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## Is a Four-Day Workweek the Wave of the Future?

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*While a recent proposal to institute a four-day workweek in California has been put on hold, the legislation raises larger questions around new business models and the benefits of flexible work.*

Definitions of the future of work have shifted over the past two years and continue to evolve as organizations navigate the consequences of recent public health and labor market events converging with new organizational trends — better known as the Great Convergence. Once distant ideas around new technology creating increased remote working options became a reality overnight, leaving lasting impacts on the business landscape. While this certainly proved to be challenging, it also became a time of positive change, where forward-thinking opportunities were pushed to the forefront.

One such opportunity is the rise of flexible and agile workforces. Enforcing tools and staff that are adaptable to new practices and efficient in virtual settings is paramount. Not only has doing so proved to be successful, but it also brought with it many other benefits for both the employee and business. At times it even improved performance — and many parts of the world are catching on.

“I was very impressed when the United Arab Emirates government led the world with the introduction of the [4.5-day workweek](#) for government sector employees effective on January 1, 2022,” commented Ray Everett, senior partner in Aon’s Human Capital Solutions practice who is based in Dubai. To bring this one step further, the Saudi Minister of Human Resources, Ahmed Al-Rajhi, announced that the kingdom is considering reducing the workweek to four days.

This is a common developing trend in numerous markets, specifically the UAE, Asia, parts of Europe, and even now the United States. While failing to advance for the time being, a [proposed bill](#) by the California State Legislature for a statewide four-day workweek, requiring private-sector employers with more than 500 employees to pay hourly workers overtime after logging more than 32 hours per week, indicates the larger reality that new ways of work are still at the forefront. This concept, in particular, continues to be raised and tested around the world, especially since the shift to remote work which has loosened ties to the standard “9-to-5 workday.”

### Analyzing the Four-Day Workweek Around the World

The Icelandic government was a frontrunner when it comes to exploring the idea of a shorter workweek. [Iceland conducted a four-day workweek study](#) in which employees were paid the same salaries for shorter hours between 2015 and 2019. Researchers found that not only did productivity remain level for most trials, but it even improved in some cases. According to BBC News, this led unions to renegotiate

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working patterns, with 86 percent of Iceland's workforce either moving to shorter hours for the same pay or having the ability to do so.<sup>1</sup>

New Zealand also participated in similar trials, starting with estate planners Perpetual Guardian in 2018, where 240 staff members tested a four-day week. The results saw 78 percent of employees claiming to be able to better manage their work-life balance — an increase of 24 percentage points. New Zealand company Unilever, soon followed their lead, placing 81 employees into a year-long trial in 2020.<sup>2</sup>

Perhaps such experiments sparked the United Kingdom to recently announce that more than 3,000 workers at 60 companies will trial a four-day workweek — one of the largest pilot programs of its kind. The goal of “4 Day Week Global” is to examine how employment patterns work across a broad range of industries, offering improved work environments and flexible opportunities to help attract and retain staff.<sup>3</sup>

Then there was Microsoft Japan, who experimented with reducing the workweek by one day in 2019. The results were a 40 percent boost in productivity, according to Business Insider. Perpetual Guardian, an estate planning firm in New Zealand, similarly conducted an eight-week trial in 2018. The results included higher levels of job satisfaction, lower levels of stress, a greater sense of work-life balance and in turn, improved business performance.<sup>4</sup> The company decided to make the changes permanent and to this day, employees continue to work, as the saying goes, “smarter, not harder.”

In terms of legislative action, the United States is a little behind other parts of the world. However, with the recent California proposal for an official four-day workweek, it's clear that the momentum is there. We are seeing this hold true especially in the technology industry, where four-day workweeks are becoming more common. San Francisco tech startup Emtrain, for example, implemented a four-day workweek last summer and the company reported no adverse impact on business metrics. In fact, performance improved, with 82 percent of the workforce claiming to feel healthier, both physically and mentally, after the switch.<sup>5</sup>

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<sup>1</sup> <https://www.bbc.com/news/business-57724779#:~:text=Trials%20of%20a%20four%2Dday,place%20between%202015%20and%202019.>

<sup>2</sup> <https://www.weforum.org/agenda/2022/01/four-day-week-work-life-balance-trial/>

<sup>3</sup> <https://www.theguardian.com/business/2022/apr/04/thousands-of-uk-workers-to-take-part-in-four-day-week-trial#:~:text=More%20than%203%2C000%20workers%20at,place%20anywhere%20in%20the%20world>

<sup>4</sup> <https://www.fastcompany.com/90325704/this-new-zealand-company-proves-how-4-day-work-weeks-are-great-for-business>

<sup>5</sup> <https://www.foxbusiness.com/lifestyle/four-day-work-week-california-tech-startup>

Another San Francisco-based tech company, Starship, introduced a shorter workweek which eventually became permanent policy. “There are a couple obvious reasons why we’re doing this,” commented Sean Engelking, Starship’s CEO and co-founder in a post on LinkedIn announcing the change. “The first is that we’re getting more done and trust that this will continue. The second is that we believe this moment demands a renewed focus on mental health and work-life balance.” Crowdfunding platform, Kickstarter, also publicized its plans for a four-day workweek pilot this year.<sup>6</sup>

### **The Benefits of Flexible Work**

So, what’s the main driving force of this sudden surge in attention around the four-day workweek? According to [Aon’s recent health survey](#), wellbeing issues have gained traction since the COVID-19 pandemic, with employers citing work/life balance as the second most important wellbeing issue (after mental health) at 71 percent.<sup>7</sup>

The direct link to employee wellness and flexible workplace practices is clear. The more companies that embrace work-life balance, the happier and healthier employees will feel, which then translates to improved motivation, loyalty and overall morale.

Since the pandemic, granting flexibility around *where* you work has largely become an expectation. However, if companies want flexibility to truly stand out in their employee value proposition, they should focus on the *when*. Whether it’s through shorter workweeks or simply measuring performance by output versus hours, this will give organizations a strong competitive edge — especially in the current competitive talent market, where companies across all industries are grappling to attract and retain talent with skills needed to support future growth. However, it is important to note that not all roles are set up to embrace flexible work and will require a major rethink of staffing structures. While it’s not impossible for these jobs to eventually reach four days, doing so may require more investment in staffing than the industry can afford, posing a significant hurdle.

### **Potential Risks**

Even though a shorter week inevitably contributes to the demand for more flexible work, does it tackle the [risk of employee burnout](#)? Or could it, in fact, only add to this prominent concern for much of the workforce? [Aon’s 2021 Global Wellbeing Survey](#) identified the top wellbeing risks impacting company performance as 67 percent stress, 46 percent burnout and 37 percent anxiety.<sup>8</sup> It’s evident that there is a lasting impact on burnout, stress and trauma from the pandemic and employers must be even more

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<sup>6</sup> <https://www.theatlantic.com/family/archive/2021/06/kickstarter-four-day-workweek/619263/>

<sup>7</sup> The Aon Health Survey 2021 and Beyond, May 2022

<sup>8</sup> This survey was conducted by Aon in partnership with IPSOS and included 1,648 questionnaires, covering a total of 41 countries.

mindful of employee wellbeing. Thus, if productivity remains the same with a four-day week, will burnout eventually catch up? This is an important factor to consider.

Many companies around the world are adding hours to the typical workday, resulting in four 10-hour days each week to gain that extra day off. There's no denying that the compressed workweek will need increased levels of focused attention, time management, prioritization and motivation. Are businesses putting measures in place to support their people in this new model? Past experiments indicate the potential ill effects of longer workdays, such as employees feeling overworked and fatigued. Long working hours, increased workload and the pressure to perform elevate the risk of work-related stress, threatening to undermine the resilience of both individuals and organizations.

Another potential obstacle is inconsistency in policies across geographies. While the UAE government recommends a shorter workweek, there is a challenge around consistency in policies for the region. To add to this, based on a recent Aon UAE HR pulse survey<sup>9</sup>, only a 21 percent of private sector firms are following the government's lead. A small number of firms are reducing pay, while others are adding an extra hour to each day of the remaining workweek.

However, it's clear that companies and workforces are still willing to take this risk. Putting employee resilience at the center of your wellbeing strategy is the key to overcome these potential challenges. Risk mitigation always starts with ensuring you have a healthy workforce in place.

### **Next Steps**

The circumstances of the pandemic have forced firms to rethink their strategies and cultivate a workforce that is goal-oriented, motivated and can easily adjust their working schedules without compromising end results. This begs the question, what next? Based on the reality uncovered in numerous four-day workweek experiments and the mostly positive results of virtual work during COVID-19, maybe it's time to bring current discussions around remote and hybrid working models to the next level.

"It's worth considering the emerging idea that dismisses the typical 9am to 5pm workday, as long as the work is getting done" says John McLaughlin, partner in Aon's Human Capital Solutions practice. "If all responsibilities are completed – whether in four days or five– the argument against a less structured workday has become diluted. This was especially true during the pandemic when organizations experienced the benefits of flexible working first-hand."

At the end of the day, it comes down to embracing change. According to a recent survey by Deloitte, 46 percent of millennials and 40 percent of Gen Zs rank flexibility and adaptability as the behavior most

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<sup>9</sup> Survey results include input from over 220 participating firms across all sectors in UAE.

critical to business success by a wide margin. A quarter of millennials and 22 percent of Gen Zs said they would prefer to work in office “a little to a lot less often” than previously.<sup>10</sup> Clearly, young professionals are ready, willing and eager to accept new approaches to work, starting with added flexibility. No matter what form of this you choose for your firm, this new-found freedom is the key for generations to come. Those who embrace it will reap the benefits.

For more insights on the future of work, please write to one of our human capital experts at [humancapital@aon.com](mailto:humancapital@aon.com).

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<sup>10</sup> <https://www2.deloitte.com/global/en/pages/about-deloitte/articles/millennialsurvey.html?id=us:2el:3dp:wjspon:awa:WSJCMO:2021:WSJFY21>

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