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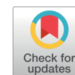
Varying weekly work hours and earnings instability in the Great Recession



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ABSTRACT

Unstable work schedules are increasingly a prominent stratification outcome, particularly for low-wage workers. Nationally representative and longitudinal research on the topic is limited, however. This article examines varying numbers of weekly work hours among hourly workers, their increase during the Great Recession of the late 2000s, and their impact on growing earnings instability. Using data from the Survey of Income and Program Participation (SIPP), the cumulative probability of ever reporting varying hours among hourly workers increased from 36 percent between 2004 and 2007 to 46 percent between 2008 and 2012. Changes in state-level economic conditions, particularly state-level unemployment rates and economic growth, largely explain the increase in varying hours, consistent with arguments that employers pass the costs of volatile demand onto workers. Finally, variance function regressions show the growth of varying hours accounts for the significant increase in earnings instability from 2004–7 to 2008–12.

1. Introduction

The growth of precarious employment has been a central feature of the contemporary U.S. labor market (Kalleberg, 2011), particularly in the Great Recession of the late 2000s. Alongside the peak in unemployment rates, the number of underemployed workers reached the highest point in decades (Glauber, 2013; Golden, 2016; Mishel et al., 2012). Even with continuous employment in traditional employer-employee relations, varying numbers of work hours from week to week can be burdensome for workers. Though varying weekly hours may reflect desirable flexibility for employees, the majority of schedule variability is employer driven for hourly workers (Golden, 2009; Henly et al., 2006; Lambert et al., 2014). Many workers report wanting more or more stable hours, especially in services or retail (Schneider and Harknett, 2016). Varying numbers of hours from week to week create earnings and income instability for hourly workers (Golden, 2001a; Gottschalk and Moffitt, 2009; Schneider and Harknett, 2016; Western et al., 2012). Long-term budgeting or covering essential expenses is more difficult as a result (Morduch and Schneider, 2017). In addition to the economic consequences of varying work hours, uncertainty over the supply and scheduling of work hours is also associated with lower mental and emotional well-being (Schneider and Harknett, 2016).

Rising unemployment rates in the recession may have primarily been driven by economic conditions, but any growth in varying hours may also reflect more fundamental changes in employment relations. Employers often vary workers' numbers of hours to reduce labor costs (Lambert, 2008). Particularly in industries like food service, retail sales, or hospitality, managers try to match staffing to demand as closely as possible (Appelbaum et al., 2003). To mitigate potential losses in the face of unpredictable demand, managers often change employees' hours and schedules at the last minute, requiring on-call shifts, cutting shifts short, or sending workers home before they even begin their shifts (Alexander and Haley-Lock, 2015; Halpin, 2015; Luce et al., 2014). The Great

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Recession of the late 2000s likely exacerbated these practices. Aside from laying off workers, employers could also respond to declining or fluctuating demand by varying workers' hours even more profoundly than before. Meanwhile, employees could be forced to accept such conditions due to the lack of viable alternative jobs. Unstable scheduling practices are just one facet of a broader shift of cost and risk from employers to workers (Hacker, 2006; Lambert, 2008), which may persist after the recession.

Literature on volatile work hours has grown in recent years (e.g., Alexander and Haley-Lock, 2015; Golden, 2001a; Henly and Lambert, 2014; Lambert et al., 2014; Schneider and Harknett, 2016), but nationally representative and particularly longitudinal research remains scarce. This paper contributes to existing literature by addressing three primary research questions with nationally representative panel data. To what extent did varying weekly hours become more common for hourly workers in the Great Recession? How much was any growth in varying hours driven by changes in local economic conditions? Finally, did any growth in varying weekly hours substantially contribute to growth in earnings instability?

The study analyzes the 2004-7 panel of the Survey of Income and Program Participation (SIPP) as the pre-recession period and the 2008-12 panel as the period during and after the recession. The analysis proceeds in multiple stages corresponding to each research question above, yielding three main findings. First, reports of variable work hours increased substantially during the Great Recession. The average probability of reporting varying hours among prime-age hourly workers increased from 7.2 to 10.4 percent between SIPP panels; the cumulative probability of ever reporting varying hours in a four-year period increased from 36 to 46 percent.

Second, changes in state-level economic conditions, notably state unemployment rates and economic growth, explain most of the increase in varying hours. The results are consistent with arguments that employers vary their workers' hours to reduce labor costs, motivated by fluctuating or declining demand and enabled by employers' increased power in weak labor markets (Kalleberg, 2011; Lambert, 2008). However, reports of varying hours remained elevated throughout the recovery, even as unemployment rates declined. The persistently high level of varying hours may reflect a longer-lasting shift of power from workers to employers than predicted by supply and demand (Hacker, 2006) or the long-term adoption of variable scheduling practices (Alexander et al., 2015; Lambert, 2008).

Third, the paper assesses the contribution of varying hours to the upward trend in earnings instability (Gottschalk and Moffitt, 2009; Stevens, 2001) using variance function regression (Western and Bloome, 2009). Earnings instability increased significantly even among continuously employed hourly workers during the recession, and the increase is largely accounted for by the growth of varying hours. The paper concludes by discussing potential long-term changes in work scheduling and related policies.

2. Theoretical background

2.1. Prior research on varying work hours

Varying weekly work hours represent one dimension of what Alexander and Haley-Lock (2015) call “work-hour insecurity.” Alongside insufficient numbers of hours and unpredictability, varying weekly hours are common in studies of low-wage workers. Varying hours often overlap with insufficiency and unpredictability, particularly in service industries. There is relatively little research on the broader labor force however, partly because hours variability is less commonly measured than outcomes like job loss in traditional employment surveys (Lambert and Henly, 2014; Schneider and Harknett, 2016). Since 1994, the Current Population Survey (CPS) allows respondents to answer “hours vary” when asked the usual number of hours worked per week in their primary job. CPS estimates of varying hours among all workers are consistently around five to seven percent of workers (Alexander and Haley-Lock, 2015; Lambert et al., 2012). Reports of varying hours in the CPS are more common for those in blue-collar occupations, and sales and service industries than others. Varying hours are also more common for workers who are not married than married, racial/ethnic minorities than whites, in the private sector than the public sector, non-unionized than union members, and part-time workers compared to full-time (Golden, 2001a).

Survey results with alternative measures suggest the CPS underestimates true hours variability (Lambert and Henly, 2014). In one survey of retail workers, 25 percent reported varying weekly hours when directly asked (Lambert et al., 2014). Another measure for hours variability is the range of weekly hours within a month. Recently the National Longitudinal Survey of Youth (1997) (NLSY97) asked a nationally representative sample of early career workers, ages 26–32, the most and fewest hours/week worked in the last month. Around half of workers reported a range of at least 10 hours between weeks (Lambert et al., 2014). Other surveys with the same measure similarly find that retail workers usually working 25 hours/week typically vary by 10 hours week-to-week (Lambert and Henly, 2014; Schneider and Harknett, 2016).

These studies help demonstrate a high prevalence of varying hours for particular groups, but still do not represent the national labor force, hourly or otherwise. Moreover, they cannot speak to any increase in varying hours during the Great Recession. This paper complements this literature by estimating the rate of varying hours among all hourly workers between 2004 and 2012. Advantageously compared to other surveys, the SIPP is nationally representative of both the pre-recession period (2004-7 panel) and during/after the recession (2008-12 panel), is longitudinal within each period, and has closely spaced waves (i.e., every four months) for capturing fine-grained volatility.

2.2. Varying work hours and the Great Recession

The majority of workers' schedules are employer-driven in the United States, particularly among low-wage and non-professional workers (Golden, 2001a; Henly et al., 2006; Lambert et al., 2014). Some portion of varying weekly hours could also reflect employee-driven flexibility. Many workers may exchange hours stability for flexible schedules (Golden, 2001a), facilitating easier child care or

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