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Exploring the Benefits of a 32-Hour Workweek with No Pay Reduction: Enhancing Productivity, Recruitment, Retention and Employee Well-Being in Vocational Rehabilitation Agencies National Rehabilitation Leadership Institute (NRLI)

Cohort Q – Group 2

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December 2, 2024

Executive Summary

This paper explores the benefits of implementing a 32-hour workweek with no reduction in pay, focusing on enhancing productivity through improved recruitment and retention of staff, improving employee well-being, and creating a more sustainable work-life balance. The discussion covers the historical background, the proposed changes, and the expected impact on employees and employers. Though examining existing case studies and economic theories, the paper highlights the benefits of this work model and concludes that it is a viable solution for the modern workforce. As a model employer, Vocational Rehabilitation (VR) is positioned to lead in this innovative effort.

Impact (Part One)

VR programs throughout the nation have struggled to recruit and retain staff. According to a survey conducted in 2022 by the Council of State Agencies for Vocational Rehabilitation - Human Resources Professional Network (CSAVR-HRPN), the national turnover average was 16%. Staff turnover and increased vacancies have contributed to reduced service capacity as well as increased costs impacting the overall prosperity and positive outcomes of individuals with disabilities. According to data shared by the Vocational Rehabilitation Technical Assistance Center for Quality Management (VRTAC-QM), during the period from 2016 to 2020, VR applications have declined by 46%, eligible individuals declined 48.7%, and employment outcomes declined by 35.1%. In areas where VR staff are not readily present or staff are continuously changing, referral to VR services decrease, fewer individuals stay with the VR agency through eligibility and into plan development. This leads to a decreased number of employment outcomes for individuals with disabilities.

Background

The transitional 40-hour, five-day workweek has been a staple of the global workforce for nearly a century. However, as the nature of work and life continue to evolve, so too does the necessity to rethink conventional work structures. A growing body of evidence suggests that reducing the workweek to 32 hours without reducing pay could lead to significant improvement in both employee well-being and organizational productivity. Employees who feel that their employer values their work-life balance and well-being are more likely to feel satisfied and motivated in their jobs, leading to increased productivity and improved collaboration and teamwork.

The five-day, 40-hour workweek was established in the early 20th century, largely through labor movements advocating for better working conditions. Henry Ford was among the first to implement this model in 1926, believing that shorter work hours would increase productivity and consumer spending. The success of this model led to its widespread adaptation across various industries.

However, since then, the work world has changed dramatically. The advent of technology leading to an accelerated pace of work expectations, the intellectual complexity of work, and the changing societal values have all contributed to employee burnout, staff turnover, and recruitment challenges. This age of acceleration—rapid advancement in technology, communication, and globalization—is reshaping the way we live, work, and interact with each other. It is characterized by exponential growth in data, speed, and connectivity. Reducing the 40-hour work week does not actually reduce workload by 20%, given the increased pacing of the work world.

Recent experiments with the 32-hour workweek in countries like Iceland and companies in New Zealand and Japan have shown promising results, challenging the long-held belief that longer hours equate to greater productivity. A high-profile study in Iceland, conducted from 2015 to 2019, followed more than 2,500 government workers across diverse workplaces that went from 40-hour weeks to either 35- or 36-hour weeks with the same pay. The researchers found that the majority of offices observed the same productivity or improved productivity.

The shift toward remote work, accelerated by the COVID-19 pandemic, has also spurred discussions about work-life balance and the effectiveness of traditional work hours. Businesses that encourage work-life balance have been observed to enjoy amplified productivity, reduced absenteeism, and bolstered brand recognition. These promising results underscore the increasing importance of work-life balance as a strategic objective for companies. Employees are increasingly valuing flexibility, voicing the need for alternative work schedules, and there is a growing recognition that productivity is not necessarily tied to the number of hours worked but rather to the quality of work done.

Proposed Changes

The proposed changes involve reducing the standard workweek from 40 to 32 hours, with no reduction in pay. This model focuses on optimizing work processes, leveraging technology, and fostering a results-oriented work environment. The goal is to maintain or even increase productivity while giving employees more time to rest, recharge, and pursue personal interests. One consideration in implementing this change is the definition and legislation of full-time employment. The Fair Labor Standards Act (FLSA) does not define full-time or part-time employment. Furthermore, the Internal Revenue Service (IRS) has identified a full-time employee as "...an employee employed on average at least 30 hours of service per week." The definition of full-time is left to individual states, and in turn, states often delegate that determination to individual employers. In addition to pertinent state laws, union contracts should be reviewed prior to implementing a 32-hour workweek.

Given the latitude for implementation, the following are recommendations for employers to consider:

1. **Pilot Programs:** Start with pilot programs to test the flexibility of the 32-hour workweek. These pilots will help identify potential challenges, gather data on productivity and employee satisfaction, and allow for adjustments before wider implementation.
2. **Flexible Scheduling:** Offer flexibility in how the 32 hours are distributed over the week. Some employees may prefer working four consecutive days, when others may opt for different arrangements, such as splitting hours across the week.

3. **Outcome-Based Evaluation:** Shift the focus from hours worked to outcome achieved. This means setting clear goals and objectives for employees, ensuring that productivity is maintained or improved even with fewer hours worked.
4. **Stakeholder Engagement:** Engage with all stakeholders, including employees, management, and consumers, to ensure that the transition is smooth and that concerns are addressed proactively to prevent any negative impacts and outcomes.
5. **Marketing:** Market the reduced hour full benefit package in recruitment efforts.

Impact (Part Two)

The most immediate impact of the 32-hour workweek is on the employees' well-being. Research indicates that reduced working hours can lead to lower stress levels, better mental health, and higher job satisfaction. Employees with more time for personal activities are likely to be more engaged and motivated at work, leading to increased productivity. Moreover, the extra time off allows for greater work-life balance, enabling employees to spend more time with family, pursue hobbies, or engage in self-care activities. This improves balance, which reduces burnout and turnover, thus creating a more stable and satisfied workforce.

Employers may find that a reduced hour workweek leads to increased efficiency and productivity. When employees are less fatigued and more focused, they are likely to accomplish tasks more quickly and with higher quality. Companies that have implemented this model, such as Microsoft in Japan and New Zealand's Perpetual Guardian, have reported increased productivity and higher employee morale.

Additionally, a 32-hour workweek makes companies more attractive to potential employees, helping to attract top talent, and increase the talent pool to include individuals who may not be able to work in the traditional 40-hour workweek, including people with disabilities. This work model can also lead to cost savings in areas such as perpetual new staff trainings and onboarding, utilities, and reduction in absenteeism.

Conclusion

Nationwide, VR has struggled to recruit and retain qualified staff. This concern has made CSAVR one of their strategic priorities. Increased vacancies have contributed to reduced service capacity as well as increased costs, impacting the overall prosperity and positive outcomes of individuals with disabilities.

The transition to a 32-hour workweek with no reduction in pay represents a progressive approach to modernizing work culture. The benefits for employees and employers make this model an attractive option for the future of work. Careful planning, stakeholder engagement, and pilot testing can ensure that this transition is successful. By focusing on outcomes rather

than hours, organizations can foster a more engaged, productive, and satisfied workforce, increasing employment outcomes for people with disabilities.

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