

Balancing A

The Benefits of a Four-Day Workweek

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The four-day workweek has captured the attention of organizations and benefit plan sponsors looking to attract and retain talent, improve health and productivity, and reduce energy consumption. The authors examine recent studies and legal considerations weighing the potential for greater work-life balance as well as the challenges of adopting this new business model.

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The COVID-19 pandemic and its immediate aftermath have prompted organizations to reconsider the nature and location of work, giving rise to concepts such as hybrid work models and alternative work schedules, like the four-day workweek, to reduce stress and enhance flexibility.

Traditionally, general office administrative work, professional services and education have adhered to a fixed, standardized business schedule, often referred to as the *nine-to-five*, a five-day workweek with two days off during the weekend. Alternative work schedules deviate from these conventional hours, frequently leaving parts of an employee's weekdays open. Employers that adopt continuous or shifting schedules often require their workers to follow irregular hours beyond the typical business schedule. Shift work is prevalent in health care, emergency response, manufacturing, transportation, and the service and energy sectors, among others.

Employers are now under pressure to address the demands of their organization and the availability of their workforce, leading to various adjustments in their work schedules. More than ever, organizations striving for optimal productivity while fostering increased energy and efficiency in the workplace are exploring the potential benefits of implementing a four-day workweek to mitigate employee fatigue and burnout.

Why Consider a Four-Day Workweek?

Several reasons have been proposed to encourage organizations to consider the *four-day workweek* concept, defined as a shift from a traditional standard office schedule of 40

hours of work equally spread over five days to 32 hours over four days. These include an environmental rationale (less energy consumption), traffic management (fewer vehicles on the road), and health and wellness (improved work-life balance). Other ever-important human resources strategies related to attraction, recruitment and retention of people, which are pillars in the battle for highly sought-after and talented workers, have also been referenced.

Productivity

Productivity improvements are one of the most substantial benefits in published reports. They are undoubtedly critical to employer support for a shortened workweek in economic sectors where it makes operational sense. Recent U.S. Department of Labor data indicates a strong relationship between the number of hours worked and productivity.¹ Hours worked are inversely correlated with efficiency. The more hours worked a day/week/month/year, the less productive people are.

Another consideration is that productivity has increased in recent decades due primarily to scientific and technological advancement. However, wages still need to catch up. Research from the Economic Policy Institute demonstrates that the economy has substantial elasticity to allow for increased wages while shortening the workweek and improving productivity.²

The relationship between productivity and wage is an important consideration when discussing the nature of work, as most of the research and trials on the four-day workweek have been predicated on three related and core principles: workers deliver 100% of standard work productivity, completed at 80% of the time compared to a standard office schedule, and receive 100% of their previous compensation.

Health and Well-Being

It's not just a matter of reduced productivity when individuals work long hours; a collaborative research report by the World Health Organization (WHO) and the International Labor Organization (ILO)³ highlights the health risks associated with extended work hours. In a first-of-its-kind study examining the impact of working long hours on life and well-being, WHO and ILO estimated that in 2016, 745,000 lives were lost due to this issue. Specifically, in 2016, 398,000 people lost their lives to strokes, and 347,000 to heart disease, as a result of working at least 55 hours per week. Over the 16-

Takeaways

- The research indicates a relationship between number of hours worked and productivity. Hours worked are inversely correlated with efficiency. Those who work longer hours in a day, week, month or year are less productive.
- Productivity has increased dramatically in recent decades due primarily to scientific and technological advancement. However, wages need to catch up.
- Studies found that after a four-day workweek was instituted, productivity increased, and the number of sick days taken decreased because of a shortened workweek. Employees had more time available to address responsibilities outside of work and more personal time.
- Employers should work with an employment lawyer before implementing changes to avoid liability and maximize flexibility.

How Prevalent Is a Four-Day Workweek?

Five percent of employers are offering a four-day workweek, either as a formal policy or on a case-by-case basis, a new survey report from the International Foundation of Employee Benefit Plans reveals.

The *Four-Day Workweek: 2023 Pulse Survey* collected responses from 376 corporate and single employer organizations throughout the United States. The pulse survey was designed to help employers navigate the rapidly changing landscape and benchmark their plans against their peers.

The survey defined a *four-day workweek* as decreasing the required weekly work hours from 40 to 32 hours. One percent of employers are in the process of piloting a four-day schedule, and an additional 14% of employers are considering implementation. *Compressed workweeks*, defined as working 40 hours in less than five days, are offered by 24%.

Employers cited the following reasons for implementing a four-day, 32-hour workweek:

- Request by employees—41%
- Retention strategy—36%
- Work-life balance/rethinking company culture—36%
- Recruitment strategy—27%.

Nearly 70% of those that have or are considering implementing a four-day workweek are from five industries: professional service firms, manufacturing/distribution, health care and medicine, nonprofit and high technology.

Employers cited the following reasons and concerns for not implementing a four-day workweek:

- Lack of interest by upper management—42%
- Difficulty implementing it organization-wide—38%
- It would negatively impact business operations—36%
- Unsure whether it would work with organizational structure—36%
- Unable to support customer base—32%.

For more information and to view the full survey results, visit www.ifebp.org/fourdayweek.

year period ending in 2016, the number of deaths caused by heart disease due to excessive work hours increased by 42%, while those caused by strokes increased by 19%.

From a health and well-being standpoint, based upon recent research,⁴ almost seven out of ten employees reported a decrease in burnout when working a four-day week, with 40% feeling less stressed. Nearly half of the participants experienced reduced fatigue, and 40% had fewer sleep-related problems. Almost 75% of individuals expressed greater satisfaction with their available time.

Work-Life Balance

While multiple studies have examined the four-day workweek, one of the most widely publicized research projects was conducted by Microsoft Japan.⁵ Their study revealed that implementing a four-day workweek led to a 40% increase in productivity and a 25% reduction in employee sick

days. This outcome aligns with common sense because, in a shorter workweek, people have more time to manage their responsibilities outside of work, such as health care, personal care, household chores, leisure, and quality time with family and friends. Additionally, electricity costs dropped by 23%, printing expenses decreased by 58% and the time spent in meetings was reduced by half. This finding resonates with the numerous other studies demonstrating that much time is often wasted in unproductive meetings. This, combined with the idea that people tend to be more productive in shorter timeframes, may explain the heightened productivity observed by Microsoft, as measured through objective criteria.

A consortium comprising several countries and universities is conducting a comprehensive study on the four-day workweek. In partnership with organizations from these representative countries, universities in the United States, Canada, the United Kingdom and Ireland have researched this concept for

over 16 months.⁶ The key assessment elements include objective and self-reported productivity, burnout levels, physical and mental health, job and life satisfaction, and work-life balance.

This study encompasses approximately 1,000 employees across more than 50 employers in the United States and Canada alone. The business outcomes from these two countries revealed a 15% increase in revenue during the trial period of the four-day workweek, adjusted for company size. Employers recognized benefits in employee attraction, productivity and overall business performance. Employee retention also improved, as fewer employees considered leaving their jobs, with 32% expressing a decreased likelihood of leaving. Remarkably, none of the organizations involved in the trial expressed a desire to return to a five-day workweek, and 89% of employers are committed to continuing or planning to continue the four-day workweek, with the remaining 11% leaning toward continuing this arrangement.

The Fine Print: Legal Concerns

The implementation of four-day workweeks can be a strategic decision. As always, employers should be mindful of potential legal issues in HR law or human rights issues, particularly in Canada.

There are several potential areas of concern, including the following.

Human Rights and the Duty to Accommodate

Shifting to a four-day workweek should not raise any concerns about direct discrimination. However, if it results in some longer days of work or shifted hours, it could indirectly impact some employees, such as those workers who may have child-care or elder-care obligations. These responsibilities might require availability at specific times, such as daycare drop-off and pickup. If implementing a four-day workweek involves extending workdays, it may prevent them from meeting these obligations, triggering the duty to accommodate.

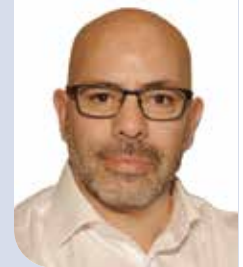
Another potential concern pertains to disabled employees who cannot work more than a specific number of consecutive hours, necessitating reasonable accommodations.

Constructive Dismissal

While employers retain the right to make nominal workplace changes, they risk being accused of constructive dismissal when making a “substantial and unilateral change

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to a fundamental term of the employment relationship.” In Canada, constructive dismissal can result in an entitlement to severance, which could extend up to 24 months.

Hours of work and compensation are fundamental terms. While reducing the workweek from five days to four is unlikely to result in complaints, if hours are being extended on those four days, or pay is cut by a corresponding 20%, employees may well object. Furthermore, consider the reaction if a four-day workweek is introduced on a trial basis and later abandoned in favor of a return to a five-day workweek. In that case, it may provoke constructive dismissal complaints if not handled strategically.

So, what can be done to avoid a constructive dismissal when switching to a four-day workweek?

- If the workweek is being reduced from five days to four, concerns should be minimal.

- If workdays are extended, reviewing employment contracts and policies is imperative to ensure the necessary permissions are in place. In cases where they are not, get employee consent.
- Consider any request for accommodation properly.
- Avoid reducing compensation (or if this is unavoidable, keep the reduction nominal).
- Document everything and retain discretion to reverse changes or make further changes to the employment relationship.

Take specific precautions to prevent inadvertently granting employees the right to a four-day workweek. Changing the workweek from a five-day to a four-day workweek will result in a new term being added to the employment agreement. To maintain flexibility, ensure clear communication that underscores that the change is being implemented on a trial basis, with the company reserving the right to enact further changes, including a return to a five-day workweek.

Canadian employment agreements must be meticulously drafted to ensure clarity and enforceability. Companies often inadvertently expose themselves to liability by acting without proper advice. Treat your employment relationships as legal relationships.

Statutory Considerations

Every province and territory in Canada has its own employment standards legislation in addition to the federal version. Some include maximum daily hours of work, so before extending days of work, ensure that there are no legislative restrictions that may apply. If a collective agreement governs your workplace, ensure that any change will stay within the agreement and work with your union to address the concerns.

The best way to avoid liability and maximize flexibility as an employer is to work with an employment lawyer before implementing any change.

Conclusion

Employers involved in general office and administrative work, professional

services and education, whether within standard traditional working hours or administrators within 24-hour operations, should seriously consider adopting the four-day workweek. Research supports the practice, emphasizing its benefits for workplace health and productivity. Moreover, it's important to consider legal and jurisdictional considerations when considering implementation. ☞

Endnotes

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