

## Experts Insights: Four-Day Workweek Gains Momentum in USA

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There is growing global focus on reducing the workweek from the standard five days to four days. Joe O'Connor, chief executive officer of 4 Day Week Global stated "Momentum for the four-day workweek is building around the world. The future of work is less time spent at work. And it has arrived." The four-day workweek movement should be distinguished from a compressed workweek where employees work longer days over four days (known as 4/10s) and get the fifth day off or work longer hours over a two-week period and get the tenth day off (known as 9/80s).

The four-day workweek enjoys almost universal support from employees, especially where pay is maintained at the same level despite working one less day. For example, a survey undertaken in Great Britain with 1,310 respondents who work at least five days a week, almost three quarters (72%) were either in favor or strongly in favor of a four-day work week. Over 60% of the survey respondents believed they could perform their current jobs in four days. Over 60% also said they would not be willing to take a pay cut in order to work a shorter week.

In addition to the benefits for employees, reducing the workweek could have a positive climate impact by reducing emissions that result from employees commuting to work. During the shutdowns that occurred at the start of CODID-19, emissions from driving and flying were reduced significantly with air quality improving in cities globally.

While some employers have participated in four-day workweek pilot programs, other employers are less enthusiastic, especially those whose operations require round the clock staffing since their expenses would increase. For example, in 2015 the City Council of Gothenburg, Sweden voted to have an 18-month pilot program at an elder care home in which the staff would move from working an 8-hour day to 6-hours per day, without taking a pay cut. The study was designed to see if reducing the number of hours per shift would lead to improved patient care. The results were positive with interaction with patients improving and the staff being more engaged. The number of sick leave days taken also was reduced significantly. The pilot was not made permanent due to increased costs resulting from the elder care home having to hire 17 additional employees to provide the around-the-clock staffing that was needed.

The workweek reduction program that garnered global attention began in 2018 when Perpetual Guardian, a New Zealand company embarked on an eight-week trial for its 240 employees that changed the work model to give everyone a paid day off each week. All other employment conditions, including pay remained unchanged so the staff worked 30 hours per week but were paid for 37.5 hours, and were asked to deliver the same amount of output as in a standard week. The company engaged with two universities to measure the outcomes of the trial, which were positive with team engagement levels increasing, output remaining the same, work-life balance improving significantly, and stress levels being reduced. Employees were motivated to work more efficiently in order to get an extra day off per week while not suffering any reduction in pay. At the end of the pilot, the four-day work week became permanent.

According to Dr. Helen Delaney, Senior Lecturer, Department of Management and International Business, University of Auckland who authored "Perpetual Guardian's 4-Day Workweek Trial: Qualitative Research Analysis:

Employees reported an increase in the level of collaboration and teamwork directly related to the trial. Employees describe how they felt a mutual willingness to 'help each other out'. Multiple new communication initiatives enabled greater engagement between employees. Many teams (including managers) experienced greater sharing of information and/or delegation of tasks. Some managers report feeling an increase in appreciation and trust for the ability and reliability of their team members. The trial has opened managers and employees up to the idea of enabling workers to have some degree of discretion over where, how, and when they work.

The largest pilot program offered so far is being conducted in 2022 in Great Britain where a six-month pilot includes 3,300 workers from 70 companies who are working 80% of their usual workweek with no loss in pay. The employees committed to maintaining 100% of their productivity. The program is being run by 4 Day Week Global, Autonomy, a think tank, and the 4 Day Week UK Campaign in partnership with researchers from Cambridge University, Oxford University and Boston College. The researchers will measure the impact the new working pattern will have on productivity levels, gender equality, the environment as well as worker well-being. The program will run until November 2022 when companies can decide whether they want to continue with the four-day workweek schedule.

Until the pilot in Great Britain, Iceland had conducted the world's biggest pilot of a four-day work week. Between 2015 and 2019, a total of 2,500 public sector workers in Iceland participated in two trials of a reduced workweek. The Iceland trials included 2,500 people who worked for the Reykjavik City Council and the national government who worked 35 – 36 hours per week without any reduction in pay. Many of the participants had previously worked 40 hours per week. According to researchers who reviewed the trials, there was no drop in productivity. The researchers discovered a dramatic increase in worker wellbeing from reduced stress and burnout as well as improved health and work-life balance. The trials involved 2,500 people — more than 1% of Iceland's working population — and were aimed at maintaining or increasing productivity while improving work-life balance. Researchers found that productivity and services stayed the same or improved across the majority of workplaces.

In the United States, legislation (H.R. 4728) was introduced in the House of Representatives in 2021 that would amend the Fair Labor Standards Act (FLSA) to change the standard workweek from 40 hours per week to 32 hours per week. The bill was sponsored by Representative Mark Takano (D-CA) and has 17 cosponsors. According to Representative Takano, “A shorter workweek would benefit both employers and employees alike. Pilot programs run by governments and businesses across the globe have shown promising results as productivity climbed and workers reported better work-life balance, less need to take sick days, heightened morale, and lower childcare expenses because they had more time with their family and children.”

The bill would be phased-in over several years with the standard workweek being reduced to 38 hours per week in the first year, 36 hours per week in the second year, and 34 hours per week in the third year. Once fully implemented, overtime would have to be paid to those employees covered by the law who worked more than 32 hours per week. The bill has been endorsed by several labor unions and the Congressional Progressive Caucus. While the bill is not expected to be approved during this session of Congress, it is likely to be reintroduced in the future.

Employees are seeking employers who will provide flexibility in terms of where they work, when they work and for how long they work as well as employers who will focus on their well being and work-life balance. Those employers who want to compete for and retain top talent will need to look at innovative benefits programs and consider implementing reduced workweeks. The reduced workweek will be most challenging for those organizations that need to be staffed 24 hours a day since the reduced workweek will lead to increased costs from hiring new staff.