## 5. The Four-Day Work Week - Learnings from Companies at the Forefront of Work-Time Reduction\*

Josh Bersin, Julia Bersin, Joe O'Connor and John P. Trougakos

#### Introduction

Imagine if organizations around the world could work one less day per week, without a reduction in pay.

While it may sound improbable, the reduction of work hours has been spanning almost a century. In 1869, President Ulysses Grant first mandated a maximum 8-hour workday for government workers. Later, in 1926, Henry Ford limited the work week to 40 hours when he realized it optimized productivity.<sup>1</sup> Considering this historical background, one may wonder if we are witnessing the start to a similar shift today toward a four-day work week.

In the last few years, the four-day work week has become a buzzy topic for companies around the world. Many organizations boast its benefits such as increased productivity and reduced employee burnout, while others remain apprehensive. We're certainly seeing a growing number of companies pursuing new, more flexible ways of working, which has become imperative in today's Post-industrial Era. Our research shows that "dynamic organizations," those leading the way with superior business, people, and innovation outcomes today, are experts at adapting their working models. These organizations prioritize practices like upskilling for productivity and fostering flexibility and autonomy around work.<sup>2</sup>

Amid this context, where does the four-day work week fit in? Is it one of many models that companies can use to increase productivity and flexibility, or does it represent a stand-alone movement? Moreover, which types of organizations

<sup>&</sup>lt;sup>1</sup> "<u>The history & evolution of the 40-hour work week</u>," Sophia Lee/Culture Amp.

<sup>&</sup>lt;sup>2</sup> The Definitive Guide to Building a Dynamic Organization, Josh Bersin and Kathi Enderes, PhD/The Josh Bersin Company, 2023.

<sup>\*</sup> This paper was previously published online at <u>https://joshbersin.com/the-four-day-work-week/</u> and is reproduced here with kind permission.

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are seeing success with this approach, what specific problems are they solving, and how are they managing the transition effectively?

In this report, we unpack the concept of work-time reduction, and specifically the four-day work week. The report also provides a historical overview, practical insights, opportunities, challenges, and what may be coming next. To uncover these findings, we spoke to nine organizations that have successfully implemented work-time reduction programs. Real-world examples from these organizations are included throughout the report to illustrate how this concept is put into action. Further, we connected with experts in the field to paint a fuller picture of how this new way of working is evolving.

## The History of Work-Time Reduction

The concept of a reduced-hour work week, including the fourday week, isn't new. As far back as the 1930s, economist John Maynard Keynes first suggested the possibility of employees working as little as 15 hours a week. In 1956, the idea of a reduced-hour work week had made its way to the most powerful office in the country. President Richard Nixon even predicted a future where employees would be working a fourday week.

During the 1960s and 1970s, several organizations attempted to implement four-day work weeks. Unfortunately, most of these initiatives fell short of the anticipated results and were generally abandoned. By attempting to cram a full 40 hours of work into four days, these initiatives failed to consider a few critical factors. First, there is a nonlinear relationship between hours worked and productivity, including a diminishing rate of productivity for each additional hour worked. Additionally, longer working hours are associated with an increase in errors and work-related injuries, as well as a decline in employee wellbeing indicators like satisfaction and engagement.

In recent years, an increasing number of organizations appear to have cracked the code. There is a growing body of evidence suggesting that reduced work hours for the same pay, rather than simply condensing workdays, are not only feasible when it comes to maintaining outcomes but also potentially advantageous.

Starting in 2015, early positive signs of reduced working hours emerged from a pilot in Sweden and a subsequent public rollout in Iceland. Following the outbreak of the pandemic in 2020, Joe O'Connor, CEO and cofounder at the Work Time Reduction Center of Excellence, initiated the world's first coordinated pilot program for a four-day work week in Ireland. Later, at 4 Day Week Global,

he expanded this model to large-scale global trials in North America, the UK, and Australasia throughout 2021. Despite the necessary costs, some trade-offs, and varying levels of work required to prepare for each trial, the results consistently demonstrated positive impacts on employee wellbeing, retention, and even business outcomes.

While not perfect, these pilots have shown encouraging results and laid the groundwork for improving the process. The impact of the pandemic, coupled with tight labor markets and the Great Resignation, has compelled companies to seek innovative methods to stay competitive in their talent practices. Considering the growing trend toward work-time reduction, it is important to answer two questions: first, what exactly is work-time reduction from a practical perspective, and second, how can it be achieved successfully?

## **Defining Work-Time Reduction**

Let's begin with an explanation of work-time reduction policies. These policies focus on reducing the number of hours that employees work while maintaining the same levels of pay, service, and productive output. In other words, we're asking people to produce the same outcomes in less time.

Although the four-day work week has gained significant attention, there are a variety of different models. Examples include six-hour workdays, nine-day fortnights, half-day Fridays, flexible or "freedom" Fridays, summer Fridays off, and "half-day" Fridays with workers clocking off between 12 PM and 2 PM.

#### Healthy Organizations: Why Companies Are Trying It

One of the primary reasons organizations choose to adopt these polices is to foster healthier and more sustainable work environments. As employee burnout and other work-related health issues plague employees, workers are increasingly seeking opportunities for healthier and more balanced relationships with their jobs. And based on our research, organizations that have been most successful in this transition have been taking a holistic approach, incorporating flexible working models as part of their offerings for employees.<sup>3</sup> In pursuing these policies, companies can reduce costs associated with burnout, including reduced productivity, sick leaves, and turnover rates.

<sup>&</sup>lt;sup>3</sup> The Definitive Guide to Wellbeing: The Healthy Organization, Josh Bersin and Janet Mertens, PhD/The Josh Bersin Company, October 2021.

Our research reveals that healthy organizations are more than three times as likely to engage and retain their workers.<sup>4</sup> And in today's competitive labor market, where attracting and retaining top talent is a continuous challenge, adopting a reduced-hour work week can be an attractive benefit for job-seekers. As such this can potentially give organizations a significant competitive advantage.

Beyond employee concerns, implementing reduced-work hours initiatives can serve as a tool to assess and improve productivity. This approach also uncovers inefficiencies and cost savings in the process. Companies aiming to reduce work hours by up to 20% must undergo substantial work redesign while maintaining business outcomes. The preparation exercises alone to streamline operations, remove administrative burdens, and prioritize high-impact work can improve company productivity substantially. Moreover, with the reduction in working hours as a driving force, the stakes become even higher.

To successfully transition to a reduced-hour work week, organizations need to undergo not just the tactical steps we cover in the next section but more importantly a cultural shift toward continuous improvement, with a focus on performance, collective responsibility, communication, and accountability. Our research indicates that organizations with supportive and innovative cultures— characterized by strong norms of communication and trust—create what we call an "irresistible" employee experience.<sup>5</sup> These organizations are best positioned to implement these changes effectively. Furthermore, having leaders who are experimental and forward-thinking—traits that define the change-ready leaders that help companies thrive in the Post-Industrial Age<sup>6</sup>—is also an advantage in this regard.

These elements are common themes in the stories of many companies that have already made the leap to the four-day work week. In the next section, we'll delve into the tactical steps the organizations we interviewed undertook to develop their programs, taking into account their unique workforces, industries, and cultures.

<sup>4</sup> Ibid

<sup>&</sup>lt;sup>5</sup> The Definitive Guide: Employee Experience, Josh Bersin and Kathi Enderes, PhD/The Josh Bersin Company, 2021.

<sup>&</sup>lt;sup>6</sup> The Definitive Guide to Leadership Development: Irresistible Leadership, Josh Bersin and Janet Mertens/The Josh Bersin Company, 2023.

# Implementing Work-Time Reduction: Common Practices and Learnings

The transition to a shorter work week should be approached as an operational excellence project. Like any change initiative, there are various ways to achieve the intended outcome. However, our conversations highlighted several consistent factors critical to each organization's success. These factors fall into a few categories: redesigning work for productivity, tackling policy and operational shifts, and planning a successful pilot. In this section, we have compiled the components of each category, along with some specific examples.

#### Redesigning Work for Productivity

An early misconception of the four-day work week was the assumption that it meant squeezing five days of work into four, a practice proven to fail historically. Given the initiative to improve wellbeing and engagement, and considering the science of productivity, simply condensing work hours without reprioritization is unlikely to work.

To successfully implement a reduced-hour work week without sacrificing outcomes, it's imperative to undertake work redesign. This process starts with establishing clear business goals, assessing which work is contributing to outcomes, and removing obstacles that hinder employees from making meaningful contributions. Here are some of the practical tips we heard from our interviews to ensure reduced work hours are spent in the most effective and impactful ways.

- Clearly define the work that matters. Organizations often use OKR (objectives and key results) frameworks to define both companywide and team-level goals to ensure all efforts are aligned with these goals. While the ideal scenario involves dedicating most of our time on work directly contributing to business outcomes, it's important to approach this with some flexibility. For example, people managers may spend more time in one-on-one meetings, which are important for building rapport and a trusting relationship within the team, even if these meetings do not directly contribute to outcomes-focused work. Consider incorporating the value of connection, collaboration, teamwork, and activities surrounding professional development alongside tasks that are directly focused on achieving outcomes.
- **Run a meeting audit.** Meetings are often criticized for being unproductive time, and it's true that the time spent in meetings

can often exceed the actual productivity achieved during that time. Shopify, a Canadian e-commerce company made a radical move in 2023 to reduce unnecessary meetings by eliminating 12,000 of them at the start of that year.<sup>7</sup> Our interviews find that auditing and ultimately reducing meetings was another essential practice to create more time for productive work.

## CASE IN POINT

#### Mäd

Mäd, a Cambodian digital transformation consultancy, has always taken a flexible approach to work, and a four-day work week felt like a natural next step during the pandemic. As part of the team's approach to preserve productivity, it took special care to free up designers and engineers from attending too many meetings since these individuals' output required focused, uninterrupted time.

• Allow employees to operate "top of license". In addition to attending meetings, many employees often find themselves bogged down with various administrative or menial tasks that take time away from their essential work. We call these obstacles to operating "top of license," or engaging in the work that matches employees' unique skills and for which they are hired.<sup>8</sup> Once assessing which work matters, it's crucial to decide which activities to stop, outsource, or automate with technology. Next, it is essential to take the time to understand the individual strengths and passions of each employee and allow them to spend most of their working time on the tasks that align with their expertise and interests. As we discuss in The Definitive Guide to Building a Dynamic Organization, when people are doing work they're passionate about, they will find ways to do their job more efficiently.<sup>9</sup>

<sup>&</sup>lt;sup>7</sup> "Shopify's CFO explains how its new meeting cost calculator works, and how it will cut 474,000 events in 2023: 'Time is money,'" Sheryl Estrada/Yahoo! Finance, July 14, 2023

<sup>&</sup>lt;sup>8</sup> The Definitive Guide to Building a Dynamic Organization, Josh Bersin and Kathi Enderes, PhD/The Josh Bersin Company, 2023.

<sup>&</sup>lt;sup>9</sup> The Definitive Guide to Building a Dynamic Organization, Josh Bersin and Kathi Enderes, PhD/The Josh Bersin Company, 2023.

• Embrace asynchronous communication. When teams adopt a four-day working schedule where employees aren't all off on the same day, asynchronous communication becomes essential. Project management tools can be helpful for project-specific communications, and employees can control their notification preferences easily. Defining new norms around how chat tools like Slack and Teams are used will also be important. Along with reducing live meetings, embrace written or recorded status updates, which allow employees to consume the information at a time that works for them. While live conversations are still valuable, with one fewer overlapping day or perhaps more when teams rotate days off, asynchronous communication should become the norm in most cases, rather than the exception.

## CASE IN POINT

#### PRAXIS PR

The team at PRAXIS PR, a marketing agency based in Toronto, Canada, uses project management software to update client projects before final approval. This ensures that the next team taking over the following day or week has all the necessary information without needing to connect to facilitate the handoff.

#### Mäd

Mäd works with clients in different time zones around the world and uses collaborative design software and project management tools to work asynchronously with clients and provide additional visibility into the work being done.

• Empower employees to adopt their own productivity practices. While work-time reduction provides a framework to increase productivity, it doesn't necessarily compel the specific methods. In addition to the organizationwide policies or norms governing the utilization of work time, each employee upholds the responsibility for sticking to those norms, as well as maintaining their own level of focus. Some of the organizations we spoke to came up with a list of best practices around work habits, even offering training to employees. Others may prefer to leave it up to the individual to determine what works for them. Given the prevalence of digital distractions, it can't hurt to reinforce or even encourage employees to share how they're cultivating better focus during workdays.

### CASE IN POINT

#### Inventium

Amantha Imber, the founder at Inventium, a workplace consultancy in Australia, is a champion for putting productivity practices into the hands of employees. In her team's process of preparing for a four-day work week pilot, she developed productivity training intended to help employees more effectively utilize their time. Some of her team's productivity practices include calendar blocking, turning cell phones off for blocks of time, and scheduling deeply focused work around when each employee is most productive. With the right tools and knowledge, employees are encouraged to take ownership of their time and utilize it in the way that works best for them.

• Redefine what requires an "escalation". Escalations— or urgent situations that typically need to be addressed quickly—are common at client-facing or professional services organizations, but they can happen on internal facing teams, too. Whether it's an urgent request from a customer, or a team-specific fire drill, escalations are a quick ticket to task-switching and often require employees to reprioritize what they were working on to take on the issue at hand. While some escalations are inevitable, others may be avoidable, and defining what truly requires an escalation is important. This can help to preserve employee focus during the workday, as well as employees' days off if action can wait. Consider being very specific about what requires an escalation, including who should be brought in and when. If you are rotating days off, try to ensure coverage for those who are off on specific days. If everyone has the same day off, be very specific about what requires involvement outside of working hours.

#### The Ross Firm

The Ross Firm, a law firm based in Ontario, Canada, began trialling a four-day work week in 2020 following a clear uptick in employee stress surrounding the pandemic. Despite an increase in business at that time and the highpressure environment that typically exists in law, CEO Quinn Ross was committed to giving the four-day week a shot while maintaining the same level of attention for clients. His team took a thoughtful approach to handling escalations, which could have inhibited four-day work week success. "If it can wait a day or two on a weekend, then it can wait a day on a weekday," said Ross. This kind of perspective takes a concerted effort to define what constitutes an escalation, and thoughtful judgement on the employees' part to decide if something needs to be addressed immediately, or if it can wait.

If squeezing five days of work into four is a concern for employees or leadership, one consideration is Parkinson's Law, which states, "Work expands to fill the time allotted for its completion." In other words, employees will fill the time they have to complete tasks. If we reduce the amount of time available, we just may surprise ourselves with how much we're able to complete. Furthermore, removing excess time spent on administrative or unproductive tasks will free up tangible hours to put back into productive work.

## **Redefining Policies and Norms Upfront**

Shifting to a four-day or reduced-hour week requires a significant number of operational components to address. While answers will depend on the specific organizations, here are some of the areas that the companies we spoke to had to think through as they adopted work-time reduction practices.

- Determine which days employees will take off in an equitable manner. Some of the organizations we spoke to take Fridays off; others have a 50-50 split between Monday and Friday, while others rotate different days throughout the week. For shift work models, this may become more complex, as weekends and additional hours must be taken into account. These organizations considered the amount of coverage needed for clients, as well as equity for employees.
- Revisit vacation and sick leave policies to align to a four-day week. With 52 fewer working days, less vacation will naturally accrue. Think

through whether your existing vacation policy will need to shift. The same may be true with sick days. This is something that may be helpful to address in advance.

- Address policies around companywide holidays. Similar to vacation days, holidays are additional days off on top of the 20% fewer working days. Some organizations remove the scheduled day off if a vacation day falls in the same week, while others keep both if that's what the schedule mandates.
- Establish clear internal and external communication norms for days off. Determine the expected response time for clients. Clarify what constitutes as an "emergency" or "escalation" as described in the previous section. Further, establish communication standards and specifically, asynchronous communication best practices for specific tools or channels like email and chat.
- Determine the program's level of flexibility. Clarify how strictly you expect employees and/or leaders to adhere to the four-day work week program. For example, determine whether the days off should be treated like weekend days or if some work is expected under specific circumstances. Additionally, establish the conditions under which the company can revert to a standard five-day work week during exceptionally busy periods. To elaborate on the point around flexibility, here is what we heard from our conversations:
  - A leading practice among the organizations we consulted involved maintaining flexibility around the four-day week, knowing there may be times where it needs to be adjusted to accommodate heavy workloads, tight deadlines, or client escalations.
  - According to John Trougakos, professor at the University of Toronto and an expert on organizational behavior and employee wellbeing, if it is truly a day off, employers should not dictate how employees spend their time. He stated that engaging in intrinsically motivated behaviors during this time can lead to greater personal benefits.
  - In Quinn Ross's experience, the only hard rule during the pilot was the visible participation of leaders in the four-day week. It was critical that the executive leadership and practice leads adopt the program and demonstrate its potential, ensuring it was perceived across the organization as an authentic and credible approach to work within the company. This was especially important in the initial part of the pilot.

## Implementing a Well-Defined Pilot

Without exception, all the organizations we interviewed that successfully implemented a four-day work week began with a well-defined, minimum threemonth trial period to assess whether a reduction of work hours could be done successfully based on specific KPIs (key performance indicators). The pilots were thoughtfully developed with preparatory measures such as work redesign and operational shifts as described previously. These measures were accompanied by documentation and employee training well in advance, with a clear start and end point. Subsequently, the measured outcomes would determine whether the organization would return to the previous working model, continue the trial with some course corrections, or continue with the four-day week on a long-term basis. Here are some tips from the organizations we interviewed.

• Get buy-in from leadership and employees. A radical redesign of work cannot be done without buy-in from both leaders and employees at all levels within the organization. Every participant plays an essential role in driving the necessary cultural and work shifts required. If they are not brought into the underlying principles, objectives, and responsibilities they carry, the initiative is unlikely to succeed. Whether an organization decides to gauge interest from employees through team meetings, surveys, or explicit opt-in procedures, cultivating internal commitment is vital to the success of a four-day work week initiative.

#### PRAXIS PR

PRAXIS PR was interested in trying out a four-day work week to help with recruitment and retention during the Great Resignation in 2022. Leadership decided to bring the idea of participating in the North America 4 Day Week Global trial to its employees directly. "We have found that it doesn't work unless employees are engaged and buying into it," says Matt Juniper, Associate Managing Partner at PRAXIS. Leadership began by going to managers, who were initially excited and then surfaced some hesitancy about whether their teams would be able to get work done with 20% fewer hours. Once they went through some training, 100% of managers agreed that they wanted to move forward with the pilot. When it came to employee buy-in, once PRAXIS agreed to participate in the pilot, employees received opt-in letters to clarify what their expectations were and give them an explicit choice around their participation. "There's an expectation that I'm opting in because I'm part of the equation here; I have to work more efficiently, effectively, use the training I've been given, etc. So, it's all opt in," said Juniper.

• Position the pilot as an experiment with clear expectations. Communication and positioning are important elements in successfully establishing a four-day work week. This starts with defining the pilot clearly, treating it as a trial rather than a given, and clarifying expectations for participating employees. Specifically, calling the pilot an experiment emphasizes its provisional nature, enabling employees to grasp the anticipated work or productivity outcomes required in exchange for the extra day off. Experiments require clear definitions: What's the hypothesis? What specifically are we testing, and what's each employee's responsibility so that it's a clear and effective test? How will success be measured? Defining these elements upfront will provide the pilot program with a solid structure and ensure more valid results.

#### Inventium

Amantha Imber at Inventium describes the importance of positioning the pilot as an experiment. "Experiments can fail," says Imber. "Set clear hypotheses, take measurements seriously, and see what happens." Inventium ran a six-month pilot before rolling out a four-day work week on a long-term basis. The company refers to the program as the "Gift of the Fifth," indicating that the day off is a gift and not a given, and it's maintained by collectively getting work done efficiently and maintaining outcomes. It also means there may be busier months when employees need to work that fifth day, and that's a preset understanding for the team. Inventium has also made participation in its four-day work week program optional.

#### Healthwise

Healthwise, a health education and software company headquartered in Boise, Idaho, decided to pilot a four-day week to support the wellbeing of its employees during the stress of the pandemic. The team put together clear messaging around expectations for employees, which was that they would receive 100% pay for 80% of their time in the work week, assuming they had 100% output toward organizational goals. "It was always clear that having the four-day week was contingent on us being able to meet our commitments," said LaDonna Speiser, Senior Director of Internal Operations at Healthwise. In that spirit, Healthwise employees did temporarily return to a five-day work week to ensure the timely release of a new product, which was a way to rally around meeting organizational goals.

• Crowdsource potential obstacles and ideas from employees. Obstacles may arise when rolling out a fourday work week, and while organizations cannot predict everything in advance, asking employees for their input may uncover potential concerns to address. Furthermore, based on our research on both employee experience<sup>10</sup> and inclusion<sup>11</sup>, employee listening is a leading practice tied to positive business outcomes. Incorporating employee input into how the pilot is executed can foster trust, surface innovative ideas for success, and boost collective engagement. Employees often possess insights into obstacles that leadership or HR might not anticipate. Involving employees in the conversation early on, and in some cases, allowing them autonomy in bringing the fourday work week to life, can yield significant benefits.

### CASE IN POINT

#### **Common Future**

Common Future, a nonprofit focused on racial and economic equity, decided to pilot a four-day work week as part of an initiative to improve wellbeing and flexibility during the pandemic. As part of its preparation process, Common Future held focus groups with different cohorts of employees to understand their concerns and address them in advance of rollout. "One of our goals is to model a new way of working, and that includes creating an innovative, employee-first workplace of the future," said Joann Lee Wagner, VP of People at Common Future. This also means that employees get to help pave the way for what that workplace looks like.

<sup>&</sup>lt;sup>10</sup> The Definitive Guide: Employee Experience, Josh Bersin and Kathi Enderes, PhD/The Josh Bersin Company, 2021.

<sup>&</sup>lt;sup>11</sup> Elevating Equity: The Real Story of Diversity and Inclusion, Josh Bersin and Kathi Enderes, PhD/The Josh Bersin Company, 2021.

#### **Outcomes First Group**

Outcomes First Group, a leading specialist provider of education and therapeutic care, has had unique challenges to consider when rolling out their reduced-work week. They are responsible for providing education and care that spans beyond the traditional Monday-to-Friday, 9-to-5 work week. The organization empowered leaders to plan how the reduced-work week could be possible in their own teams, trusting that those leaders and their teams know best about what will work for them. Helen Williams, Head of Communications and Engagement at Outcomes First Group, reflects, "Another learning point in terms of preparing for the pilot was to encourage our head teachers, registered managers, and team managers to source ideas from their team and not try to figure this out by themselves. Their team would most likely have some ideas they may not have thought about."

• Be transparent with clients and external stakeholders. When organizations consider adopting a fourday work week, one common hesitation revolves around upholding standards, especially with external stakeholders operating on a five-day or in some cases, a seven-day schedule. Many of the organizations we spoke to, particularly in the professional services industry, prioritize direct client interactions, making communication a critical part of managing client expectations. This often includes some combination of giving customers advanced notice about the pilots, creating resources or FAQs to address client concerns, incorporating information about the designated day off in email signatures, and developing coverage plans for team members who are out of the office.

#### **Tyler Grange**

Tyler Grange is a UK-based environmental consultancy. When the company was considering a four-day work week pilot to mitigate burnout and support better employee wellbeing, communicating this with its 3000+ clients was an essential part of the preparation process. Prior to the trial, the company sent a newsletter and FAQS to every client, and it took an even more personalized approach with top clients. "We did one-to-one phone calls or meetings with our top clients to talk them through it and sort of tell them not to be scared of it," said Jon Berry, Cofounder and Owner of Tyler Grange. The outreach in advance also set expectations that the team was committed to maintaining the same client standards as before and opened up a dialogue for honest feedback. While some clients had reservations, most reacted positively, and some have even asked the organization to teach them how they might be able to roll out the four-day week.

#### Awin

For Awin, an affiliate marketing organization based in Europe, the four-day work week (known internally as "Flexi-Week") became another flexibility offering for employees. Teams are still expected to serve customers on an ongoing basis, so team leaders are ultimately responsible for determining what the four-day work week looks like such that it doesn't interrupt client expectations. Employees work directly with their managers to determine which day they have off.

While each organization addresses customer communication and positioning slightly differently, their priorities remain the same: maintaining the best possible experience for their clients. And to ensure they're continuing to do so, they keep a pulse check on metrics like project completions, customer NPS, client satisfaction scores, and one-on-one client feedback.

• Set up key metrics for success. A well-designed experiment requires both a hypothesis and defined measurements to determine success. In our discussions with many organizations, it was evident they kept a close eye on key metrics throughout and after their pilots to decide whether to continue. Although most of the organizations were primarily focused on improving people-related outcomes, such as burnout, retention, and recruitment, the pivotal metrics for continuing the pilot were linked to maintaining business and customer outcomes. Improvements to wellbeing could not compromise financial and productivity outcomes, nor client satisfaction. See Figure 1 below for a list of common metrics that companies measure during their pilots.

Establishing goals in advance and consistently measuring them during and after the pilot can serve as a valuable gauge of success. Furthermore, effectively communicating these objectives and corresponding measurement methods to employees will further emphasize the purpose behind the program and highlight every employee's role in its success. In the next section, we'll share some of the specific outcomes that organizations have observed as a result.

Category	Metrics
Program Adoption	Employee participation rates, hours worked on 5th day
Employee Outcomes	Recruitment, retention, employee engagement, employee burnout, eNPS <sup>12</sup> , sick leave, absenteeism
Customer Outcomes	NPS, customer satisfaction scores, client retention
Business Outcomes	Total revenue, revenue per employee, project completions, business goal attainment, productivity*

#### Figure 1: Common Metrics for Four-Day Work Week Pilots

\* One question that often arises for organizations concerns how to measure productivity. According to the BLS, the classic way involves dividing output by the total number of hours worked.13 It is crucial to define "productive output" since the total amount of output or work being done might decrease, but the goal is to maintain productive output. In this context, we would clarify "output" to mean business outcomes, indicating that if companies can maintain business outcomes despite working fewer hours, they are increasing their total

productivity. See "business outcomes" above for examples of business outcomes that can be measured.

Source: The Josh Bersin Company, 2023

<sup>&</sup>lt;sup>12</sup> <u>Net Promoter Score</u> - commonly used to track customer loyalty

<sup>&</sup>lt;sup>13</sup> "How Is Productivity Measured? > Calculating Productivity," U.S. Bureau of Labor Statistics.

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#### PRAXIS PR

PRAXIS PR spent extensive time determining how they would measure productivity during their pilot. With a roughly 20% reduction in hours, they focused primarily on cutting back on meetings and administrative processes. Leveraging time-tracking software to monitor billable and nonbillable hours, they were easily able to see the number of hours spent on administrative tasks, allowing them to significantly reduce this aspect. Additionally, they tracked client satisfaction closely to ensure the same standards were being met and that project completions were met as before. When it came to people metrics, PRAXIS closely tracked recruitment, retention, employee satisfaction, and wellbeing.

#### **Benefits and Challenges**

Reducing work hours effectively may require a lot of preparation, but according to the companies we talked to, the potential benefits from well-organized pilots are significant. However despite substantial preparation, certain challenges did arise as well. To present the full picture, we will delve into some of the more specific outcomes organizations have seen from the four-day work week, as well as some of the challenges they had to address along the way.

#### **Benefits Beyond Wellbeing**

Work-time reduction has been demonstrated to yield huge benefits for organizations that get it right. Recent findings from pilots in the U.S. and Canada, as well as the UK showcase positive outcomes for both employers and employees. See Figure 2 for specific examples from the recent trials. Additionally, Figure 3 shows specific outcomes from the companies we talked to.

While some of the outcomes were anecdotal, across the board these organizations say their employees love the program and are incredibly grateful to spend their days off doing things that are uniquely important to them.

Figure 2: Four-Day Work Week Trial Results

In the 2022-2023 U.S. and Canada trial of 41 organizations:	In the 2022 UK trial of 61 organizations:		
100% of participating companies planned to continue with the four-day week beyond the trial period.	92% of organizations planned to continue with the four-day week.		
Average revenues increased by 15%, compared to the previous period.	Absenteeism reduced by 65% among trial participants.		
Customer Outcomes	NPS, customer satisfaction scores, client retention		
Life satisfaction, mental health, and work-life balance all improved for employees.	Employee turnover decreased by 57% over the trial period.		

*Source:* <u>4 Day Week Global 2023 Long-Term Pilot Program Report,</u> 2023, and <u>The UK's Four-Day Week</u> <u>Pilot</u>, 2023.

#### Figure 3: Company Outcomes

PRAXIS	The Ross Firm	Outcomes First Group	Tyler Grange	
Observed a 26% increase in mental health, 42% improvement in work-life balance, and 15% decrease in time spent on internal and administrative tasks. <sup>13</sup>	Exceeded its business targets after moving to a four-day week and saw sick days taken nearly disappear.	Received tremendously positive feedback from its workforce; they truly love and appreciate the time they've gained back from that extra day.	During the trial, Tyler Grange saw productivity reduction in hours, producing 102% of their previous work. However, performance over the first full financial year improved even further, reaching 109% of their work outputs across four days in 2022/23.	
Inventium	Awin	Healthwise	Common Future	
Noted a 26% increase in productivity, a 21% increase in energy levels, and an 18% decrease in stress for employees. <sup>14</sup>	Postpilot results at Awin indicated 92% of surveyed participants reported increased productivity: 94% said work-life balance has improved, and a 33% reduction in regrettable employee turnover. <sup>15</sup>	Witnessed a massive drop in attrition after rolling out its four-day week.	Collected data on sentiment throughout the pilot and its further continuation, and it has seen very high sentiment as reported by employees in regard to the benefit and work-life balance.	

#### Source: The Josh Bersin Company, 2023

#### Avoiding the Panacea Pitfall

Given the opportunity for positive outcomes with a four-day week, what challenges could arise? As Banks Benitez, former CEO at Unchartered, which merged with Common Future in 2022, and now Head of Venture Development at Ezra Climate, said, "I tell teams a lot that if you think the four-day work week is a panacea to all the problems in your business, you misunderstand it, and that actually it's more powerful as a diagnostic tool." The four-day week can surface problems in communication and trust, work inefficiencies, and barriers to productivity; and while it can therefore provide an opportunity to address these challenges, Joe O'Connor adds, "This is not a cheap fix; this is very hard work."

Although the preparation and work redesign outlined in this report are intended to mitigate some of the challenges that could arise when moving to a four-day week, it's impossible to tackle everything upfront. Here are some of obstacles that can arise, and how you can go about addressing them.

- Lack of infrastructure in place to make work-time reduction possible. Without the proper preparation and concerted efforts to remove administrative burdens, address communication challenges, and properly distribute work, it will be very challenging to expect employees to deliver the same level of productivity while working 20% fewer hours. If your organization is currently dealing with unsustainable workloads, where employees regularly work way over and above their contracted hours, your first step should not be introducing an entirely new work-week structure. Instead, the principles and practices successfully applied by four-day week companies can help drive efficiency and improve prioritization within the existing work model so that employees have greater control over their workday and balance in their working lives.<sup>1415</sup>
- Lack of adoption. Successfully implementing a four-day work week requires a cultural and work style shift. If several employees or leaders don't embrace this change, whether due to personal preference or perceived limitations, it can set expectations among other employees that they should be working beyond the intended schedule. And this can be a slippery slope. It is crucial to monitor adoption closely,

<sup>&</sup>lt;sup>14</sup> "Our 4-Day Week Trial: The Results Are In!" PRAXIS.

<sup>&</sup>lt;sup>15</sup> "<u>Company implements four day work week with 'fantastic' results</u>," Dr. Amantha Imber/ Inventium, February 20, 2021.

and if you notice a shift or a few employees that are consistently working a fifth day, try to get to the root cause. Encourage leadership to set a positive example as well. You can also introduce policies that allow for flexibility to work on the fifth day without disrupting others, reinforcing a sense of autonomy and empowerment among employees.

- Entitlement from employees. The organizations we spoke to set clear expectations with their employees that maintaining productivity and meeting goals was essential to maintaining the four-day work week. However, during busy periods, some organizations temporarily reverted to a five-day work week<sup>16</sup> or required employees to work on those days off. This usually led to pushback from employees who considered the four-day week as a perk that was being taken away from them. In such cases, proper realignment around expectations can be helpful, and this is also why it's important to very clearly set expectations around the program's contingency upfront.
- **Reduction in social connection time.** When condensing work time, one of the nonessential areas that can be impacted is the time for social connection—whether virtual or in person. That said, social connections at work are important to foster engagement, collaboration, and a positive culture. One organization expressed that the lack of social time was a challenge. As a result, they deliberately focused on creating connection through all-hands sessions and weekly standups, because relationship-building is important to prioritize and make time for.
- Industry-specific complexities. Challenges can arise for organizations with onsite or frontline workers, talent shortages, or those operating on nontraditional hours that require specific coverage. In the nonprofit space, funding can be based on the number of hours that employees are working, making it difficult to navigate a 20% reduction in hours. While our research largely covers organizations in knowledge work or professional services, Outcomes First Group is a great example of an organization tackling some of these challenges in education and caretaking. They've empowered each frontline team to get creative around how they can make work-time reduction happen, considering the unique requirements of their roles.

<sup>&</sup>lt;sup>16</sup> Case study: <u>Awin's four-day work week wonders</u>, Peter Crush/TLNT, July 25, 2023.

It is also worth noting that while our research included companies with roughly 10 to 4,500 employees, it did not include any very large enterprises. The truth is, rolling out a four-day week may be easier to tackle at a smaller organization with fewer silos where it can move more quickly. However, that's not to say it cannot be done at larger organizations. Unilever in Australia and New Zealand and Microsoft in Japan are two examples of larger companies that implemented fourday-week pilots for a portion of their workforce. In larger, more complex organizations with significant differentiation across countries and time zones as well as functional groups, this can often look more like a 12- to 24- month transformation project rather than a 3- to 6-month pilot.

### What's Next?

With growing evidence supporting the viability and effectiveness of fourday work weeks and other reduced work-time models, we expect a gradual, steady increase in their adoption over the coming years. This shift will be driven by organizations' competitive drive to distinguish their employee value propositions and give themselves an edge when it comes to talent attraction and retention. Other organizations will become fast followers in response to the competitive pressure from early adopters in their industry. While the critical mass of adoption to date has by and large been among small and medium-size enterprises, we expect to see a sizable number of strategically significant, midmarket firms make this switch across various industries within one to two years.

A shorter work week now stands as one of a suite of different options for workplace flexibility available to HR and people leaders. It is not only a more ambitious and attractive model from a benefits perspective for employees than many other options but also it offers other unique virtues. It serves as a structured form of flexibility, ensuring fair and universal access and distribution of rewards while incentivizing collective responsibility, accountability, engagement, and action, which more discretionary, individualized models do not achieve. Moreover, there are signs that after decades of individual employee preferences that were geared toward increased consumption and luxury over leisure, Gen Z and future generations are now prioritizing sustainability, experiences, and time. Organizations will need to respond to this trend in the incentives and benefits they offer.

Finally, artificial intelligence and other advances in technology and automation cannot be overlooked as another driver of exponential growth for reduced-hour work models. This has already greatly expanded the scope and potential for

workplace efficiencies by helping organizations fill talent gaps and enabling employees to focus their time on more meaningful work.

As we continue moving forward in the Post-Industrial Age, organizations must be more dynamic to stay ahead. This requires the ability to adopt new ways of working and pivot quickly to adapt to the market and the needs of their employees.<sup>17</sup> We predict that the leaders of tomorrow will be those who embrace technology, optimize productivity, leverage flexibility, and attract and retain the best talent through an employee proposition that centers around a greater quality of life.

<sup>&</sup>lt;sup>17</sup> The Definitive Guide to Building a Dynamic Organization, Josh Bersin and Kathi Enderes, PhD/The Josh Bersin Company, 2023.

## The Four-Day Work Week Action Guide

*PURPOSE:* This guide summarizes key considerations and tactical steps for implementing a four-day work week.

Key Questions to Consid	er Before	e Starting 🔳 🔳			
What are our reasons for piloting a 4-day work week?			Who will own pilot design, preparation, rollout, and measurement of the program?		
Do we need expert support and	guidance?		? trust		ation have a culture of rency to foster the success ementation?
		vill we use to enable ull-time initiative?	How will we define	and measure	success?
Pilot Preparation					
Get buy-in from leadership and employees		Position the pilot a with clear expecta		Crowdso from em	ource potential obstacles ployees
<ul> <li>How will we gauge interest in running a pilot?</li> <li>Will we create a formal policy around this initiative for employees?</li> <li>What kind of opt-in will we allow for?</li> </ul>		What is expected of employees to carry the pilot forward?     How will we communicate our expectations to employees?		<ul> <li>How can we solicit input from employees prior to rollout on what obstacles they anticipate?</li> <li>What does employee listening look like?</li> </ul>	
Redesign work for productivity	Think the changes	rough operational	Be transparent wit and external stake		Set up key metrics for success
What defines productive work?     How can we use technology to scale or automate processes?     What are best practices in preserving productive work time?	Which day will employees have off?     How will we handle vacation days, sick days, and holidays?     What are our communication norms on days off?		How will we communicate our pilot with external stakeholders?     What are our client communication expectations on days off?     How will we measure client satisfaction?		How will we define success?     What metrics will we measure around productivity, financial, people, and client outcomes?
Measuring Outcomes					
Category	Metrics				
Program Adoption	Employee participation rates, hours worked on 5th day				

Employee Outcomes	Recruitment, retention, employee engagement, employee burnout, eNPS, sick leave, absenteeism
Customer Outcomes	NPS, customer satisfaction scores, client retention
Business Outcomes	Total revenue, revenue per employee, project completions, business goal attainment, team productivity

Source: The Josh Bersin Company, 2023

Energy use

Other

## The Josh Bersin Company Membership

The Josh Bersin Company provides a wide range of research and advisory services to help HR leaders and professionals tackle the ever-evolving challenges and needs of today's workforce. We cover all topics in HR, talent, and L&D. The Josh Bersin Academy— built on our research and powered by Nomadic Learning— helps HR practitioners grow key foundational skills. Our corporate membership program provides HR teams and senior leaders with the skills, strategies, and insights to build cutting-edge HR and people strategies through a combination of research, assessments, professional development, exclusive events, and community. In 2022, The Josh Bersin Company introduced the Global Workforce Intelligence (GWI) Project to guide market-leading businesses and their leaders through the challenges of industry convergence while remaining future-focused. For more details, contact us at info@bersinpartners.com.

## The Work Time Reduction Center of Excellence

The Work Time Reduction Center of Excellence is on a mission to change the way the world works. It is the world's leading consulting and research organization supporting future-forward businesses to implement shorter work weeks. Its world renowned experts help organizations work smarter, not longer, to deliver sustained results. The company designs shorter workweek solutions, helps streamline processes, and provides operational diagnostic assessments. For more details, go to https://worktimereduction.com