour contracts; this was at odds with

both other research and personal experiences. While flexible scheduling is not necessarily problematic among students or retired employees with good pensions as an income supplement, its precarious insecurity is less attractive to those who are income-dependent on such work and have no choice in their hours. The ability to take time off work may be valuable for those with families, but unpredictable schedules make child-care provision extremely difficult.

At present, management has an imbalance of power which is prone to abuse – one high-profile company, it was noted, routinely dismisses staff after 12 weeks so they will not be eligible to statutory benefits. Issues regarding conditions at work were also highlighted. Firms that employ zero hours workers at times of high demand often resemble ‘sweatshops’ in the pace of work, which creates health risks such as repetitive strain injuries. There is not just a problem with too few hours for such workers - there can also be the problem of excessive hours in sectors like logistics. The absence of sick pay leads to workers going in to work when unwell, which increases the possibility of accidents and an exacerbation of health problems. Dialogue and collective bargaining to ensure that workers are involved in the scheduling of their hours, that conditions such as health and safety are adequate, and that employers invest in training is not easy to set in place as most zero hours workers do not have union representation. Flexible hours can also work against campaigns for the Living Wage as firms that adopt this higher wage often maintain their original budget by reducing workers’ hours.

Zero and short hour contracts also entail a high cost for the government. Fewer hours result in decreased National Insurance contributions, which will in time affect pensions, and an increasing number of workers are becoming reliant on income benefits such as tax credits. The costs of stress-related health issues are borne by the NHS and not by employers. Another example is the increasing need for supply teachers, who are sourced via expensive recruitment agencies, draining money from the education sector.

It was, however, raised by the participants that banning zero-hours contracts would be ineffective for dealing with the problems raised above. Manager-controlled flexible scheduling would simply be achieved through other means such as greater reliance on short-hours contracts and the labour matching of standard workers. Thus such measures would do little to reduce the problems discussed above. Moreover, in many sectors statutory restriction of labour flexibility would have serious implications for businesses and likely result in unemployment. The participants therefore discussed a range of alternatives.

Possible policy options

A variety of options that might ameliorate the difficulties arising from zero hours and short hours contracts were proposed.

1. It was agreed that there should be more enforcement by the HSE of health and safety legislation in the workplace, with increased funding to reverse the fall in inspections that has resulted from government cuts.

2. Workplaces should have safety representatives to discuss issues concerning flexible schedules and health and safety committees should include this in their remit.
3. There is also a role for public and media campaigns, which can raise awareness and pressure companies to improve conditions for the sake of their brand image, as recently occurred with 'Sports Direct'.
4. Firms and management training courses (run by universities and the CIPD) can also contribute by providing better management training in dealing with stress-related issues among employees arising out of Management Controlled Flexible Scheduling. Improvements in managerial training and competence was felt to be important, leading to better and longer-term demand forecasts with more secure contracts and predictable hours as a beneficial consequence.
5. It was suggested that apps and other software tools might allow workers to play a more active role in their scheduling, for example by using them to indicate in advance both their availability and when they prefer not to work.
6. Another suggestion was that employees be given the legal right to request fixed hours, and employers would need to give a reasoned case if the request were denied. In order to avoid the provision of bogus business cases by employers a facility for workers to send them for verification would be necessary.
7. In terms of pay, it was agreed there should be adequate compensation for late shift cancellations. There is also a strong case for rewarding time spent 'on call'. The Australian model could be introduced, whereby workers have the right to an allowance to reward their flexibility if their work does not have the standard terms and conditions.

Not all these proposals might be viable, but they do indicate that there is much scope for future research and policy initiatives.

Acknowledgements

Thanks to Philippa Millerchip for organizing the workshops, Casey Mein for assistance throughout the project, Angela King from Revangel Designs for designing the Zero Joy to Zero Stress logo, Adam Coutts for consultancy work on the project, Vincent Hardy and Magdalena Soffia for assisting with the workshops and Magdalene College for providing the venue for the second workshop. And thanks to Cambridge ESRC Impact Acceleration Account for funding this project.