Zero Hours Contracts: Evidence and Policy Implications

Supporting analysis for the Employment Rights Act 2025

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Background

The Employment Rights Act 2025 represents a major package of labour market reforms aimed at strengthening employment protections and improving job quality. As part of this wider programme, the Act includes provisions relating to the regulation of zero hours and similar contracts.

These provisions raise a number of important policy questions. In particular, there is a need to better understand how workers value zero hours contracts (ZHCs) relative to fixed-hours contracts, how ZHCs operate in practice, and how different approaches to guaranteed-hours eligibility may affect workers and firms.

Aims and Objectives

This report extends the analysis in Datta (2026), further contributing to the evidence base on ZHCs using detailed applicant, worker, contract, and hours data from a large firm.

The analysis is structured around four key research questions:

- **How do workers value ZHCs relative to fixed-hours contracts?** This is assessed by estimating willingness to pay (WTP), which measures how much additional pay workers would require to accept a ZHC instead of a fixed-hours role (or conversely, how much pay they would be willing to give up to obtain ZHC).
- **To what extent do workers hold both ZHCs and fixed-hours contracts simultaneously?** This provides evidence on how ZHCs are used alongside more stable forms of employment.
- **What are the patterns of hours worked under ZHCs?** This includes analysis of the level and variability of hours over time.
- **How would different theoretical guaranteed-hours eligibility rules affect workers?** This examines how alternative theoretical regularity requirements influence eligibility and the gap between guaranteed and actual hours worked. The theoretical scenarios modelled in this paper were designed to test the potential impact of varying eligibility requirements. These scenarios are not directly comparable to the options put forward by the government for consultation.

Taken together, the aim of the report is to improve understanding of how zero-hours contracts operate in practice, how workers appear to value them, and how the design of regulation may shape policy impacts.

Method

The analysis uses detailed administrative data from a large firm that operates in a "Low Pay" service industry as defined by the Low Pay Commission. The data covers job adverts, applications, worker characteristics, and hours worked over time. These data allow observation of both how workers respond to different types of contracts and how ZHCs operate in practice.

To assess worker preferences, the analysis examines how application behaviour changes with wages and contract type. This provides an estimate of the pay difference workers require to apply for (or potentially accept) a ZHC rather than a fixed-hours role. This is complemented by analysis of existing employees within the firm, focusing on how they respond to wage differences when choosing between ZHC and fixed-hours positions.

To understand how ZHCs are used in practice, the report documents patterns of hours worked, including variation over time and across workers. It also examines the extent to which workers combine ZHCs with fixed-hours contracts.

Finally, the report simulates a range of theoretical regularity requirements for guaranteed hours. These scenarios vary three key eligibility rules: minimum hours worked in a week for it to count as a qualifying week, the number of qualifying weeks, and allowable maximum gaps between shifts. Noting that the theoretical scenarios modelled in this paper were designed to test the potential impact of varying eligibility requirements. These scenarios are not directly comparable to the options put forward by the government for consultation. For each policy variation, the analysis considers two outcomes:

- The proportion of ZHC workers who would become eligible for guaranteed hours.
- The difference between guaranteed hours and actual hours worked after the initial 12-week period for qualifying workers.

There are three important limitations to note. First, the analysis is based on data from a single firm, and patterns may differ in other sectors. Second, the policy simulations do not account for potential behavioural responses by workers or firms, both of which are likely. As such, the results reflect only the mechanical effects of the policy under current working patterns, and may differ from realised impacts once responses are taken into account. Examples of firm and worker adjustments are discussed in detail in Datta (2026), but include changes to worker turnover, changes to total firm employment, and the hours offered to ZHC workers. Third, as mentioned, the theoretical scenarios modelled in this paper were designed to test the potential impact of varying eligibility requirements. These scenarios are not directly comparable to the options put forward by the government for consultation.

On the first limitation, Datta (2026) provides a detailed discussion of the sample and its caveats. The analysis is based on administrative data from a single large UK employer in a low-pay service-sector industry, and the paper explicitly assesses external validity by comparing the firm to Labour Force Survey workers in similar low-pay service industries. The firm is broadly comparable on key workforce characteristics, including gender composition, age, and the share

of workers in low-pay/entry-level occupations. The main differences are that the firm has a much higher observed share of ZHCs than the LFS. The paper argues, however, that the latter difference is likely to reflect well-known under-measurement of ZHCs in survey data, supported by vacancy-based estimates and case-study evidence from other large low-pay employers showing similarly high ZHC use. The paper also provides evidence that the firm operates in a competitive local product market and employs workers with typical levels of occupational mobility, reducing concerns that the setting is unusually concentrated or unrepresentative in terms of labour-market substitutability.

Key Findings

How do workers value ZHCs relative to fixed-hours contracts?

- **Jobs advertised as ZHCs attract significantly more applicants than equivalent fixed-hours roles.** For the same job and establishment, adverts offering a ZHC receive around 20% more applicants than those offering fixed hours.
- **On average, jobseekers value ZHCs slightly more than fixed-hours contracts.** The estimated WTP implies that jobseekers applying to service sector jobs, where ZHCs are more common, would accept around 4% lower pay to take a ZHC rather than a fixed-hours role (equivalent to around £0.44 per hour at the average wage).
- **Workers already on ZHCs show a strong preference for remaining on them.** Only around 15% of ZHC workers ever apply for fixed-hours roles within the same firm, despite these being regularly available Datta (2026). Increasing fixed-hours wages by £1 relative to ZHCs raises the rate at which ZHC workers apply for fixed-hours jobs by around 45%, which is equivalent to roughly 6–7 percentage points off a 15% baseline.
- **Some fixed-hours workers would prefer ZHCs if pay differences were removed.** Only around 8% of fixed-hours workers ever apply for a ZHC role within the same firm, which is lower than the reverse flow. However, increasing ZHC wages by £1 relative to fixed-hours wages raises the rate at which fixed-hours workers apply for ZHC jobs by more than 200% relative to this low baseline, implying a non-negligible selection of fixed hour workers are likely "on the margin" when choosing between the two types of contract.
- **Preferences for ZHCs differ by gender.** Male workers are more responsive to pay differences when willing to switch between contract types, suggesting that their choices are more driven by wages. In contrast, female workers appear less responsive to pay differences, which may indicate stronger preferences for non-wage aspects of jobs, such as flexibility. This is reflected in the baseline shares where more females are in ZHC positions Datta (2026). Some estimates should be interpreted with caution due to limited statistical power.
- **Results may vary by industry.** As discussed above, the results presented here are from a single firm operating in a particular low-pay service-sector industry. While the firm appears

broadly representative on some markers, worker preferences over ZHCs are likely to vary across sectors.

To what extent do workers hold both ZHCs and fixed-hours contracts simultaneously?

- **A non-trivial share of workers combine ZHCs with fixed-hours contracts.** Around 12% of ZHC workers are observed to hold a fixed-hours contract at the same time. This is similar in value to estimates from the Labour Force Survey suggesting about 10% of ZHC workers have second jobs.[1]
- **ZHC hours are typically small relative to fixed-hours commitments.** Among workers holding both contracts, the median worker is contracted for 32 fixed hours and works around 3.6 ZHC hours per week, equivalent to around 14% of their fixed-hours workload.

What are the patterns of hours worked under ZHCs?

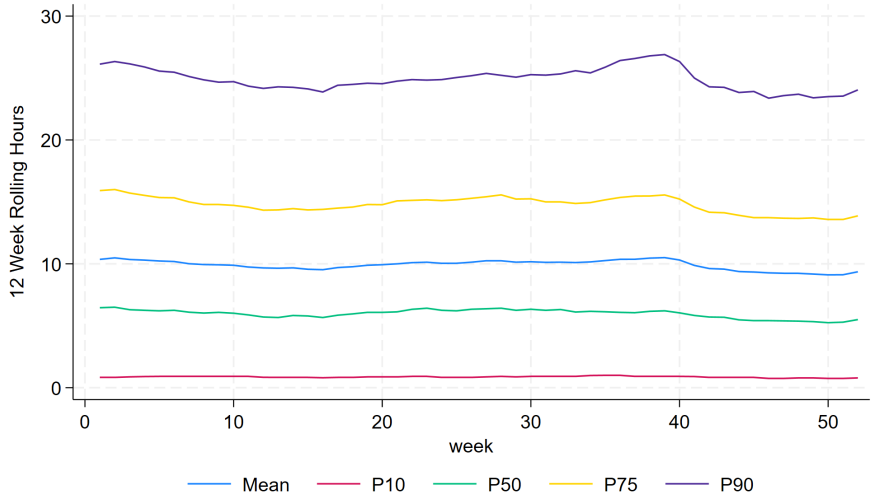
- **ZHC hours vary substantially over time, reflecting demand patterns that are likely to differ across industries.** Hours fluctuate throughout the year, with patterns that are consistent with sector-specific demand, for example, retail may see higher hours during the Christmas period, while sectors such as hospitality may experience increases during the summer in areas with higher tourist activity.
- **12-week average hours are considerably more stable than weekly hours.** While weekly hours are volatile, 12-week averages, the proposed basis for guaranteed hours under the policy, show much smoother patterns over time as shown in figure 1. This suggests that the level of guaranteed hours determined by the policy is unlikely to vary substantially depending on when a worker starts, despite seasonal fluctuations in weekly hours.

  Figure 1 shows what a typical weekly guaranteed hours offer might look like if it was based on someone's first 12 weeks of work, and how this varies depending on when they started work during the year. I use time-sheet records for workers who started between September 2016 and November 2018. I then group people by the calendar week when they started and then summarise the range of 12-week average hours for each start week.

The results indicate that, although there are substantial seasonal fluctuations in ZHC hours - particularly around the Christmas/New Year period and during the summer - the rolling 12-week averages display considerably smoother patterns overtime. Note that the observed seasonality is likely influenced by the nature of the Firm's industry, which cannot be disclosed due to data confidentiality agreements.

[1] Though not necessarily fixed hours.

Figure 1: Distribution of 12-Week Rolling Hours By Start Date



How would different guaranteed-hours eligibility rules affect workers?

- **The table summarises how different theoretical regularity requirements affect the bite of the policy.**

  Min Hours is the minimum number of hours required in a week for it to count towards eligibility. *Qualifying Weeks* is the number of weeks meeting *Min Hours* required within the first 12 weeks of employment. *Max Gap (days)* is the maximum number of consecutive days without a shift that are allowed. *% Eligible* shows the proportion of ZHC workers who would qualify under each set of rules. Again, the theoretical scenarios modelled in this paper were designed to test the potential impact of varying eligibility requirements. These scenarios are not directly comparable to the options put forward by the government for consultation.

  The columns under *Difference (Guaranteed − Actual Hours)* describe how guaranteed hours compare to actual hours worked after the first 12 weeks. The *Median (Typical Worker)* shows the central case. The *Upper Quartile (More Affected)* captures workers for whom guaranteed hours exceed their typical hours by the largest amount, while the *Lower Quartile (Less Affected)* captures those who typically work more hours than their guaranteed level. Positive values indicate that guaranteed hours exceed actual hours worked, while negative values indicate that workers would typically work more hours than their guaranteed level.

- **Eligibility for guaranteed hours is highly sensitive to potential policy design.** Depending on the combination of theoretical regularity requirements (minimum hours, number of qualifying weeks, and allowable gaps), the proportion of ZHC workers eligible ranges from 100% under minimal conditions to around 30% under the most stringent rules. For example, increasing the qualifying weeks to six weeks from an-all qualifying baseline reduces eligibility by almost 20 percentage points, and increasing the minimum hours to 6 hours, reduces it by a further 25 percentage points.

Table 1: Impact of Alternative Guaranteed Hours Eligibility Rules

Theoretical regularity requirements				Difference (Guaranteed − Actual Hours)		
Min Hours	**Qualifying Weeks**	**Max Gap (days)**	**% Eligible**	**Upper Quartile (More Affected)**	**Median (Typical Worker)**	**Lower Quartile (Less Affected)**
0	0	∞	100.0	6.0	1.0	-3.0
0	6	∞	80.5	7.5	1.5	-3.0
6	6	∞	54.8	11.0	3.0	-4.0
6	6	21	47.4	11.0	3.5	-3.5
6	6	14	36.2	12.0	4.0	-3.0
0	9	∞	60.1	8.5	1.5	-3.0
6	9	∞	36.5	13.0	4.0	-3.5
6	9	21	35.0	13.0	4.0	-3.5
6	9	14	29.4	13.0	4.0	-3.0

- **For many workers, guaranteed hours would exceed their typical hours worked.** Across all theoretical regularity requirement scenarios, the median difference (guaranteed minus actual hours) is positive, indicating that many workers would be guaranteed more hours than they typically work. This implies they work less than the average of their first 12 weeks at the median, in subsequent weeks. However, the size of the impact is limited, ranging from 1 to 4 hours per week.

  Noting caution should be taken when interpreting these results as they abstract from behavioural changes on behalf of the employer. These are discussed in more detail in the conclusion.

- **More stringent rules increase the gap for those most affected.** As eligibility criteria tighten, the difference between guaranteed and actual hours increases for workers in the upper part of the distribution, implying larger adjustments for those with more consistent working patterns.

  Although noting that the theoretical scenarios modelled in this paper were designed to test the potential impact of varying eligibility requirements. These scenarios are not directly comparable to the options put forward by the government for consultation. As such, the eligibility criteria being consulted on may draw different results.

- **Impacts vary widely across workers and over time.** The distribution of differences is broad, reflecting substantial variation in working patterns. Differences also tend to increase with tenure, meaning that workers who remain in employment for longer are more likely to be affected by the policy. This may reflect selection, where workers who stay longer have systematically different working patterns, or changes in hours over tenure. These effects are more pronounced under more stringent eligibility rules.

Conclusions

Three main conclusions emerge from the analysis, alongside the broader evidence in Datta (2026).

First, the results provide consistent evidence that many workers, but not all, place value on

ZHCs. ZHC roles attract more applicants than otherwise comparable fixed-hours jobs, and workers already on ZHCs show limited responsiveness to higher wages in fixed-hours roles. Taken together, this suggests that a large share of workers are not close to being indifferent between contract types, but instead have a relatively strong preference for the flexibility that ZHCs provide. In the language of Datta (2026), many workers appear to be inframarginal with respect to contract choice. As a result, a proportion of workers would be unlikely to switch to fixed-hours, reflecting the value of flexibility that fixed-hour arrangements often do not replicate. One potential reason for this is that ZHCs and fixed-hours jobs may differ not only in the number or certainty of hours offered, but also in the timing of those hours. Fixed-hours vacancies may therefore be imperfect substitutes for workers' existing ZHC arrangements, even where they offer similar total hours or higher wages. Limited responsiveness to fixed-hours offers may consequently reflect the value workers place on the particular schedule associated with their current contract along with the flexibility that comes with it, rather than contract type alone.

Second, the impact of guaranteed-hours provisions was highly sensitive to the theoretical policy designs tested. Eligibility is highly sensitive to the choice of minimum hours thresholds, qualifying weeks, and allowable gaps between shifts. More stringent criteria substantially reduce the share of workers affected, but concentrate the impact on a smaller group for whom the policy has a larger effect. In this sense, tighter rules act as a selection mechanism, targeting workers with more stable and sustained working patterns, but who actually have larger differences between what they would be guaranteed and their actual hours. Noting that the theoretical scenarios modelled in this paper were designed to test the potential impact of varying eligibility requirements. These scenarios are not directly comparable to the options put forward by the government for consultation and therefore the results may vary.

Third, an important set of margins lies beyond the mechanical effects captured in the simulations. The analysis characterises the implications of alternative eligibility rules holding firm behaviour fixed, but does not capture potential demand-side adjustments, including changes in scheduling practices or total labour demand. These firm-side margins are beyond the scope of this analysis, but are discussed in more detail in Datta (2026), which provides well-identified evidence on the role of ZHCs in managing fluctuations in consumer demand as well as fixed worker availability, alongside a modelling framework to aid interpretation of their regulation.

Overall, the findings highlight that ZHCs reflect both strong worker preferences for flexibility and firm demand for adaptable labour inputs. The effects of policy will therefore depend not only on the direct coverage of guaranteed-hours provisions, but also on how workers and firms adjust along these margins in response to changes in contract design.

References

Datta, Nikhil (2024), "Local monopsony power." *CEP Discussion Paper 2012*.

Datta, Nikhil (2026), "Why do flexible work arrangements exist? evidence from zero-hours contracts." URL `https://www.dropbox.com/scl/fi/0w9zd7ji3o6cl252nsdq0/Datta_ZHC_20260502.pdf?rlkey=frw0e3wv0efmv7c95l8ohmz1q&e=1&dl=0`. Manuscript, version dated 5 February 2026.

Technical Annex

1 Willingness To Pay

The following section uses two approaches to estimate the willingness to pay (WTP) for zero-hours contracts (ZHCs) versus permanent (i.e., fixed-hour) contracts. Each estimate has a different interpretation, largely driven by the sample of individuals used and the estimation method employed.

1.1 WTPs Across All Applicants to The Firm

To quantify how much jobseekers value permanent over zero-hours contract (ZHC) positions, I estimate a regression of the log number of applicants to a job on the wage and an indicator for ZHC status, controlling for high-dimensional fixed effects and instrumenting for wage using local variation in the applicable Living Wage (LW). For more details on this approach, please consult Datta (2024).

The estimated equation is:

$$\ln(\text{Applicants}_{ajemy}) = \beta_w \cdot \ln(\text{Wage}_{ajemy}) + \beta_z \cdot \text{ZHC}_{ajemy} + \lambda_{je} + \theta_{ey} + \gamma_{jy} + \alpha_{ym} + \varepsilon_{ajemy}$$

where:

- a - job advert, j - job role, e - establishment, m - month, y - year
- Wage - advertised hourly wage, instrumented with

$$LW_{jemy} = \begin{cases} 1 & \text{if establishment is subject to LW \& LW was binding for job} \\ 0 & \text{otherwise} \end{cases}$$

- ZHC - indicator for whether the job is advertised as ZHC

Under standard assumptions from random utility models, the number of applicants to a job reflects its relative attractiveness to jobseekers. Specifically, the log number of applicants can be interpreted as proportional to the average utility derived from the job posting. In this framework, the coefficient β_z captures the (dis)utility associated with a zero-hours contract, while β_w reflects how applicants respond to higher log wages, and in turn has an elasticity interpretation.

The ratio β_z/β_w can be interpreted as the marginal rate of substitution (MRS) between log wages and the job being a ZHC and therefore provides an estimate of the average WTP to for, or to avoid, a ZHC in terms of a % wage premium.

Table 2: Impact of Wage and zero-hours contract on Log Applicants

	(1) Log (Applicants)
Log (wage)	4.776**
	(2.073)
Zero-hours contract	0.198***
	(0.0462)
Number of observations	5,487
First-stage F-statistic	35.04

Standard errors in parentheses

* $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$

1.2 WTPs For Those Employed At The Firm

Using the approach in Datta (2026), I use data on incumbents within the Firm to observe how their application rates between ZHC and permanent jobs change based on the wage difference between the positions. The benefit of this approach is that I can condition on a worker's incumbent contract type. Specifically, I observe whether worker i, in a ZHC position in establishment e and job-role j, applies for a posted permanent advert a in establishment e' and job-role j' in year-month ym within The Company, and how that relates to the wage difference between their incumbent position and the posted advert, $\Delta\text{Wage}_{ia}^{\text{Perm,ZHC}}$. I can also observe the opposite, whereby a worker in a permanent position applies for a ZHC advert. To estimate these, I replicate specifications of the form used in Datta (2026):

$$Apply_{iejae'j'ym}^{ZHC \to Perm} = \beta_{11} \Delta Wage_{iejae'j'ym}^{Perm,ZHC} + \gamma_{ej} + \lambda_{e'j'} + \theta_{jym} + \eta_{j'ym} + \varepsilon_{iejae'j'ym} \quad (1)$$

$$Apply_{iejae'j'ym}^{Perm \to ZHC} = \beta_{12} \Delta Wage_{iejae'j'ym}^{ZHC,Perm} + \gamma_{ej} + \lambda_{e'j'} + \theta_{jym} + \eta_{j'ym} + \varepsilon_{iejae'j'ym} \quad (2)$$

where $Apply_{iejae'j'ym}^{ZHC \to Perm}$ is a binary variable equal to 1 if ZHC worker i applies to a permanent job advert a, and zero otherwise. The equations control for the rate of applications by ZHC (/permanent) workers in establishment-job ej and the rate of applications to permanent (/ZHC) adverts in establishment-job $e'j'$, as well as time-varying shocks to jobs j and j'. I also estimate a more restrictive version, which controls for the rate of applications from the worker's establishment-job to the advert's establishment-job $eje'j'$.

To identify causal estimates in equations (1) and (2), I exploit the fact that ZHC workers are, on average, paid less than their permanent counterparts, but the Living Wage treatment almost fully equalises this pay differential. For more details, please consult Datta (2026).

Tables 3 and 4 below present the replicated results. Rather than being shown as elasticities, they are presented as semi-elasticities, which offer a direct WTP interpretation.

Table 3: Contract Preference Estimates: ZHC to Permanent (Perm)

	(1) Apply	(2) Apply	(3) Apply
$\Delta Wage$ (Elasticity)	0.361***	0.526***	0.378***
	(0.141)	(0.156)	(0.146)
Establishment-Job FE	Yes	No	Yes
Establishment'-Job' FE	Yes	No	Yes
Establishment-Establishment'-Job-Job' FE	No	Yes	No
Job-YM FE	Yes	Yes	Yes
Job'-YM FE	Yes	Yes	Yes
Sample of Job Adverts	All	All	Local
Destination Contract	Perm	Perm	Perm
Incumbent Contract	ZHC	ZHC	ZHC
First Stage F-Statistic	4702	3325	2013
Number of observations	4228864	4189123	1085085

Note: *The table presents estimates of* $\hat{\beta_{11}}$ *from equation 1 transformed according to* $\frac{\hat{\beta}}{Apply}$. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$

Table 4: Contract Preference Estimates- Perm to ZHC

	(1) Apply	(2) Apply	(3) Apply
$\Delta Wage$ (Elasticity)	2.67**	1.94*	4.55**
	(1.08)	(1.16)	(2.13)
Establishment-Job FE	Yes	No	Yes
Establishment'-Job' FE	Yes	No	Yes
Establishment-Establishment'-Job-Job' FE	No	Yes	No
Job-YM FE	Yes	Yes	Yes
Job'-YM FE	Yes	Yes	Yes
Sample of Job Adverts	All	All	Local
First Stage F-Stat	624	547	67
Destination Contract	ZHC	ZHC	ZHC
Incumbent Contract	Perm	Perm	Perm
Number of observations	1024117	4189123	232813

Note: *The table presents estimates of* $\hat{\beta_{12}}$ *from equation 2 transformed according to* $\frac{\hat{\beta}}{Apply}$. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$

1.2.1 Heterogeneity

I repeat the above exercise for different sub-groups: Male, Female, individuals aged ≤ 25 years, and those aged > 25 years. The results are presented in the table below.

Table 5: Estimated WTPs by Demographic Group

	All	Male	Female	≤ 25	> 25
ZHC $\rightarrow$ Perm	0.36**	1.08***	0.18	0.69***	0.56**
	(0.14)	(0.20)	(0.18)	(0.20)	(0.20)
Perm $\rightarrow$ ZHC	2.67**	3.67***	1.19	2.34**	1.85**
	(1.08)	(1.36)	(1.60)	(1.22)	(1.46)

Note: Standard errors in parentheses. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

2 Statistics on ZHCs with Fixed Hour Contracts

- 12% of ZHC workers have simultaneously held a fixed-hours contract.
- Table 6 presents summary statistics for 1,444 ZHC workers with fixed-hours contracts, active between September 2016 and February 2019.
- The unit of observation for the table is the individual worker.
- Weekly ZHC hours are calculated either as the average across all weeks the worker held the contract, or as the average across only those weeks in which the worker worked more than 0 hours.

Table 6: Fixed + ZHC summary statistics

Variable	Mean	SD	p1	p10	p25	p50	p75	p90	p99
Fixed Hours	27.97	12.16	2.00	9.50	18.13	32.00	39.00	40.00	41.14
ZHC Hours	6.78	11.88	0.27	0.80	1.58	3.64	8.30	14.91	43.00
ZHC Hours | ZHC Hours > 0	9.85	13.15	1.00	2.20	3.66	6.68	11.81	19.53	54.36
ZHC Hours / Fixed Hours	0.42	0.99	0.01	0.02	0.05	0.14	0.45	0.95	3.87
ZHC Hours / Fixed Hours | Hours > 0	0.60	1.18	0.03	0.07	0.12	0.26	0.62	1.23	5.19
Prop. Weeks Not Worked ZHC Hours	0.36	0.30	0.00	0.00	0.09	0.32	0.63	0.80	0.94

The results suggest that the median worker with both a fixed-hours contract and a ZHC is contracted for 32 hours and works 3.6 ZHC hours per week. Among these workers, the median ratio of ZHC hours to fixed hours is 14%.

3 Seasonality in ZHC Hours

The following section documents:

1. How ZHC hours vary over the year;
2. How this variation could affect guaranteed hours, based on the first 12 weeks of work.

Figure 2 presents the variation in ZHC hours over time, expressed as percentage deviations normalized to April 2017. Specifically, it shows the parameter estimates on β_t from the following regression equation:

$$\ln(ZHC\ Hours_{et}) = \sum_{t \neq \text{w16 } 2017} \beta_t \cdot \mathbf{1}[\text{week} = t] + \lambda_e + \epsilon_{et} \tag{3}$$

Figure 2: Variation in ZHC Hours Over Time

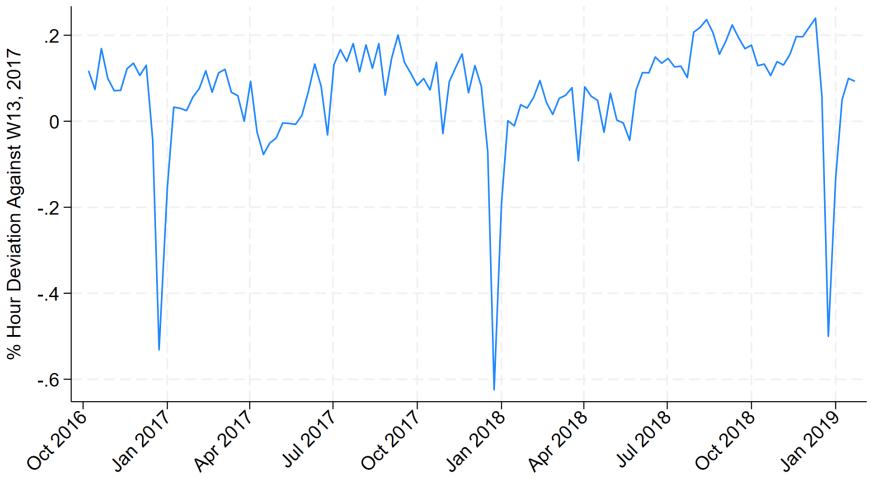
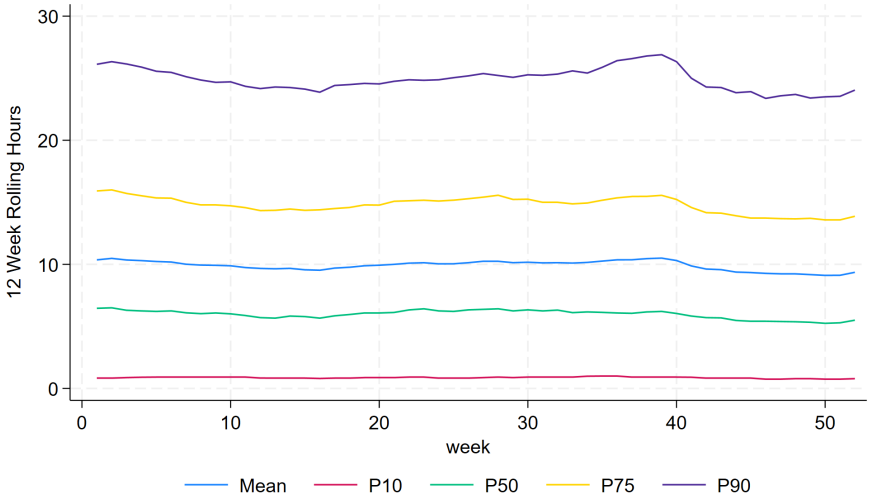


Figure 3 shows what a typical weekly guaranteed hours offer might look like if it were based on someone's first 12 weeks of work, and how this varies depending on when they started work during the year.

I use time-sheet records for workers who started between September 2016 and November 2018. I then group people by the calendar week when they started and then summarise the range of 12-week average hours for each start week

Figure 3: Distribution of 12-Week Rolling Hours By Start Date



Note that the observed seasonality is likely influenced by the nature of the Firm's industry, which cannot be disclosed due to data confidentiality agreements.

4 Policy Functions & Hour Gaps

The following section simulates a range of theoretical regularity requirements that determine the eligibility of workers for guaranteed hours. Based on these requirements, the results document:

1. The proportion of ZHC workers who would be eligible under each theoretical regularity requirement.
2. Summary statistics and a histogram showing the gap between the guaranteed hours calculated from the first 12 weeks and the actual hours worked from week 13 onward and , conditional on eligibility. The gap is defined as:

   $$\text{Gap} = \text{Guaranteed Hours} - \text{Actual Hours}$$

   A positive gap implies that the worker would have worked more hours had they been under a fixed-hours contract tied to their guaranteed hours. Statistics are calculated at the worker-week level.
3. A time trend showing how the average gap under a given policy evolves with tenure (i.e. time since contract start).

Eligibility for a fixed-hours guarantee is determined by the following theoretical regularity requirements, which differ from the regularity requirements being consulted on as this analysis was completed prior,, applied over the first 12 weeks following a worker's first shift:

1. The worker must have worked at least h hours in a given week (Hour Limit),
2. In at least w of those 12 weeks where the h criteria is met (Week Limit),
3. And must not have had a gap of more than g consecutive calendar days between any two shifts (Max Gap).

Formally:

- t_0^i: the calendar day of worker i's first shift,
- $[t_0^i,\ t_0^i + 83]$: the 12-week window following that first shift,
- $\mathcal{W}_i$: the set of weeks (within those 12) in which worker i worked at least h hours,
- G_i: the maximum number of consecutive calendar days without a shift during that 12-week period.

Then the eligibility function is:

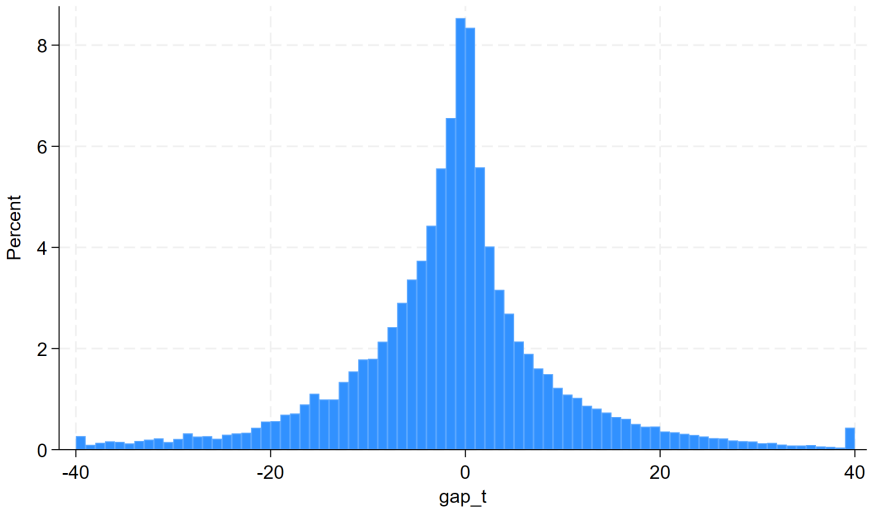
$$\text{Eligible}_i = \begin{cases} 1 & \text{if } |\mathcal{W}_i| \geq w \text{ and } G_i \leq g \\ 0 & \text{otherwise} \end{cases}$$

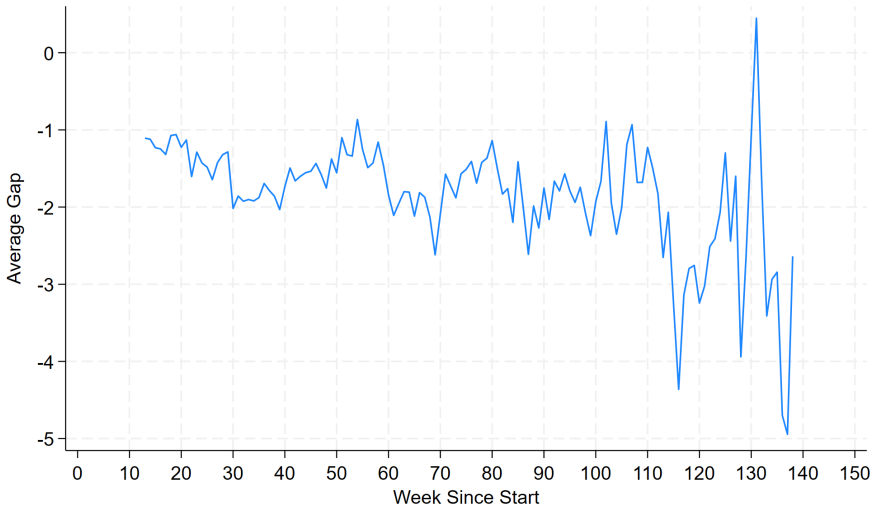
A key caveat to the analysis below is that it does not account for potential behavioural adjustments by firms or workers in response to the policy. In reality, the implementation of such a policy is likely to induce changes in optimal decision-making on both sides of the labour market.

4.1 Hour limit = 0, Week limit = 0, Max Gap = ∞

Proportion affected: 100%

	mean	sd	p1	p10	p25	p50	p75	p90	p99
Gap	-1.56	11.32	-34.00	-14.00	-6.00	-1.00	3.00	10.50	31.25
Number of Observations	231838								

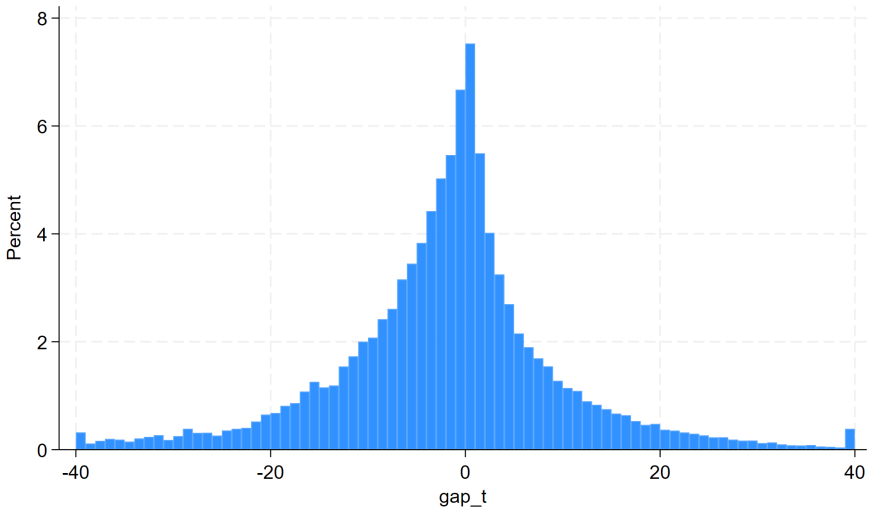


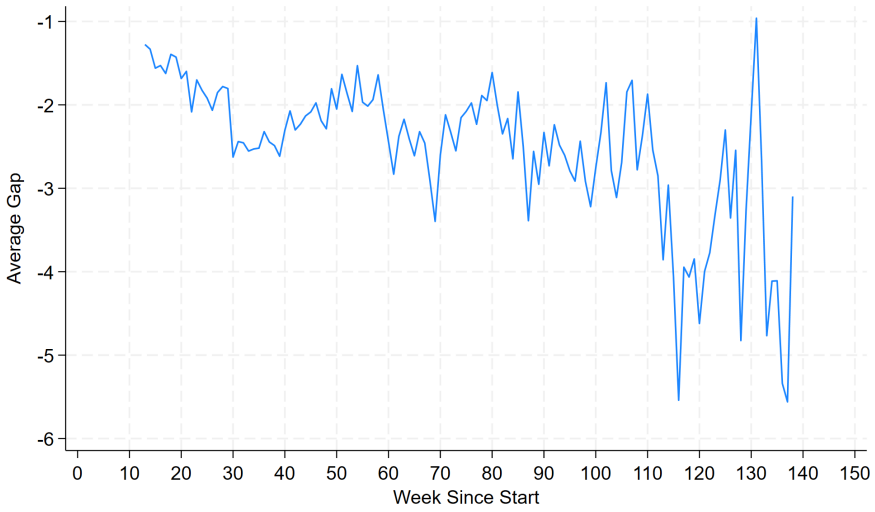


4.2 Hour limit = 0, Week limit = 6, Max Gap = ∞

Proportion affected: 80.5%

	mean	sd	p1	p10	p25	p50	p75	p90	p99
Gap	-2.08	11.75	-35.00	-16.00	-7.50	-1.50	3.00	11.00	31.00
Number of Observations	192292								

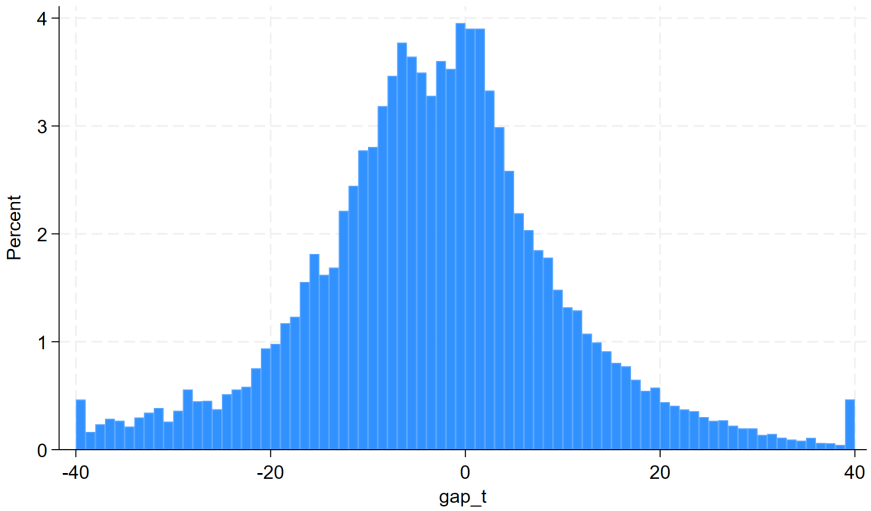


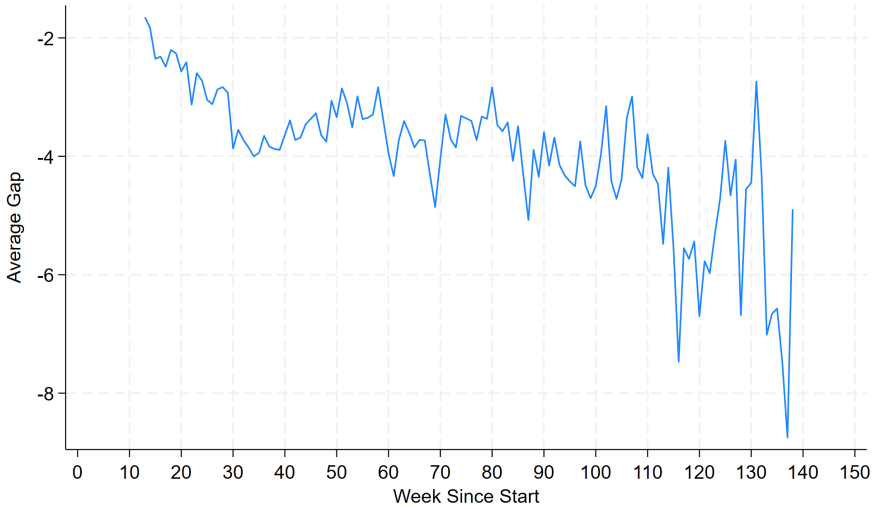


4.3 Hour limit = 6, Week limit = 6, Max Gap = ∞

Proportion affected: 54.8%

	mean	sd	p1	p10	p25	p50	p75	p90	p99
Gap	-3.27	13.30	-37.00	-19.00	-11.00	-3.00	4.00	12.50	32.00
Number of Observations	133061								

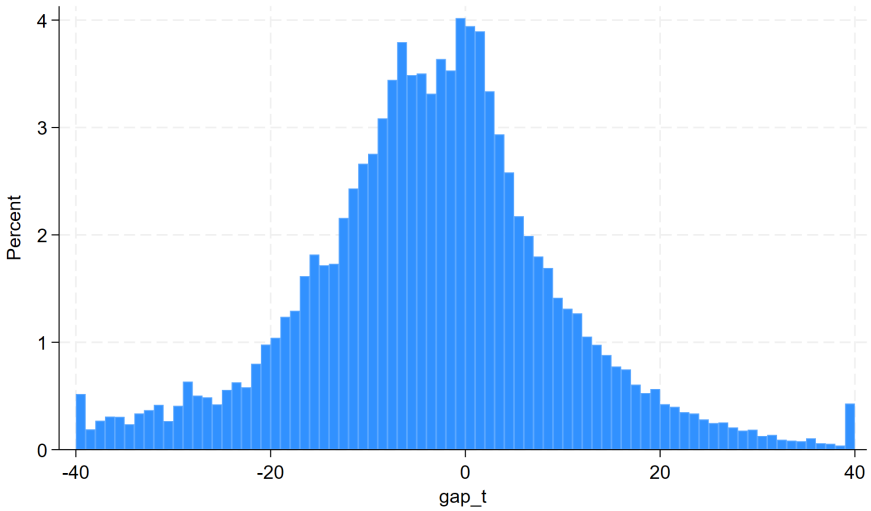


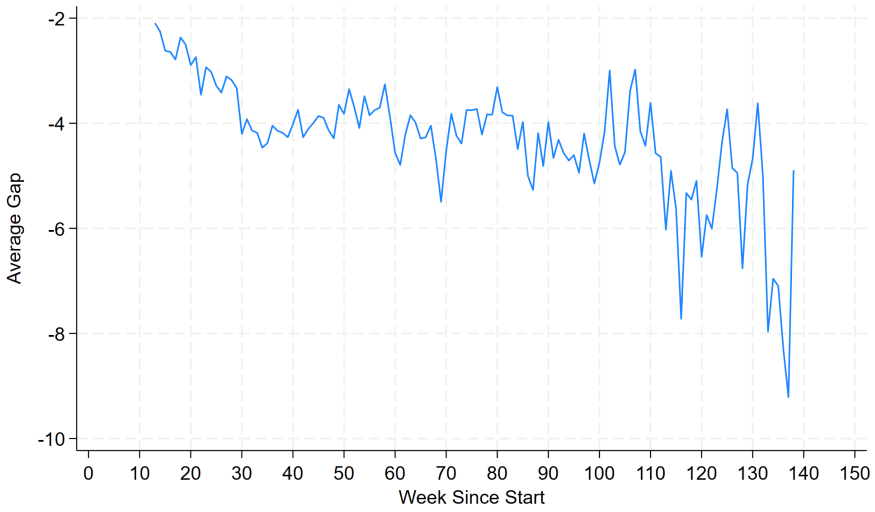


4.4 Hour limit = 6, Week limit = 6, Max Gap = 21

Proportion affected: 47.4%

	mean	sd	p1	p10	p25	p50	p75	p90	p99
gap	-3.66	13.35	-37.00	-20.00	-11.00	-3.50	3.50	12.00	31.25
Number of Observations	116333								

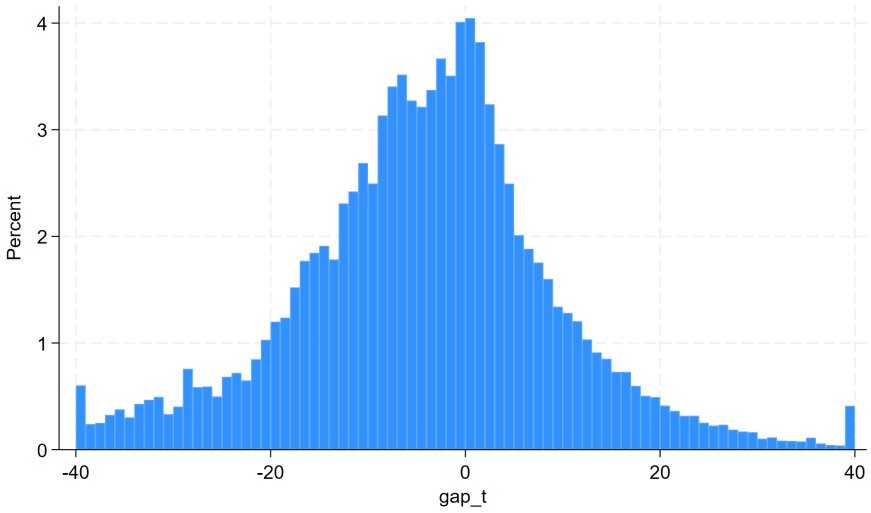


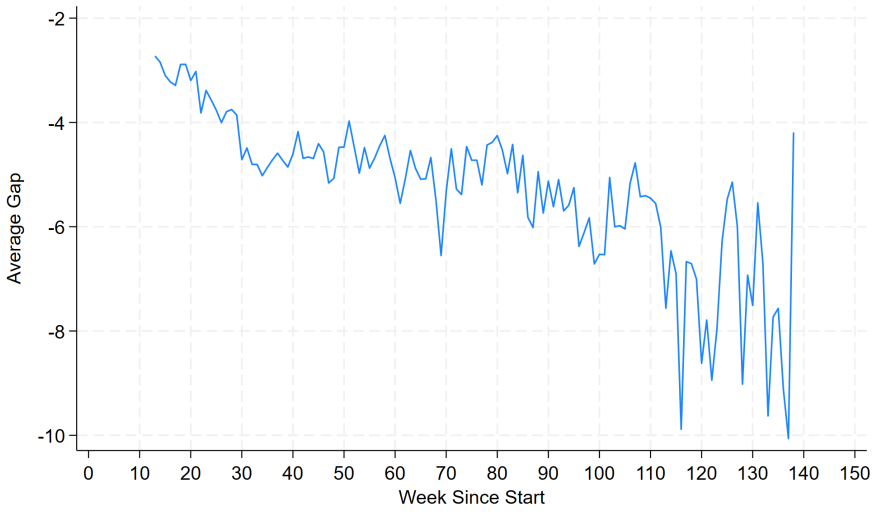


4.5 Hour limit = 6, Week limit = 6, Max Gap = 14

Proportion affected: 36.2%

	mean	sd	p1	p10	p25	p50	p75	p90	p99
gap	-4.35	13.55	-38.00	-21.00	-12.00	-4.00	3.00	11.50	31.00
Number of Observations	90144								

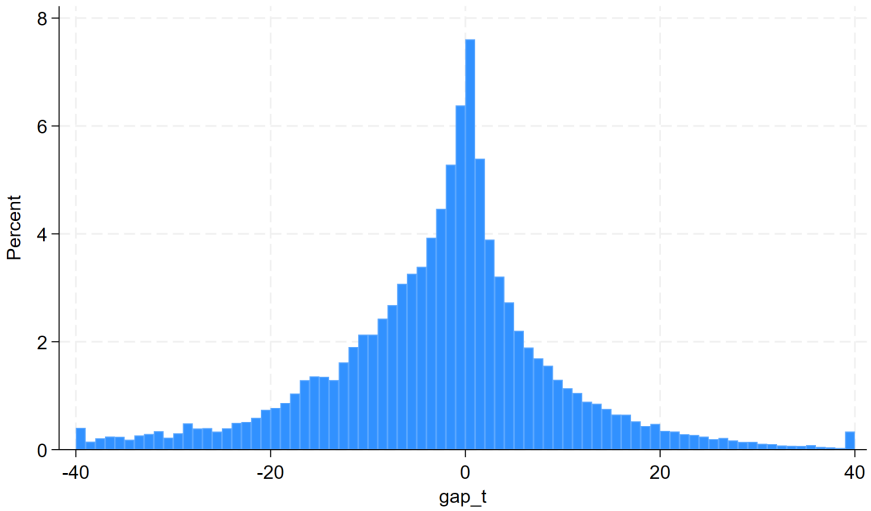


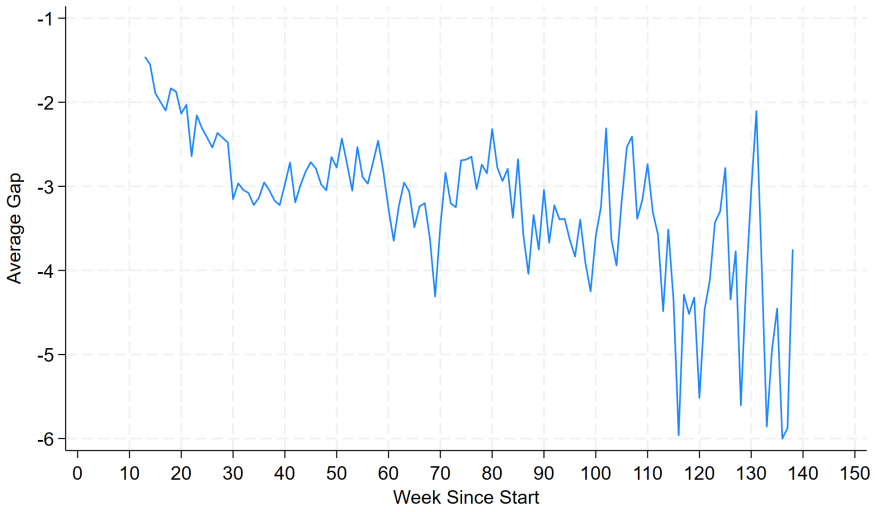


4.6 Hour limit = 0, Week limit = 9, Max Gap = ∞

Proportion affected: 60.1%

	mean	sd	p1	p10	p25	p50	p75	p90	p99
Gap	-2.72	12.06	-36.50	-17.00	-8.50	-1.50	3.00	10.50	29.50
Number of Observations	149083								

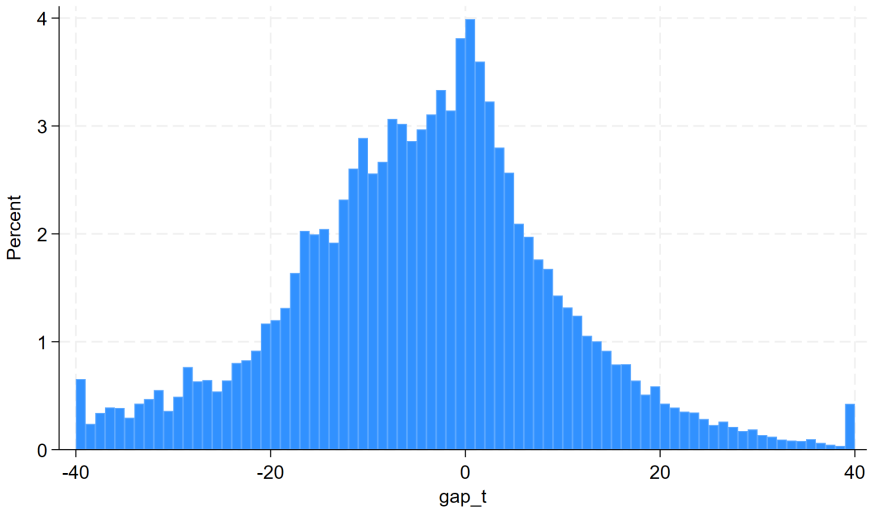


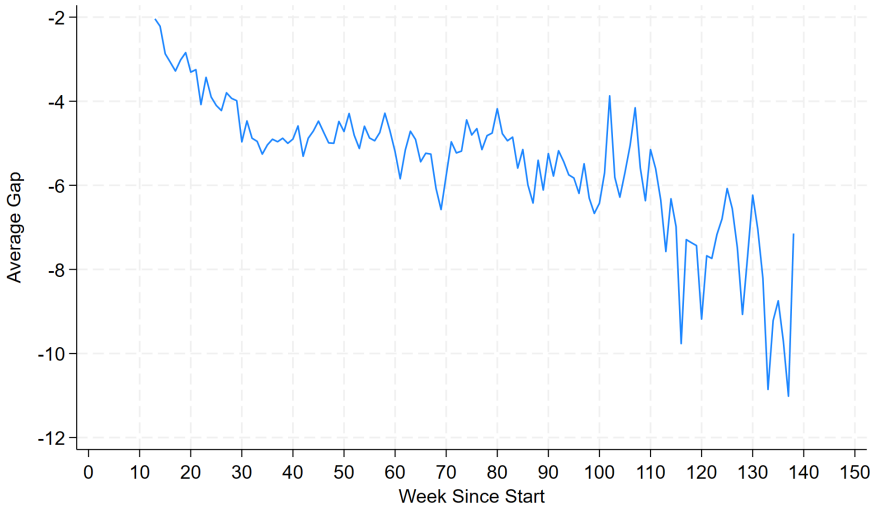


4.7 Hour limit = 6, Week limit = 9, Max Gap = ∞

Proportion affected: 36.5%

	mean	sd	p1	p10	p25	p50	p75	p90	p99
Gap	-4.46	14.00	-38.00	-22.00	-13.00	-4.00	3.50	12.00	31.00
Number of Observations	92083								

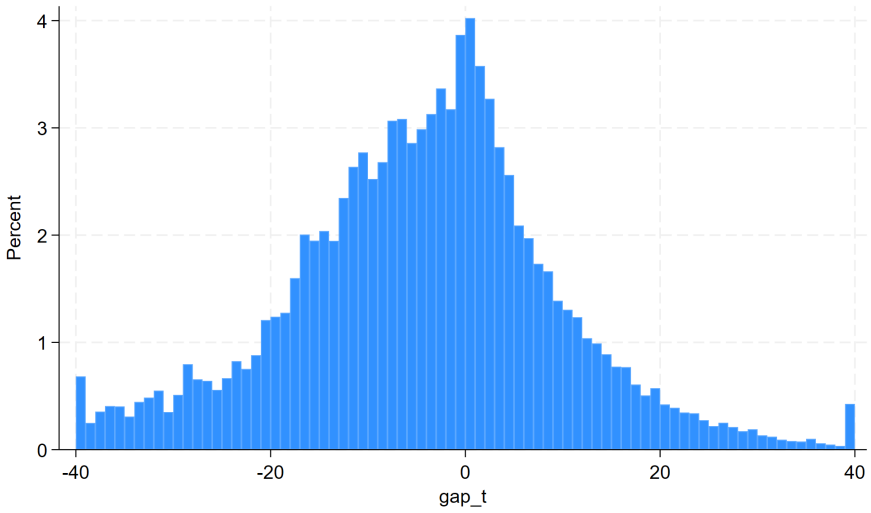


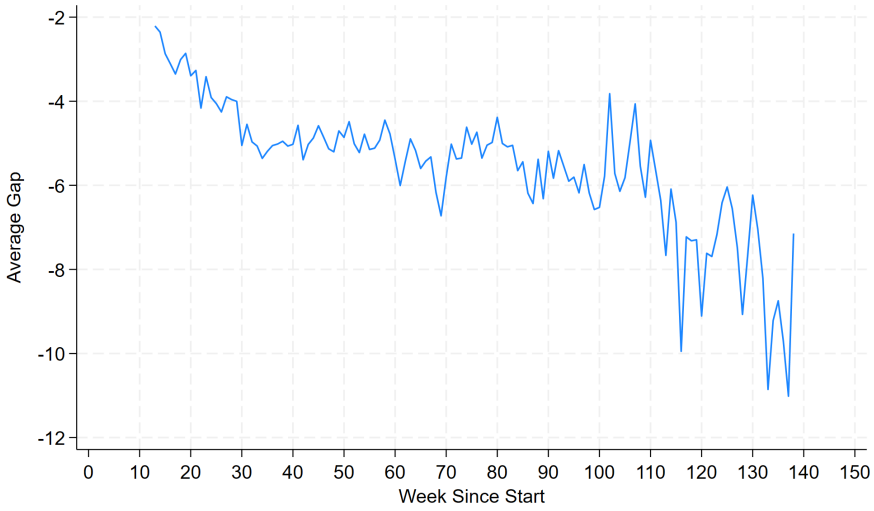


4.8 Hour limit = 6, Week limit = 9, Max Gap = 21

Proportion affected: 35.0%

	mean	sd	p1	p10	p25	p50	p75	p90	p99
gap	-4.56	14.01	-38.00	-22.00	-13.00	-4.00	3.50	12.00	31.00
Number of Observations	88211								





4.9 Hour limit = 6, Week limit = 9, Max Gap = 14

Proportion affected: 29.4%

	mean	sd	p1	p10	p25	p50	p75	p90	p99
gap	-5.00	14.02	-39.00	-23.00	-13.00	-4.00	3.00	11.50	30.25
Number of Observations	74513