

Balancing Workforce Dynamics: Implementing Voluntary Time Off (VTO) to Mitigate Overstaffing in the Retail Industry

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ABSTRACT

This paper explores the pervasive issue of overstaffing in the retail sector, its implications, and the potential solution of implementing Voluntary Time Off (VTO). Overstaffing, characterized by an excess workforce leading to decreased productivity, increased costs, and employee dissatisfaction, often results from flawed forecasting and hiring practices. The paper delves into the financial impact, employee morale, expansion limitations, and workforce planning challenges arising from overstaffing.

To counter these issues, the concept of VTO is introduced as a strategic approach, allowing employees the flexibility of unpaid leave during periods of reduced workload. The study outlines the benefits of VTO, including enhanced corporate social responsibility, improved employee satisfaction, and operational efficiency.

Through a multiphase approach, including defining overstaffing parameters, data collection methodology, and decision-making process, the paper proposes a systematized implementation of VTO, integrating it with workforce scheduling and forecasting. The conclusion underscores the importance of this approach in addressing overstaffing, promoting a balanced workforce, and fostering a positive organizational culture.

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Introduction

In the constantly changing landscape of the retail industry, effective workforce management is a crucial challenge, particularly when it comes to dealing with overstaffing. This paper focuses on the issue of overstaffing, which occurs when businesses hire more employees than necessary, resulting in numerous operational inefficiencies and problems related to employees. This situation is especially common in the retail sector, where staffing decisions often rely on historical data and speculative business forecasts. The consequences of overstaffing can range from financial burdens to decreased employee morale and hindered organizational growth. To address these challenges, this paper introduces Voluntary Time Off (VTO) as a viable solution. VTO allows employees to choose unpaid leave during periods of low demand, thereby aligning workforce availability with business needs. The study aims to explore the implementation of VTO in the retail sector, examining its potential to mitigate overstaffing issues while maintaining employee satisfaction and operational efficiency.

Overstaffing

Overstaffing refers to a situation in which a company has hired more employees than it can afford to keep. This happens when a business employs an excessive number of staff, resulting in underutilization of employees' skills, decreased productivity, and increased costs. Overstaffing can occur due to factors like inaccurate forecasting or hiring in anticipation of increased business that doesn't materialize. It can lead to employee dissatisfaction and low organizational commitment.

Identifying overstaffing is crucial to maintain the right balance between the number of employees and the workload. Signs of overstaffing include reduced productivity and increased costs. To address this issue, businesses can implement measures such as creating a staffing plan and tracking key metrics to better understand their staffing needs [1-4].

Overstaffing in the retail industry can have various negative impacts on both companies and employees, especially during peak seasons. Companies often hire more people based on past performance, but this can lead to overstaffing in specific stores or warehouses. Here are some ways in which overstaffing can affect companies and employees in the retail industry.

- 1. Financial Impact:** Overstaffing results in increased operational costs and strains a company's finances due to unnecessary wage expenses.
- 2. Employee Dissatisfaction:** When there are more employees than necessary for the available work, it can lead to reduced individual responsibility, decreased productivity, and

disengaged employees. This, in turn, affects employee morale and commitment to the organization.

- 3. Expansion Limitations:** Overstaffing can hinder a company's ability to expand because the increased workforce may not be in line with the business's growth. This can result in missed opportunities for expansion.
- 4. Workforce Planning:** Improper forecasting and hiring without sufficient long-term planning can lead to overstaffing, which negatively impacts a company's workforce planning and long-term sustainability.

Identifying Overstaffing

Identifying overstaffing in a company can be achieved by recognizing certain signs and implementing specific measures. Common signs of overstaffing include reduced productivity, underutilization of employees' unique skills, increased costs, and employee dissatisfaction. Overstaffing can occur due to factors such as improper forecasting, reluctance to reduce hours or staff, and insufficient training.

To identify overstaffing, companies can create a staffing plan, cross-train employees, and use technology-driven solutions to ensure the right balance between the number of employees and the workload. Additionally, tracking key metrics such as foot traffic data and year-over-year data can help understand staffing needs and avoid situations of overstaffing or understaffing.

Overview of VTO

Voluntary Time Off (VTO) is a form of unpaid leave that some companies use to balance staffing requirements with quickly shifting workloads. When more employees are available to work than needed on a given day, they're granted the option to take unpaid time off without repercussions to their employment status.

Voluntary Time Off (VTO) is a workforce management strategy that allows employees to take time off from work at their discretion, without prior approval from their employer. It is commonly used by companies to balance staffing needs with fluctuating workloads. VTO is a form of unpaid leave that gives employees the option to take time off when there are more available staff members than needed on a particular day. This enables businesses to offer their employees the flexibility to manage their time for both work and personal obligations. Unlike layoffs or mandatory time off, VTO does not involve terminating employees or imposing requirements from the employer. Instead, it empowers employees to make their own decisions regarding time off, contributing to a positive work culture and employee satisfaction.

The benefits of Volunteer Time Off (VTO) are significant for both employers and employees. For employers, implementing VTO can enhance their corporate social responsibility (CSR) positioning, improve their business image, and increase employee satisfaction. It can also help attract and retain top talent, particularly from purpose-driven younger generations. Additionally, VTO can lead to cost savings and improved work output, making it a valuable resource for companies.

For employees, VTO offers the autonomy to manage their time off, which reduces burnout, increases engagement, and improves work-life balance. It also allows employees to contribute to the community, which can have positive effects on their physical and mental health. Overall, VTO is a powerful tool that fosters a positive work culture and benefits both employers and employees by promoting employee satisfaction, work-life balance, and overall productivity.

Implementing VTO as a Solution

To maintain the voluntary aspect of Volunteer Time Off (VTO), it is important to implement a solution that allows employees to make their own decisions about taking unpaid leave. This is crucial as it fosters a more positive work environment. Unlike layoffs or mandatory time off, VTO ensures that employees do not feel coerced into taking time off. This autonomy and flexibility contribute to increased employee satisfaction, work-life balance, and overall productivity. By offering VTO as an optional program, organizations can attract top talent and create a work culture that values employee well-being and individual choice.

Instead of the floor manager directly deciding who should take VTO when overstaffing is identified, we should develop a system where the floor manager can input the overstaffing information into the scheduling system for the specific line of business. This input can then be used by the scheduling system for future forecasting and to create new VTO opportunities by sending notifications to employees.

The implementation of this solution requires a multiphase approach. We need to develop a service that can integrate with the scheduling and forecasting system, taking the overstaffing information as input. Let's refer to this service as the "overstaffing service."

Defining Overstaffing Parameters

Staff-to-Workload Ratio: Determine the ideal number of employees required for different levels of workload. This ratio may vary based on the time of day, week, or season.

Productivity Metrics: When it comes to measuring productivity, there are several useful metrics that can be considered. One important metric is the number of units produced per hour, which gives insight into the efficiency of the production process. Another metric to take into account is the number of customer interactions per employee, which can provide valuable information about the level of engagement and customer service provided by the staff. Additionally, tracking the number of completed service tasks can help evaluate the effectiveness of the workforce in delivering services. By analyzing these metrics, it is possible to determine whether the addition of more staff members is truly resulting in increased productivity or if there are other factors at play.

Idle Time: Idle time refers to periods when employees are not engaged in any work-related activities. It is important to establish clear guidelines to define what constitutes excessive idle time for an employee. This can vary depending on the nature of the job and the specific industry. If employees are consistently unoccupied for significant portions of their shifts, it may be an indicator of overstaffing, which can have negative implications for productivity and cost-effectiveness.

Role-Specific Parameters: Different roles may have different indicators of overstaffing. For example, in the retail industry, one indicator of overstaffing could be the ratio of salespeople to customers, which can directly impact customer service and sales performance. Similarly, in the manufacturing sector, a key indicator of overstaffing could be the ratio of machine operators to machines, as having too many operators per machine can lead to inefficiencies and increased costs. It is important for organizations to identify and monitor these role-specific parameters to effectively manage their staffing levels and optimize their operations.

Data Collection Methodology

Real-Time Observation: Train managers to observe and record staffing efficiency in real-time. This may include counting customer interactions, monitoring idle times, or noting instances when employees are waiting for work.

Historical Data Comparison: Utilize historical data to establish benchmarks. By analyzing past trends and performance, managers can gain valuable insights and set realistic targets for staffing levels. These benchmarks serve as a reference point, allowing managers to compare the current staffing levels against established standards. This enables them to identify any instances of overstaffing and take necessary measures to optimize workforce efficiency.

Employee Feedback: Encourage managers to gather feedback from employees regarding their perceptions of workload and staffing levels. This qualitative data can offer additional insights.

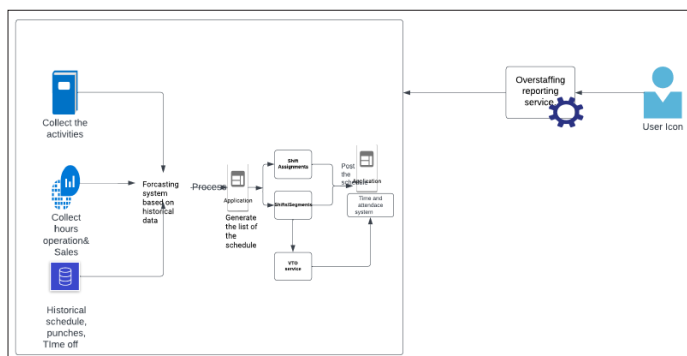
Data Analysis for Forecasting

We should use the data collected from these overstaffing reports to improve our forecasting models. Analyzing this data will help us understand patterns and enhance future scheduling accuracy.

Additionally, we should make sure to regularly update our forecasting models with new data to maintain their relevance and accuracy.

VTO Service

The VTO service determines the duration for VTO (Voluntary Time Off) based on the date provided by the Manager in the overstaffing service. The overstaffing service provides the input to the scheduling and forecasting system, which then posts it to the scheduling portal for employees to choose their VTO. Employees can pick up the VTO from the scheduling portal.



Eligibility Criteria

The VTO (Voluntary Time Off) policy is an important aspect of our company's employee benefits program. It provides employees with the flexibility to take time off from work for personal reasons. In order to ensure fairness and consistency, the VTO policy should clearly outline the eligibility criteria for employees to request VTO.

One key aspect of the eligibility criteria is the employee's tenure with the company. Employees who have been with the company for a certain period of time, typically specified in years, may be eligible to request VTO. This requirement helps to ensure that employees have established a certain level of commitment and dedication to the company before being granted additional time off. Another important factor to consider is the employee's performance. The VTO policy should take into account the employee's performance record, such as their overall performance rating or any recent disciplinary actions. This helps to ensure that VTO is

granted to employees who have consistently demonstrated good performance and have met their job responsibilities.

Additionally, the VTO policy may have specific restrictions or priorities based on certain roles or departments. For example, certain critical roles or departments that play a vital role in the company's operations may have limitations on the number of employees who can take VTO at a given time. By clearly outlining these restrictions or priorities, the VTO policy can help ensure that the company's operations are not adversely affected while still providing employees with the opportunity to take time off when needed.

In summary, the VTO policy should not only outline the eligibility criteria for employees to request VTO, but also provide clear guidelines and considerations to ensure fairness and consistency in granting VTO. By doing so, the policy can effectively balance the needs of the employees with the operational requirements of the company.

Decision-Making Process

The policy should outline the procedure for approving VTO requests, taking into account business needs, staffing levels, and fairness in distributing VTO opportunities to eligible employees.

Communication

Clear and effective communication is crucial for promoting transparency and fairness within the organization. It is important to ensure that both managers and staff have a comprehensive understanding of the Voluntary Time Off (VTO) policy. This can be achieved by distributing a copy of the policy to all employees and organizing informative training sessions specifically designed for managers. These sessions will equip managers with the necessary skills and knowledge to successfully implement the VTO policy and address any concerns or questions from their teams.

Conclusion

The investigation into overstaffing within the retail sector and the subsequent analysis of Voluntary Time Off (VTO) as a strategic response highlights several key insights. Firstly, overstaffing is not merely an operational inefficiency; it is a multifaceted issue impacting financial health, employee morale, and the overall sustainability of a business. The introduction of VTO emerges as a nuanced solution, addressing these challenges by offering a flexible, employee-centric approach to workforce management.

The proposed implementation of VTO, integrated with an advanced scheduling system, exemplifies a proactive approach to workforce planning. By allowing employees to opt for unpaid leave voluntarily, businesses can maintain operational agility without compromising employee welfare. This strategy, underpinned by a robust decision-making process and clear communication protocols, ensures transparency and fairness in VTO allocation.

Furthermore, the study underscores the importance of a data-driven approach in identifying overstaffing. By leveraging real-time observations, historical data, and employee feedback, businesses can make informed decisions, enhancing their forecasting models for more accurate staffing. The role of technology in facilitating this process cannot be overstated, as it enables a more responsive and efficient workforce management system.

In conclusion, this paper sheds light on the complexity of overstaffing in the retail industry and presents VTO as an innovative solution. The successful implementation of VTO

requires a multifaceted strategy, encompassing thoughtful planning, employee engagement, and a commitment to continuous improvement. As retail businesses navigate the challenges of a dynamic market, adopting such employee-centric and data-informed practices will be crucial in achieving operational excellence and sustained growth [5-15].

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