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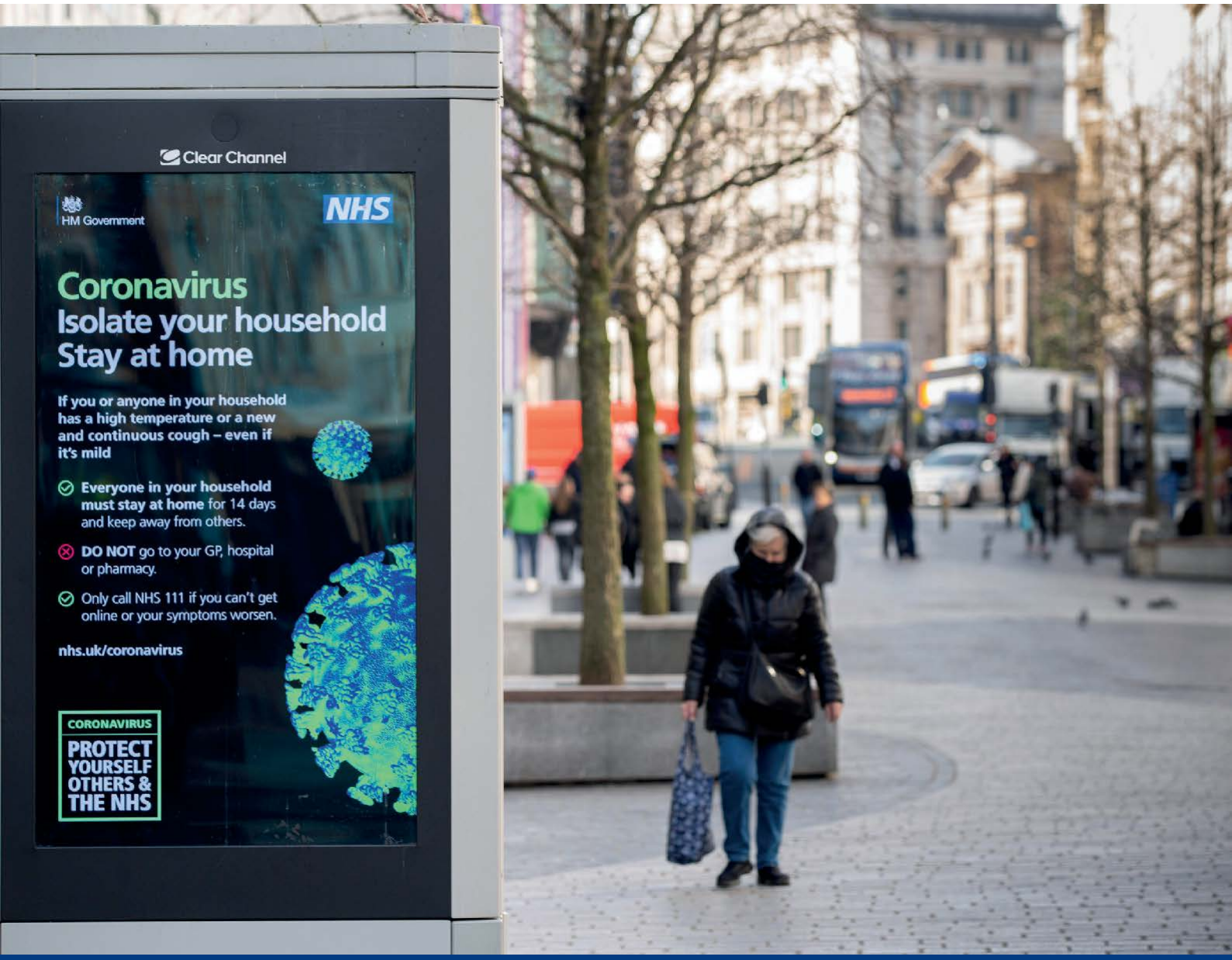

Responding to COVID-19 in the Liverpool City Region

Transitioning Towards a Four Day Working Week: Evidence Review and Insights From Praxis

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Map of Liverpool City Region Combined Authority (LCRCA) boundary (in red) and constituent local authorities

Data sources: Westminster parliamentary constituencies (December 2018 - ONS), local authority districts (December 2018 - ONS), and combined authorities (December 2018 - ONS)

Transitioning Towards a Four Day Working Week: Evidence Review and Insights From Praxis

Key takeaways

1. A shorter working week could help the UK economy transition in the wake of the COVID-19 pandemic in a way that brings positive benefits for people and planet, including improving workforce health and wellbeing, promoting greater gender equality, and delivering environmental benefits.
2. To ensure wages do not fall as working hours are reduced, governments will need to legislate so that productivity gains from advances in fields like automation are distributed amongst the workforce rather than amassed by the owners of machines.
3. Trade unions also have a vital role to play in negotiating future reductions in employee working hours through collective bargaining approaches. Overturning anti-union legislation will help to strengthen collective bargaining efforts and enable the type of progress currently being seen in other European countries.
4. The public sector should be a testbed and leader for shorter working hours in the UK. The sizeable purchasing power of the sector, coupled with legislation such as the Public Services (Social Value) Act 2012, are important levers for influencing working hours in other sectors. The net cost of such innovation could be relatively small.
5. Third sector organisations like Wellbeing Enterprises in the Liverpool City Region (LCR) can also lead by example. COVID-19 has caused a pivot in working practices, with anecdotal evidence from ongoing praxis suggesting that compressing the working week with a small reduction in working hours is having multiple benefits.

1. Introduction

In 1930, the British economist John Maynard Keynes predicted that a hundred years on, employees would work no more than 15 hours per week – reasoning that rapid technological advancements would liberate the workforce, providing more time for leisure (Bregman 2018). One aspect of this prediction appears to have been accurate. By 2030, conservative estimates project that 30% of existing jobs will have been lost to automation, with former industrial heartlands like North West England being disproportionately affected. However, Keynes' expectation of reduced working hours appears stubbornly off the mark, despite the growing realisation that increased hours rarely translate into gains in overall output.

Full-time employees in the UK work longer hours than full-time employees in all EU countries with the exception of Greece and Austria (Skidelsky 2019). Yet the UK's productivity levels lag woefully behind many other countries. In Germany, for example, productivity levels are 26.2% higher than in the UK despite their workforce working significantly fewer hours. There is no clear, positive correlation between the length of the working week and gains in productivity (Harper et al. 2020). On the contrary, longer working hours are often associated with lower levels of productivity, owing to workforce fatigue, stress, and mental illness (Pencavel 2016).

This policy briefing offers reflections rooted in praxis experience within the Liverpool City Region (LCR) and reviews the evidence underpinning calls for a shorter working week. It highlights progress made in reducing working hours in other countries and how we might take similar steps in the UK. It also considers the role of trade unions in negotiating

future working time reductions for employees, and the potential benefits for the LCR in relation to reducing the productivity gap and tackling significant population health challenges.

2. Why a shorter working week now?

What are key advantages of a four day working week and how do they apply to the LCR? Arguments in support of a shorter working week, without the need for a concomitant reduction in employee remuneration levels, broadly concern the following domains.

Automation

Technological advances are transforming the world of work. At present, automation is perceived both as a promise and a threat (Strong and Harper 2019). Promise is perceived to lie in the potential for automation to liberate workers from the grind of long hours and bolster wages through a share in future productivity gains. However, others fear mass redundancies as advances in technology begin to uncouple from demands for labour (Bregman 2018), as well as widening inequalities if the anticipated productivity gains from automation benefit only those with a share in business capital. What is clear now is that the world of work will change at breakneck speed over the coming decades, and that without progressive policy interventions we will miss an opportunity to share the benefits of automation equitably across society and make headway in tackling societal inequalities. A shorter working week is one way of sharing the spoils of technological progress.

Productivity gains

A shorter working week may reduce the productivity gap in the LCR when compared with the rest of the UK. In 2018, Bambra et al. revealed that 33% of the productivity gap in the LCR can be attributed to ill health. This initiated a Wealth and Wellbeing programme supported by the Liverpool City Region Combined Authority (LCRCA) and Public Health England to bridge the gap between the health and economic agendas (Higgins and Ashton 2020). Stress, depression, and anxiety are cited as major public health challenges in the City Region. A transition to a shorter working week may help to reduce the psychological strain of work on those at risk. It may also mean that those recovering from mental and / or physical ill health find the transition back to paid employment less daunting, especially if this is coupled with adequate support.

Environment

“The world is on the brink of environmental catastrophe,” warned the authors of the United Nation’s *Emissions Gap Report 2019*. The transition to a shorter working week alone cannot solve this problem. That said, one might expect to see a fall in carbon emissions from a reduction in work commutes and more people having time to switch to low-carbon modes of transport like cycling and walking. This behavioural shift is clearly not a given, however.

There is evidence of a link between longer working hours and energy-intensive and environmentally damaging consumption (Devetter and Rousseau 2011). As people find the time to switch to low-carbon behaviours like cycling and eating fresh produce (as opposed to fast foods “on the go”), this may bring about improvements in population health and wellbeing levels – creating a positive feedback loop which may disrupt the cycles of unhealthy consumption that are a consequence of working longer hours, and which fuel higher carbon emissions.

People who work fewer hours may have more time to reflect on their own

consumption and what they are willing to forgo, as they adapt their behaviours in more environmentally friendly ways. As they do so, individually and as groups, pressure may mount on governments to reconstruct economic policies that operate within “the safe and just space for humanity” – above the social foundations of wellbeing, but below the ecological ceiling of the planet (Raworth 2018).

Gender equality

Many women in paid employment undertake a disportionately large share of unpaid work such as caring and household duties. Women on average undertake 60% more unpaid work than men, which effectively constitutes a second shift (Pencavel 2015). This additional work burden means many women are only able to take on part-time paid employment, which often commands lower pay with fewer opportunities for career progression (Harper and Martin 2018). A transition to a four day working week might help to share the burden of unpaid work within a household or extended family, providing greater flexibility for women to pursue better paid employment. However, a reduction in working hours will need to go hand in hand with policies with an emphasis on degendering perceptions of domestic labour (Stronge and Harper 2019).

The LCR has a significant number of unpaid adult carers, owing to higher levels of poor health among the general population. A shorter working week, typically 30 hours without a reduction in pay, could enable unpaid work responsibilities like caring duties to be shared more equally within the household or wider family, allowing those who ordinarily do the lion’s share of unpaid work (typically women) to increase their incomes. This will further strengthen gender equality in the region.

Yoga class to improve health and wellbeing (Credit: Wellbeing Enterprises)

Health and wellbeing

Current UK working patterns are making a growing proportion of the workforce sick. The Health and Safety Executive (HSE) calculates that 602,000 workers are suffering from work-related stress, anxiety, and depression, with 12.8 million working days lost. One in four working days in the UK is lost because of overwork. There is growing recognition that the changing nature of work is impacting work-life balance and workforce wellbeing, for example through shifts in working patterns and excessive working hours (Bambra et al. 2008). A shorter working week may help employees to strike a better work-life balance, ensuring that the full benefits of being in employment are not overshadowed by the deleterious effects of being overworked and undervalued.

Activated citizens

Finally, with more free time at employees' disposal, we may see greater levels of democratic engagement either in the workplace, neighbourhood, or community (Stronge and Harper 2019), with citizens holding local and regional policymakers more effectively to account. We may see greater levels of volunteering, business start-ups or social innovations. The LCR has a longstanding history of civic engagement and a shorter working week would give more time for citizens to advocate the changes they want and need to live dignified lives.

3. Supporting and progressing a four day working week

There is significant support in the UK and across Europe for a shorter working week. Advocates include the think tanks New Economics Foundation (NEF) and Autonomy, as well as the Trades Union Congress (TUC). There is also diverse political support for exploring the issue in greater depth, for example, with a cross-party group of MPs urging the UK Chancellor of the Exchequer, Rishi Sunak, to establish a body similar to the Royal Society of Edinburgh's Post-COVID-19 Futures Commission in Scotland.

Supporters of a shorter working week argue that the COVID-19 crisis highlights the urgent need to transition to reduced working hours to ensure that we emerge with a better work-life balance and flexible working options, especially as the pandemic has exposed vast inequalities in society (NEF 2020). How might this transition be achieved and what progress has been made in other countries?

Transitioning to shorter working weeks

Many proponents of a shorter working week advocate gradual changes in working hours over a defined period; some suggesting a decade (Stronge and Harper 2019). This may be achieved through collective bargaining approaches facilitated by trade unions – thereby ensuring that the wishes of employees are considered alongside policymakers and businesses (Harper et al. 2020). However, there are obstacles to achieving this.

First, anti-union policy has hindered the capacity of trade unions to implement workplace reform. According to the Resolution Foundation, the UK has the second lowest level of collective bargaining coverage in Europe, and is the only country in Europe which uses a largely unilateral approach to setting working hours. Not surprisingly, a reduction in collective bargaining power has coincided with a fall in real terms wages and a halt – during the last decade – in the reduction in working hours that had been gradually taking place over the last 200 years. For this reason, advocates are calling for a repeal of anti-union legislation to ensure that collective bargaining approaches underpin efforts to reduce working hours moving forward.

Figure 1. Progress towards a shorter working week in Europe

Austria: The vida and GPA-djp trade unions, representing 125,000 workers in the private health and social care sector, have negotiated improved pay and reduced hours for their members. Pay will increase by 2.7% with further rises equal to inflation. The agreement includes a reduction in working time to a 37-hour week by 2022. A further reduction to a 35-hour working week remains a key ambition.

Denmark: The Confederation of Danish Industry and the Central Organisation of Industrial Employees in Denmark reached a deal for increased parental leave with full pay from 13 to 16 weeks. Eight of the 16 weeks are allocated to fathers, and five will be reserved for mothers. The final three weeks are to be freely shared between the parents.

Germany: The Verdi trade union, Germany's second largest with approximately two million workers was making plans prior to COVID-19 to campaign nationally for a 37-hour working week as standard in all 16 German Federal States.

Iceland: BSRB, the federation of public sector and municipal workers and their individual members, have signed new contracts with both the state and municipalities. These new contracts have stipulations on shorter working hours. They also enable shift workers to reduce their working hours and ensure that hours worked during the night count more in working-hour calculations.

(Source: NEF 2020; Newsletter of the European Network for the Fair Sharing of Working Time)

Second, there are growing concerns from workers and unions that the unchecked proliferation of automation in the workplace has the potential to cause serious harm to the global workforce. These concerns have led to calls for legislation to protect workers' rights and pay – thereby ensuring that the wealth amassed through automation-driven productivity gains is shared with the wider workforce, and avoiding a worsening of in-work poverty and inequalities. There are ongoing debates about how else society might mitigate the potential pitfalls of automation, with high profile billionaires like Bill Gates advocating a "robot tax".

Other proposals for gradually reducing working hours include: increasing the number of bank holidays; extending employees' rights to free time (including parental leave); offering sabbaticals or time off for lifelong learning; and the introduction of generational agreements, as exist in The Netherlands, where older people have a right to transition to shorter working hours without reductions in pay (Harper and Martin 2018).

Progress in other countries

As Figure 1 shows, the case for a shorter working week is being fought and won in countries across Europe. These examples highlight, in particular, the leading role of trade unions in campaigning on the issue, negotiating on behalf of workers, and ultimately in securing material improvements to work-life balance.

4. Public sector trailblazer?

A shorter working week could be implemented in the public sector at first, recognising the sector's long-established role as a testbed for new workplace legislation (e.g. equal pay) (Stronge et al. 2019). The sector could test the benefits and potential pitfalls of reduced working hours using a range of measures to determine the economic, social, and environmental returns. If successful, the public sector would become a benchmark

of good practice to encourage other sectors to follow suit. Indeed, the sizeable purchasing power of the public sector alongside legislation such as the Public Services (Social Value) Act 2012 – which requires public sector organisations to give due regard to the wider economic, social and environmental impact of its procurement decisions – are important levers for influencing reductions in working hours in other sectors.

Although different costs of a four day week for the UK public sector have been circulated by think tanks and political parties (based on markedly different assumptions), Autonomy suggests that the net cost would be relatively small, representing £3.55bn in additional expenditure on modest estimates and £2.85bn on less conservative estimates (Jump and Stronge 2019). While the public sector offers an ideal setting for a trailblazing rollout on a wider scale, organisations within other sectors can also play their part.

5. Leading by example

In my organisation, Wellbeing Enterprises, a health and wellbeing social enterprise based in Halton, the COVID-19 crisis has led to a pivot in working practices to accommodate the evolving needs and aspirations of citizens, while at the same time responding to those of our workforce. A small reduction in working hours (without reducing pay) alongside a transition to a compressed working week (which was unanimously supported by staff) means the organisation is now able to remain open for longer periods of the day (providing extended access to support), while also providing staff with an additional day free each week to enable better work / life balance. By staggering the days staff take off, the organisation remains open for the same number of days a week as before. However, reducing working hours will inevitably mean there is less staff capacity during a working day, placing limits on the extent to which hours could be reduced unless offset by productivity gains, which would need to be evidenced.

It is early days in our pilot, yet already there is anecdotal evidence that compressing the working week with a small reduction in working hours is yielding benefits. For example, staff appear more engaged in problem-solving activities and many have shared stories of the impact that changing working practices are having on their lives – most notably by providing more time for them to spend with loved ones, and helping them to feel more rested. Of course, every organisation should decide how best to implement reductions in working hours in consultation with staff and unions, as there will not be a single approach that works for all. Indeed, staff may need a range of flexible options.

However, aspirations to reduce the working week may be thwarted for many organisations in the medium-to-longer term depending on the economic impact of COVID-19. This could leave little option but to offer “more and more for less” as demand falls and competition grows, which may in turn place extra pressures on a diminished workforce who are needed to work longer hours.

Reflecting on my experiences as a social entrepreneur, a transition to a shorter working week enables Wellbeing Enterprises to demonstrate social value in its means and its ends. The organisation’s mission (“ends”) is to improve health and wellbeing in the community. By reducing working hours, this enhances the wellbeing of the workforce, which is an important “means” through which we enhance wellbeing in the community. In essence, we can more effectively embody the change we want to see in the world.

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