

THE FOUR-DAY WEEK

Employer perspectives on moving to a shorter working week



The CIPD is the professional body for HR and people development. The registered charity champions better work and working lives and has been setting the benchmark for excellence in people and organisation development for more than 100 years. It has almost 160,000 members across the world, provides thought leadership through independent research on the world of work, and offers professional training and accreditation for those working in HR and learning and development.

The four-day week: Employer perspectives on moving to a shorter working week

Contents

Introduction	2
What is the four-day week?	2
What hours do people work?	2
How many days do people currently work?	2
Who works the longest hours?	4
What days of the week do people work?	5
Are people happy with their hours?	6
Employer perspectives on reducing working hours	6
Current practice	7
Challenges from reducing working hours	9
Employer attitudes towards the 'four-day week' (reducing working hours without pay)	•
Conclusion	12
CIPD position	12

Publication information

When citing this report, please use the following citation:

Boys, J. (2022) The four-day week: Employer perspectives on moving to a shorter working week. London: Chartered Institute of Personnel and Development.

Introduction

In June 2022, the think tank Autonomy, the 4 Day Week Global campaign group, the <u>4 Day Week campaign</u> and researchers from leading universities launched a four-day week trial involving 70 companies and more than 3,300 workers in the UK. Participants include a fish and chip shop, large financial firms, telecoms firms and a brewery.

These four-day week trials – of the 100:80:100 model, in relation to percentage of pay:hours:output – and similar government-backed trials in Spain and Scotland have led to the idea of the four-day week entering public awareness and becoming a topic of much debate.

While the insights from these pilots will help us understand how organisations manage to move to a four-day week and provide lessons for other employers, what remains unknown is the more general attitude of employers to the four-day week and the extent organisations have already or plan to reduce working hours but not pay. There is also uncertainty around employer views on the benefits and challenges of the four-day week.

This report addresses the knowledge gap in employer perspectives to inform organisations and policy-makers of the challenges and opportunities of a move to shorter working hours. It is based on a survey of 2,000 senior HR practitioners who were asked about implementing shorter working hours policies (without a loss of pay). The report also draws on data from the <u>Labour Force Survey</u> to understand the pattern of hours that people currently work in the UK.

What is the four-day week?

The 'four-day week' is best described as a movement towards a shorter working week (in terms of total hours worked), without any loss of pay. For example, reducing a 35-hour week split over five days to a 28-hour week split over four days.

The 'four-day week' has become shorthand for shorter working hours, but there is wiggle room for how organisations might achieve it. Companies are often innovative in how they implement such policies, and there is no one size fits all. It usually involves consultation with the workforce before a trial is planned, and new forms of flexible working are often brought in. The best trials feature an evaluation before deciding whether to adopt the policy in the long term. The most ambitious advocates of a four-day week believe the time has come for a society-wide move to a four-day week. After all, the six-day week was once the norm before Henry Ford introduced the five-day week. Advocates see removing another day as the next stage in a natural progression.

What hours do people work?

The phrase 'four-day work week' invokes the idea that we all work nine-to-five, Monday to Friday. Perhaps the biggest challenge of implementing a shorter working week will be catering for working arrangements outside the nine-to-five. So we looked at whether nine-to-five is typical and therefore a good place to start in discussions of a four-day week.

How many days do people currently work?

Most people (64.0%) work five days a week. One in ten (10.6%) work more than five days a week, while one in four (25.4%) are already working a four-day week or less (Figure 1). Perhaps encouragingly for advocates of the four-day week, the average number of days worked is already under five and stands at 4.7.

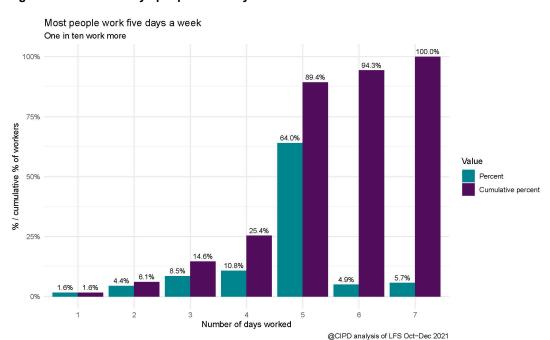


Figure 1: Number of days people currently work in the UK

Not all work days are equal. Someone logging on to answer a few emails on a Sunday is quite different from someone doing a 12-hour shift from 6am to 6pm. So, we considered hours worked instead of days. If we assume that a standard nine-to-five with an hour for lunch results in a seven-hour day, we can approximate how many days people work. The median number of hours (shown as a horizontal line at 50% on the vertical axis in Figure 2) intersects at 38 hours (the mean is slightly less at 35.9 hours). This means that, on average, people work about 5.1 days a week (35.9/7). The dream of a four-day week now looks slightly further away than our analysis above suggests.

The distribution of hours worked suggests that 24% of people work a four-day week or less (not dissimilar to the 25.4% cited above). Sixty-three per cent of people currently work more than the 35-hour threshold for a five-day week and 23.1% work more than a six-day week. The data suggests that a typical work day lasts longer than seven hours. If the average number of days (in nominal terms, not derived from hours) is 4.7 and the mean hours worked a week are 35.9, then the average working day is 7.6 hours long. This makes intuitive sense if we assume a nine-to-five with 25 minutes for lunch.

Cumulative distribution of average hours worked in the UK 100% 88.2% of people work a 7 day week or less 76.9% of people work a 6 day week or less % who work less than x hours The median worker does 38 hours a week 37.0% of people work a 5 day week or less 25% 24.0% of people work a 4 day week or less 5 day week 7 day week 6 day week 0 40 TTUSHR - Total usual hours worked in main job (including overtime) @CIPD analysis of LFS Jun-Aug 2021 We assume a standard 9–5 with an hour for lunch putting a working day at 7 hours

Figure 2: Cumulative distribution of average hours worked in the UK

Who works the longest hours?

Figure 3 charts the hours worked by broad occupational groups. Managers, directors and senior officials could gain the most from a four-day week as this group is most likely to work over 40 hours (46.7%). Sales and customer service occupations are least likely to work over 40 hours (13.2%).

Hours worked by broad occupational group 21.9% 36.8% 10.5% Sales And Customer Service Occupations 21% 54.6% Administrative And Secretarial Occupations 10.2% 12.7% Elementary Occupations

Purpose Caring, Leisure And Other Service Occupations

Associate Professional Occupations

Professional Occupations

Skilled Trades Occupations 23.5% 32.3% 14.8% 15.7% 38.5% 15.3% 19.2% 4.5% 6.8% 48.9% 27.3% 6.4% 42.3% Process, Plant And Machine Operatives 27.1% Managers, Directors And Senior Officials 4.5% 6.6% 39.4% 32.6% 0% 25% 50% 75% 100% Percentage of occuption within each hours worked group (20,30] (40,50] (0,10]hours worked (10,20](30,40](50,60] (70,Inf]

Figure 3: Hours worked, by broad occupational group (%)

What days of the week do people work?

Monday to Friday is the most popular working pattern, as Figure 4 demonstrates. However, over a quarter (26.5%) of people work on the weekend.

@CIPD analysis of LFS Oct-Dec 2021 labels <3% have been supressed to avoid crowding the chart

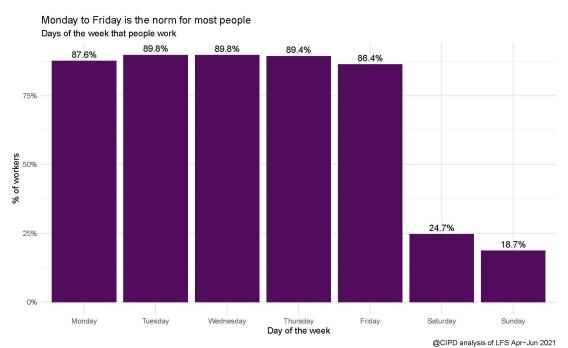


Figure 4: Days of the week worked (%)

Are people happy with their hours?

Whether reducing working hours will increase welfare depends on who you are. Those working the fewest hours are most likely to want more hours or a new/additional job. Perhaps unsurprisingly, those working the most hours are most likely to want fewer hours, even if that means a pay cut (Figure 5).

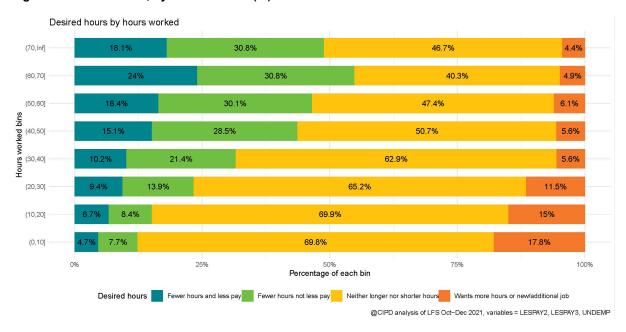


Figure 5: Desired hours, by hours worked (%)

The majority of people (60.5%) are happy with their hours. A significant number would like to work fewer hours (31.3%), but only 11.1% of people are willing to work fewer hours for less pay (Figure 6).

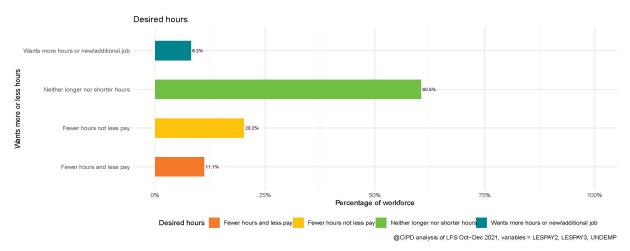


Figure 6: Desired hours, by preference (%)

Employer perspectives on reducing working hours

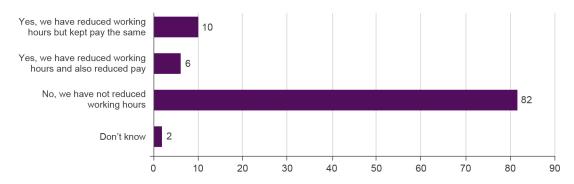
Using this picture of the hours people work, we can now examine employer perspectives on reducing working hours. Here, we use data from a survey of 2,000 senior HR decision-makers in the UK. Fieldwork was undertaken between 17 June and 12 July 2022.

Current practice

Only a small minority of UK employers have reduced working hours in the past five years without reducing pay, and where this has happened, it seems the Coronavirus Job Retention (furlough) Scheme is likely to have been a factor.

In all, 16% of employers have reduced working hours in the past five years, while 10% of employers have done so without reducing pay (Figure 7).

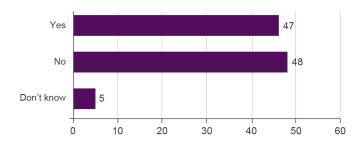
Figure 7: Has your organisation reduced working hours for the whole workforce or a significant proportion of your workforce in the past five years? (%)



Base: all employers (n=2,000).

About half (47%) of those that had reduced working hours in the past five years did so due to the furlough scheme (Figure 8). This scheme came with a heavy government subsidy, which may explain how 10% of employers were able to reduce working hours while keeping pay the same.

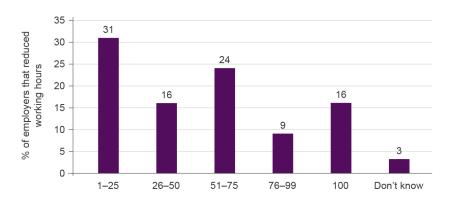
Figure 8: Did the policy of reducing work hours come about as a result of the coronavirus job retention (furlough) scheme? (%)



Base: all employers that have reduced working hours in the last five years (n=286).

Organisations that had reduced working hours seldom did so for their entire workforce (just 16%) (Figure 9). Again, this may represent the effect of furlough, which many employers applied to only part of their workforce.

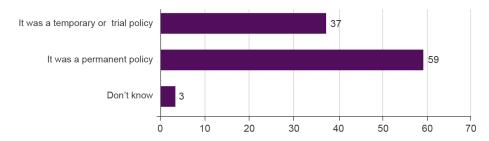
Figure 9: Of the organisations that reduced working hours, what proportion of the workforce did this apply to? (%)



Base: all employers that have reduced working hours in the last five years (n=286).

Of those employers that had reduced working hours, most had done so permanently (Figure 10).

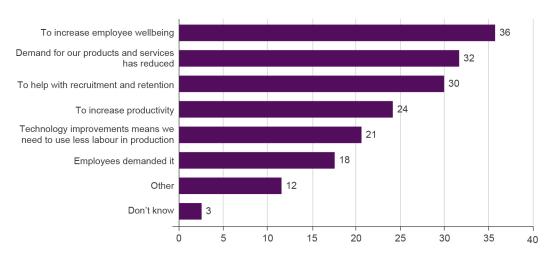
Figure 10: Which of the following best describes the reduced hours policy? (%)



Base: all employers that have reduced working hours in the last five years (n=286).

Over a third of organisations that had reduced working hours did so for wellbeing reasons, and slightly less than a third did so to help with recruitment and retention. About a third reduced working hours because demand for their services had reduced (Figure 11).

Figure 11: Which, if any, of the following best explain why your organisation reduced working hours? (%)



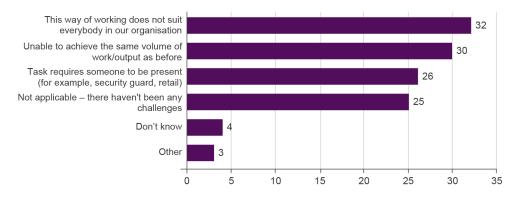
Base: all employers that have reduced working hours in the last five years (n=286).

Looking forward, only 1% of employers plan to reduce working hours without reducing pay over the next three years.

Challenges from reducing working hours

For those employers that had reduced working hours, about a third (32%) noted that one challenge was that it did not suit everybody in their organisation. Three in ten said that they were unable to achieve the same volume of work/output as before (Figure 12).

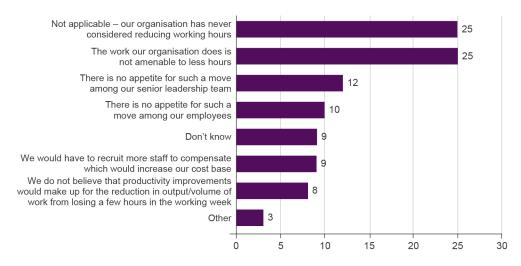
Figure 12: Which, if any, of the following challenges has your organisation experienced as a result of implementing reduced working hours? (%)



Base: all employers that have reduced working hours in the last five years (n=286).

Of those employers that had not reduced working hours, just one in four claims to have never considered it. Twenty-five per cent also claim that their organisation's work is not amenable to fewer hours (Figure 13).

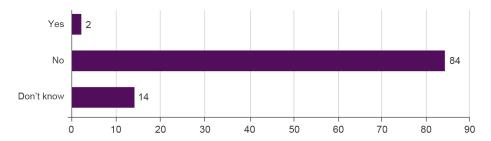
Figure 13: To the best of your knowledge, which, if any, of the following is stopping your organisation from implementing reduced working hours? (%)



Base: all employers that have not reduced working hours in the last five years (n=1,675).

Looking ahead, very few (2%) employers that have not already done so plan to reduce working hours in the future (Figure 14).

Figure 14: Does your organisation intend to reduce working hours in the next three years? (%)

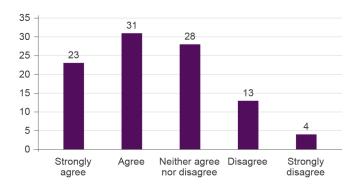


Base: all employers that have not reduced working hours in the last five years (n=1,675).

Employer attitudes towards the 'four-day week' (reducing working hours without reducing pay)

Most employers (55%) agree that reducing working hours without reducing pay is a great idea but could never happen in their organisation. In contrast, 17% disagree that this could not happen in their organisation, with 28% unsure and neither agreeing nor disagreeing (Figure 15).

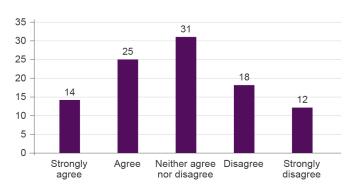
Figure 15: Reducing people's hours without reducing pay is a great idea but could never happen in my organisation (%)



Base: all employers (n=2,000).

More employers agree (39%) than disagree (30%) with the idea that a move to a four-day week would boost productivity (Figure 16).

Figure 16: A move to a four-day working week would boost productivity across the economy over time (%)

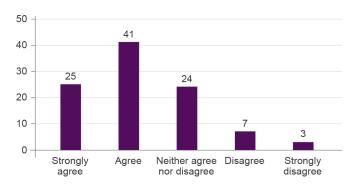


Base: all employers (n=2,000).

However, two-thirds (66%) of employers agree that they would need to improve efficiency in order to reduce working hours without reducing pay (Figure 17). This suggests most

employers believe that they would need to become more productive first to move to a fourday week where pay was not cut, rather than that they would become more productive simply by reducing working hours.

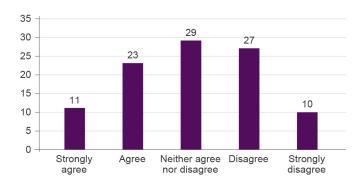
Figure 17: We would need to improve our efficiency and work smarter to reduce hours without reducing pay in our organisation (%)



Base: all employers (n=2,000).

Slightly more employers (37%) think that the four-day week is unlikely to materialise in the next ten years than think it is likely (34%), while three in ten (29%) are undecided (Figure 18).

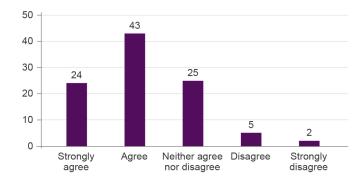
Figure 18: The four-day working week will become a reality for most workers across the UK within the next ten years (%)



Base: all employers (n=2,000).

Employers are in strong agreement (68%) that they will need to boost the adoption of technology in order to move towards a four-day week. Just 7% disagreed (Figure 19).

Figure 19: Firms will need to boost their adoption of technology if we are to move to a four-day working week (%)



Base: all employers (n=2,000).

Conclusion

The figures show that, whether measured by nominal days worked or equivalent day hours, the average time worked is approximately five days a week. The nine-to-five is a typical setup given average hours worked, and most people do this Monday to Friday. The averages hide a lot of nuances, and many people are already working a four-day week or less. By the same token, many people work more than a five-day week. Preferences for hours worked differ, and most people are happy with their current hours. Three in ten people would like to work fewer hours (31.3%), but only one in ten (11.1%) are willing to take a pay cut to achieve this.

On employer perspectives, we might conclude from the data that they are ambivalent about reducing hours. When an idea is new (as the five-day week once was), there will be early adopters and enthusiasts, while others will need more convincing. The current shorter working week trials in the UK may achieve that to some extent. Key objections include the idea that it will not work in their specific organisation (55%). At present, slightly more employers believe a move to a four-day week is unlikely than those who think it likely (37% and 34% respectively).

There are parallels between shorter working hours and working from home. The dramatic rise of homeworking during COVID-19 has taught us that businesses have a status quo bias. The revealed preference for higher rates of homeworking shows that it's what people want, but it took a forced experiment to implement. However, many employers are not opposed to the idea once the concept has been proven. Like homeworking, it may be that shorter working hours are possible in some industries more than others. Furlough acted as a natural experiment in reducing working hours. However, with a drop in demand for many organisations, there was no need to increase efficiency and maintain output, and wages were propped up by heavy government subsidy.

The key challenge to implementing shorter working hours is the need to boost productivity to pay for it, which was identified by two-thirds (66%) of employers. The trials will be looking at productivity, but this must be balanced against the likelihood that only businesses that felt they could boost productivity sufficiently would participate in a trial. It is unclear how generalisable the results of such trials will be.

As the cost-of-living crisis bites, and a potential downturn results in rising unemployment, we are likely to see greater emphasis on the need to boost working hours. This is one of the fastest and most direct ways that someone can boost their income. The finding that those on the fewest hours are most likely to want more hours (Figure 5) further supports this. The Living Wage Foundation has pivoted to emphasise the role of both wage rate and hours worked with the launch of its living hours campaign in 2019.

Some of the knottier operational challenges to implementing reduced working hours (without loss of pay) involve what to do with atypical and non-salaried workers. Should the 25% of people currently working a four-day week or less be given a pay rise? Will the four-day week benefit the most privileged managerial/director-level workers who are salaried? Perhaps these are some of the questions that the current trials will answer.

CIPD position

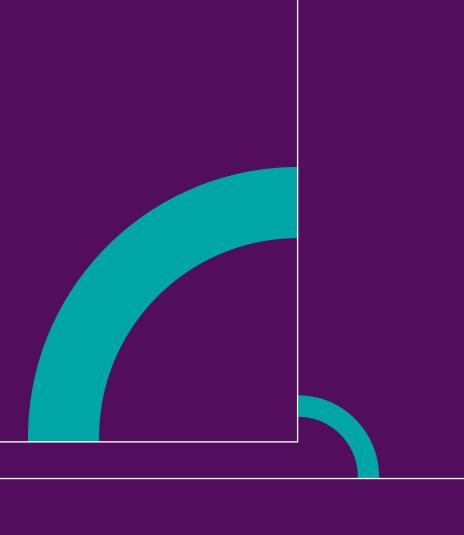
The four-day week trials are an opportunity to test and learn from new ways of working. The pandemic proved the value of experimentation with the forced transition to homeworking, but businesses need not wait until their hand is forced. Previous trials of shorter working hours, notably those carried out in Iceland, have involved employee input in design of new flexible

ways of working. Greater flexibility in work can cater for more people's preferences and facilitate the inclusion of marginalised groups in work. At a time of labour shortages this is particularly important for businesses. If homeworking made us question where work took place, the four-day week trials could make us question when it takes place.

However, to implement a collective move to a four-day week, businesses would need a compensating 25% rise in worker productivity to offset the loss of working time and maintain output. The ability to achieve such a huge rise is as yet unproven. Historically, the ability to improve productivity has funded a move to a shorter week – or as is more often the case, increased incomes.

The majority of employers in our survey believe that they would need to increase productivity by working smarter and/or investing in technology if there is to be a wider shift to a four-day working week without compromising people's pay. Consequently, increasing workplace productivity should be the focus for policy-makers interested in supporting a shift to the four-day working week over time. Improvements in productivity are of course also urgently needed to help combat inflation and achieve sustainable improvements to wages as the UK seeks to navigate the cost-of-living crisis.

The CIPD's view is that there is an untapped potential to boost productivity by raising the quality of people management and development in the UK particularly among SMEs and through supporting employer investment in technology across the economy. This requires a renewed focus on industrial strategy and significant changes to skills policy. It will also need a step change in the quality and availability of business support, to boost firms' adoption of technology and build their people management and development capability.





CIPD

Chartered Institute of Personnel and Development
151 The Broadway London SW19 1JQ United Kingdom
T +44 (0)20 8612 6200 F +44 (0)20 8612 6201
E cipd@cipd.co.uk W cipd.co.uk

Incorporated by Royal Charter Registered as a charity in England and Wales (1079797) and Scotland (SC045154).

Issued: October 2022 Reference: 8279 © CIPD 2022