



The 4-Day Workweek: Helpful Innovation Or Expensive Risk?

Insights

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In 2016, Millennials surpassed Generation X as the largest generation in the American workforce. Given their reputation as the driving force behind workplace change – from the birth of the #MeToo movement to the expansion of technology – it isn't surprising to learn that there is gathering momentum for another significant change spurred by this generation of workers: the implementation of a four-day workweek.

Just as the identity of the workforce has changed, so has the type of work that Americans are performing. Technology has made it easier for employees to seek non-conventional employment. Tools like video conferencing, productivity software, and artificial intelligence are changing how we work and what we do while we are at work.

Put simply, technology has made it possible to take office work out of the office. According to one recent survey, telecommuting is offered by over 40% of organizations and some form of flexible scheduling is offered by 57%. With the face and tools of the workplace evolving, employers are being challenged to reevaluate other traditional elements of work.

One of these being the length of the workweek. This article will examine some of the positive aspects of the four-day workweek, along with some of the downsides and challenges to implementing a shortened or compressed schedule.

Potential Benefits Of A 4-Day Workweek

The four-day workweek typically exists in two variations, either the 4-10 workweek, which redistributes the 40-hour workweek over four days, or the 4-8 workweek, which simply cuts a day and makes the workweek 32 hours. Those who have implemented one of these types of schedules primarily cite one of these four reasons to support their decision:

Retention

The four-day workweek may help to address one of the major problems that modern employers face: employee turnover. A recent Gallup Report estimated that Millennial turnover costs the U.S. economy \$30.5 billion annually. According to that same report, Millennials rank work-life-balance high on their list of priorities when considering employment options. Because of this, an alternate schedule which allows one additional non-work day a week may be attractive to your workers.

Perpetual Guardian, a New Zealand-based financial services company, reinvigorated the four-day workweek debate when its CEO announced that the company was moving to a four-day, 30-hour workweek. Guardian made the decision to permanently alter employees' schedules after test results demonstrated that employees were performing the same amount of work in the shortened week and reported significant improvements in work-life-balance.

Similarly, last year in Colorado, Adams County became the first school district in a major metropolitan area to institute a four-day workweek. The change was made to attract and retain teachers to the school district. And it worked. The district, which compensates teachers at the lowest rate of any district in the Denver area, experienced increased applicants and lower staff turnover during the pilot year of the program.

Productivity

Some case studies suggest that instituting a four-day workweek can boost employee productivity. In Japan, Microsoft reported that implementing a four-day workweek led to a 40% boost in productivity compared to the previous year. Notably, Microsoft Japan's model included other modifications to the workplace, including limiting meetings to 30 minutes and encouraging online discussions instead of face-to-face encounters with coworkers.

Operational Costs

One positive byproduct of the four-day workweek is that employers save on operational costs. One less day of work is one less day the lights are on at the office. Microsoft Japan saw a 23% reduction in electricity consumption and a 59% reduction in paper printing after implementing a four-day workweek.

Climate Solution

Finally, Andrew Barnes, the CEO of Perpetual Guardian, advocates for the four-day workweek as a step employers can take to combat climate change. According to the University of California the two largest contributors to greenhouse gas emissions in the U.S. are transportation (29%) and electricity production (28%). Theoretically, both emissions are reduced when employers cut the workweek by a day.

The 4-Day Workweek Is A Gamble – And Maybe An Expensive One

For all the potential benefits of the four-day workweek, there are associated costs that must be taken into account before implementation.

Unpredictable Outcomes

In 2011, the Utah state legislature scrapped the four-day workweek for all non-emergency state workers after a three-year test run. The decision was made to return employees to a five-day workweek after reports concluded that the expected benefits of the program, including reduced operational costs and increased employee productivity, never materialized.

Conflicting Or Rigid Compensation Laws

States often have rigid compensation rules which could affect the pay scale of employees on a four-day workweek schedule. This is especially true for employers considering a 4-10 workweek. For example, in California, with some limited exceptions, employees receive overtime compensation for shifts over eight hours long. This has obvious implications for the 4-10 workweek. Employees working the same total hours a week would be entitled to more compensation under a 4-10 schedule because they would be entitled to two hours of overtime compensation per day.

California has established a mechanism for employers to institute a 4-10 workweek without paying overtime wages. However, the process involves proposing the modified schedule to all affected employees and holding a secret ballot election to approve the modification. Failure to correctly follow this procedure before instituting a 4-10 workweek could lead to considerable wage and hour exposure for the employer.

Conclusion

At this point only one thing is certain about the four-day workweek: it's a gamble. While employers utilizing the four-day workweek will almost certainly attract job-hopping Millennials, there is no guarantee that it will increase productivity or reduce operational costs. One of the inherent risks of adopting the four-day workweek is that you could spend time and money on a new work schedule that ultimately delivers underwhelming results. And, in the wrong state, incorrect implementation of the 4-10 workweek could expose you to significant wage and hour violations. Employers considering implementing a four-day workweek should consult their employment attorney before making the change.

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