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EXECUTIVE SUMMARY

Final Question

How have companies implemented the four-day work week and what are the business (productivity) and employee (health and wellbeing, engagement) impacts in the pilot programs that have been completed?

Introduction

In the midst of an ongoing battle for top talent, companies across industries are grappling with the challenge of recruiting and retaining top-notch professionals. The four-day workweek emerges as a compelling solution that could make a significant difference in today's competitive job market. This executive summary outlines the key findings and implications surrounding the adoption of a four-day workweek for this CAHRS firm.

Four-Day Workweek Pilots

Although the four-day workweek has gained traction recently, it has been a topic of conversation for many years. Since 2019, pilots have taken place in Japan[1], Ireland[2], United States, Canada, United Kingdom, Australia, and New Zealand[3].

In 2022, a comprehensive pilot study of the four-day workweek was initiated, with the first trial in Ireland and subsequently included participation from four US-based companies. A total of 70 companies from various industries participated in these trials. The results were notably positive, with employees reporting reduced levels of burnout (71% of employees), lower stress levels (39%), improvement in mental health (43%), reduction in negative emotions (54%), improvements in physical health (37%), reduction in fatigue (46%) and decrease in sleep difficulties (40%)[4]. The benefits of the four-day workweek were realized by both men and women, but women generally reported a more favorable experience[4]. In terms of productivity, 46% of these companies stated productivity maintained the same, 34% said it "improved slightly", and 15% said it "improved significantly"[3].

A majority of companies that have implemented or done studies on reduced hour scheduling are small, usually less than 1,000 employees. Larger companies, such as Panasonic Japan, are beginning to adopt, but results are unclear on whether these ventures are successful[14]. Among these few large organizations that have adopted alternative work schedules, common themes in their programs include **flexibility** in the types of alternative work offered and provide employees the **choice** of how they want to participate, if at all. For example, SAP Software Solutions has introduced "Pledge to Flex," a hybrid work model where employees have options regarding working hours and locations based on what is best for them[15]. *See Appendix.*

Alternative Schedules

While many companies that focused on the compressed workweek did so with the 100-80-100 principle: (100% of pay, 80% of time worked, and expectation of 100% productivity[2]), other variations of compressed workweeks have been piloted or fully implemented.

4, 10-Hour Shifts: O.C. Tanner's alternative was to work 4, 10-hour days. This company needed operations during the work week, so their employees worked M-F, working either the first 4 days of the week, or the last. This company ran into issues not having enough equipment to run the shift an additional two hours. The new shifts also impacted overtime options which was leading people to come in on a fifth day anyway. Lastly, this company had concerns with the safety of employees working longer shifts[5].

Summer Hours: Many companies have recently implemented "summer hours" or "summer Fridays" allowing employees to leave earlier on Friday afternoons during the summer[6]. While this could be a good trial to offer in the summer, companies should consider if the shortened work day should only be a benefit of the summer or beyond when the days are shorter[8].

Nine-Day Fortnight: Another variation of a compressed work week is called nine-day fortnight which allows employees to have a four-day work week every other week[7].

Flexibility in Hours: Lastly, some companies offer flex hours where employees are able to work hours they prefer rather than having a set schedule. Other employers have started shortening days or even going as far to require no hours and instead focus on the employee's deliverables only[9,12]. In a recent study, 49% of respondents preferred working 5 days per week, 7 hours per day (35 hours) compared to a traditional work week (27% of respondents) or even a workweek that reduces to only 4 days working either 32 hours per week (18% of respondents) or 40 hours (5% of respondents)[9].

Recommendations and Considerations

In addition to managing the change for employees (promoting buy-in, success metrics, etc.), if employers are considering compressed workweeks, there are several key areas for employers to consider as they are implementing this kind of change.

- **Understand the employees' needs** and tailor the approach to what the employees want. Particularly in terms of hourly employees, previous studies in construction environments saw that hourly workers felt uneasy about a condensed work schedule, and often opted to work similar hours either as overtime or at another organization[13].
- **Employees will need to be more productive** for organizations to implement less hours and same pay. This can be achieved by identifying and eliminating inefficiencies. This could be achieved by rescheduling meetings that team members are unprepared for or to shorten the default length of the meetings[10]. This could also look like investing in more sophisticated technology or AI.
- **Success metrics and agility** are key to successful implementation. Monitoring productivity targets and KPIs such as attrition and engagement levels and providing avenues for feedback from both employees and management will be critical in successful implementation. Employers will need to act quickly and be ready to adjust as needed.

The pilot programs were not successful for all companies that tried them. As companies are looking to implement, a few key considerations are necessary.

- **Will employees have the same day off?** If not, employees will need to ensure there is not a constant stream of emailing and messaging. Either way, downstream customers and suppliers should be aware of the change to manage expectations.
- **What will be your strategy for workload allocation?** Additionally, for functions that require extended coverage, it may be necessary to stagger schedules or reallocate job responsibilities. While there are many alternatives to the condensed work schedule to consider, studies have shown the best results in terms of worker well-being come from a truly reduced number of hours worked. In order to maintain coverage, headcount may need to increase[7].
- **Are you complying with local labor laws and safety regulations?** Some employers found a 10-hour day to present safety concerns to employees due to fatigue working the longer hours[5].

Conclusion

Companies of similar size and industry as this CAHRS partner company have not widely adopted a compressed workweek. Implementing a new system at a large scale may involve trial and error but would put a company at the forefront of the movement, which could also strengthen the employee value proposition and establish the organization as a company of choice.

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Appendix

Pledge to Flex

In the wake of COVID-19, in 2021 SAP Software Solutions introduced a new, global framework that prioritizes flexibility and trust in the workplace. They conducted a survey of their employees and found that 80% preferred hybrid work. Instead of implementing a one-size-fits-all approach, SAP describes this new workplace model as 100% flexible and rooted in trust-based norms.

Key features of this framework are:

"An inclusive environment in which people can work from home, at the office, or remotely, so everyone is empowered to run at their personal best, driving success for SAP's customers

Flexible work schedules, so employees can decide when they work aligned with business needs

Inspiring office designs tailored for creativity, collaboration, community, and focused work, enabling employees to find the right space for every task

Office buildings that prioritize sustainability and health

An approach that meets local regulations across the many regions where our employees work" [16]

SAP reports that they are using this model to target women and early career professionals and improve their employee value proposition.[16] The success of this framework is not yet widely known.