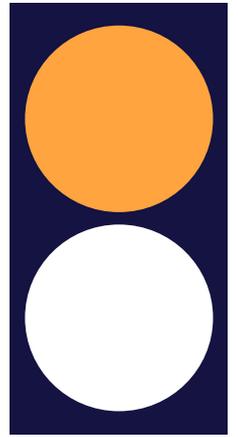


EMPLOYMENT LAW

ARTICLE: PREPARING FOR A FOUR DAY WORK WEEK

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Introduction

The arrival of a four-day workweek (where staff work fewer hours with no loss of pay) is a hot topic for employers in Australia and overseas. Employees generally see this work arrangement as a viable way to maintain a work/life balance, whilst employers are keen to retain talent through innovative arrangements that keep them engaged and productive.

Before adopting a four-day workweek, employers should assess the data on its effectiveness for both businesses and employees. A nuanced and realistic assessment of changes required to facilitate the new schedule, productivity KPIs, and potential risks is essential. Companies who have achieved 'win-wins' from a four-day workweek have invested in planning and support to set employees up for success.



Four Day Work Week

1. Why are more people talking about this?

The most comprehensive pilot study on a four-day workweek recently conducted in the UK was declared a "resounding success" earlier this year; while in Australia, a Senate Committee recommended a national trial where employees work 80% of the week but maintain full pay and productivity. Over a third of Australian companies are expected to transition to a four-day workweek in the next five years, with just under 40% undecided.

2. What is the four-day workweek?

At this stage there is no universal model for a four-day workweek.

The UK pilot study analysed 61 companies, each with its own version, including a conditional reduction in hours tied to performance, changes in work hours relating to seasonal fluctuations, pausing work one day a week for collaboration and staggered rostered days off. There were also different approaches to working hours considered; in some cases, the non-working day was a guaranteed day off. However, other companies had a more flexible arrangement where employees were required to be available if needed but could claim back the time later.

The 61 companies also had different approaches to how the four-day workweek affected leave and holidays: some companies provided days off in addition, while others implemented pro-rata reductions in bookable leave days.

3. What steps did the companies in the UK pilot study take before deciding to adopt the four-day workweek?

All companies in the UK pilot study had pre-implementation support, including best practice research, expert advice and counselling. Despite this, nine of 70 companies scheduled to participate in the trial pulled out because they didn't feel sufficiently prepared. Only 61 companies completed the pilot.

In many cases, the change to a four-day workweek required a number of other changes to work practices, such as:

- Making meetings shorter and less frequent
- Changing email etiquette
- Changing processes to streamline work (including by increasing automation and adopting new software)
- "Monotasking" which allowed team members to focus on one task at a time to eliminate time wasted switching between tasks.
- Creating task lists each day, and
- Some companies required employees to work flexibly and jump in on tasks previously regarded as outside their remit to cover for colleagues who were on a day off.

4. How generalisable are the UK pilot study results?

The UK pilot still involves a relatively small sample size, with the majority of participants being small businesses, from marketing/advertising/professional services firms and involving university-qualified

employees. It also only looked at the outcomes over a six-month period.

There is a real question about how relevant these findings are to different industries, larger companies and different kinds of employees or whether the benefits would be sustained over a longer period.

5. Questions any organisation should ask itself

Reducing work time by 20% without productivity losses, in effect, requires a substantial relative productivity improvement during that work time. The UK pilot study indicates this will very likely require new or different ways of working. Before considering a four-day workweek, employers should ensure they can answer the following questions.

1. How do our employees want to work? Many companies in the UK pilot had an active engagement program to gather feedback from employees prior to implementing the changes. Some employees chose to opt out.
2. What productivity opportunities exist? The successes reported in the UK pilot from predominantly small businesses appeared to be, in part, the result of significant changes in work practices, automation and greater collaboration/upskilling. Larger or more sophisticated businesses may provide fewer opportunities for these kinds of improvements.
3. What operational needs have to be balanced? The UK pilot indicates a tailored approach is needed, in some cases changing work practices. There may be a need to revert back to standard hours if the KPIs aren't met (where KPIs are used).
4. How will this interact with other leave benefits? This is particularly important in Australia, given the complex rules around statutory leave and public holidays.
5. How will this interact with any industrial instruments? Industrial instruments can create barriers to flexible working or significantly increase the administrative burden and cost of changing work practices. For example, there may be set rosters, flexible work hours could result in overtime/penalties, changing the 'remit' of a role could affect classification and consultation obligations need to be met.
6. What about our WHS duties? How will employees be supported to achieve a 20% productivity increase safely? The UK study noted that some employees reported feeling stressed or pressured. This risk needs to be carefully addressed in Australia, particularly given the current focus on psychosocial risks.
7. What guardrails are needed? What are the "go" or "no-go" factors for each individual company, and should any changes be for a limited trial period and subject to clear requirements/caveats and further reviews?
8. What about engagement? While the UK pilot study reported strong worker support for a four-day week, a number of the initiatives described to improve productivity appear to focus on getting the most "work" out of "work time". Is there a risk that the quest to increase productivity could damage the kinds of informal interactions that best support team cohesion, collaboration, innovation and engagement?

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