

Four Better or Four Worse?

A White Paper from Henley Business School



Where business comes to life

“

Our research explores the relationships between these workers, what drives them, what their needs are and how businesses need to adapt to meet them.”



Professor James Walker
Director of Research at
Henley Business School



Dr Rita Fontinha
Lecturer in Strategic Human
Resources Management

Foreword from Henley Business School

The world of work is rapidly transforming. Businesses need to better understand their employees' desires and aspirations, to enable them to recruit the best people and to keep those people happier and more productive in the workplace.

Henley Business School worked with independent insights firm Delineate on extensive research to explore a key piece to the puzzle – enabling employees to lead more flexible working lives. The good news is that although it will require a change in mind-set for some businesses, the substantial benefits of enabling flexibility can come at a low cost. But in order to maximise those benefits, businesses need to be able to tailor their practices to appeal to the new 'QuadGen' workforce.

We are now seeing four generations – Baby Boomers, Generation X, Millennials and Generation Z – working side-by-side. Our research explores the relationships between these workers, what drives them, what their needs are and how businesses need to adapt to meet them.

Flexible working is high on all their agendas; our research shows that businesses need to embrace flexibility in order to attract the younger generations in particular. Those generations appreciate that there are benefits to working in a collaborative environment where employers are able to demonstrate they care about the physical and mental health and happiness of their employees, by providing them with the conditions for a good work-life balance.

When it comes to flexible working, the buzzword at the moment is the four-day working week. Several high-profile companies have already begun to trial this, while other organisations are investigating what it could mean. Our research shows there are clear benefits: we found that those organisations already offering it are seeing improvements in employee satisfaction, increased staff productivity and a reduction in sickness absence.

But a four-day working week won't work for all. And while more and more companies are embracing flexible working practices, it is a step too far for some. We found that some businesses had concerns about the practicalities of implementing such an initiative, including their availability to their customers. We also found that some employees were worried their colleagues would perceive them as lazy if they only worked on four days.

This report offers valuable insight to business leaders on how the 'QuadGen' view the workplace, and our thoughts on the areas where those leaders should focus their attention. It won't be long before we're all asking the question: is four better, or four worse?

Professor James Walker

Director of Research at Henley Business School

Dr Rita Fontinha

Lecturer in Strategic Human Resources Management

Four to the fore

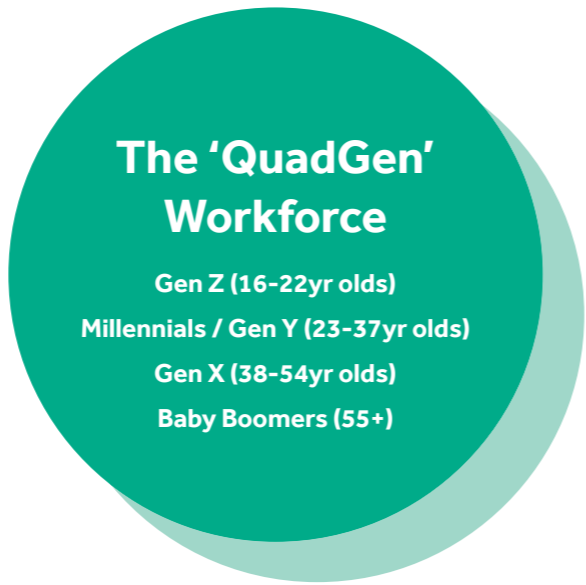
It is a new dawn in the workplace. The age of 'QuadGen' is here and the way businesses respond will be crucial. As Generation Z joins Millennials, Generation X and Baby Boomers, businesses are eager to find a way for this diverse workforce to co-exist. The loudest rallying cry is for greater flexibility and there is one idea that has already gained global attention: the four-day working week*.

Our research of over 500 business leaders and 2,000 employees includes businesses that have already implemented a four-day working week. The results explore the benefits, challenges and alternatives to this changing work style, an initiative that could save businesses over £104 billion a year.

In 2019, more than a third of employees (35%) in the UK now work in businesses with all four generations in place. Both employers and employees see this as overwhelmingly positive. Nearly three quarters of employees agree that a mix of ages in the workplace is 'important' (73%), and an increasingly age-diverse workforce brings many benefits. That said, each generation has its own expectations about how the workplace should function.

Organisations are only just beginning to consider what impact the 'QuadGen' workforce will have on their business and management culture. Responding positively to the call for greater flexibility could be a solution to engaging all four generations of the workforce.

***A four-day week; working for four days a week but being paid a full-time salary.**
See page 14



Driving the change

All employees can see the benefit of a four-day working week, but it is Gen Z and Millennials who lead the demand on businesses to make the change.

Younger employees cite shorter week options as a driver in their decision about which jobs they apply for. The reduced working week is no longer seen as an option only available to parents or carers. Now every generation believes greater work flexibility should be offered to all employees.

And businesses are also recognising the need for change. High profile organisations have explored how switching to a four-day working week would impact them, while prominent political parties and industry bodies are commissioning studies into its potential. Almost half (46%) of employers in larger businesses and the public sector believe that offering a four-day working week will be important for future business success.

Billions in benefits

Businesses that offer a four-day working week as part of their employee package find it has a broad set of benefits, including:

- Improving their ability to attract and retain talent
- Increasing overall employee satisfaction
- Reporting lower employee sickness levels
- Increasing productivity

Businesses state that these factors are helping them run more cost-effectively. The combined savings to UK business is already as high as £92 billion a year, 2% of total annual turnover.

The benefits aren't just for businesses of course. Employees are reportedly less stressed and happier in organisations implementing a four-day working week. Our research highlights positive impacts on family life, mental health, and physical fitness.

And beyond the world of work, we see potential environmental benefits to a shorter working week. Fewer journeys to and from work provides a potentially large 'green' dividend with less fuel consumption and a reduction in pollution.

Challenges and concerns

Inevitably, there is some resistance to implementing a new way of working. Reducing working days has its detractors. For example, for those organisations that need to provide customer service beyond standard office hours, a reduction in employee availability would be hugely impactful.

Many employers believe that incorporating such shifts will be complicated to put into practice, while half of employees would not opt for this way of working if they felt their employer didn't support it properly. What becomes clear is that any shift towards a flexible working week needs to be thought through and planned thoroughly.

“ There are conflicting pressures between working flexibly and working less. The idea of flexibility doesn't necessarily lead to fewer hours.

A lot of overtime isn't accounted for in many of our jobs, because people are increasingly assessed by objectives. With a four-day week, we need to make sure people aren't working during their time off. **”**

Dr Rita Fontinha
Lecturer in Strategic HR Management

Diverse workforce, diverse solutions

Flexibility is clearly a popular solution, but employers who see the four-day working week as a 'silver bullet' to supporting the 'QuadGen' shift should also consider alternative options. There are answers to be found in employee autonomy, for example allowing employees to choose which devices they use to do their work. Employers would also be wise to explore the creative combination of work and leisure spaces to generate a different kind of business environment.

The focus needs to shift towards a greater understanding of what each generation brings to a diverse workplace. Businesses should look to find approaches that celebrate difference while also finding areas of common ground. Bringing the whole workforce together around social purpose initiatives and promoting age-diverse teams for creativity and innovation are two examples. These areas would go a long way to providing engagement without changing core working practices.

“ Autonomy in organising your own work goes hand-in-hand with creativity. Taking an extra day out – even if you do leisure activities – will give your brain time to generate ideas. In future, we will need people who push the boundaries through creativity. **”**

Dr Miriam Marra
Lecturer in Finance

The Flexible Edge

Half of UK businesses (50%) we surveyed say they have enabled a four-day working week for either some or all of their staff and report they are reaping rewards. Employee satisfaction has improved, employee sickness has been reduced, and savings of almost £92 billion (around 2% of total turnover) are being made each year.

Job sharing, flexitime and compressed hours are just some of the ways businesses are showing flexibility. It is now becoming more mainstream as personal priorities and lifestyles change. Countries such as the Netherlands have already passed legislation to make access to flexible hours and work location easier for employees. The UK may wish to follow suit in light of the demand for a more flexible approach, with organisations like the Trades Union Congress calling for a reduction in working hours as advances in technology emerge.

Flexible working policies are clearly an attractive proposition, a firm driver for all generations in their choice of employer. Flexible working options are particularly attractive to Gen Z employees, with 80% saying that it is an important factor when choosing where to work. And the four-day working week is seen by all as the best option within the flexible working mix. Nearly three-quarters (72%) of employees are attracted to a four-day working week.



A growing movement

The four-day working week is currently a flexible option or way of working found mainly in larger businesses. And in those organisations offering it, it is mainly to those in management positions. This follows the patterns we see in other types of flexible working, such as working from home, where senior managers lead the demand for this kind of benefit.

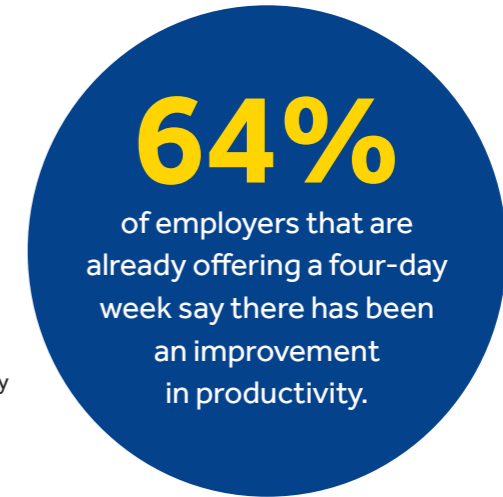
That's not to say that employers don't see the benefit of extending this flexibility beyond management. Businesses are now considering flexible working as a means of adapting to the 'QuadGen' workforce. 75% believe that offering flexible hours is an important adaptation to make, and 44% believe that the four-day working week is the right option.



The power of four

Flexibility is good for business, with employers already offering a four-day working week saying it has several clear benefits. Almost two-thirds (64%) of employers report an increase in staff productivity as well as an improvement in the quality of work being produced (63%). The experience of employers is reinforced by the beliefs of their employees, who feel that moving to a four-day working pattern would enable them to produce more work of better quality.

Part of the increase in productivity may lie in the fact that staff sickness has decreased in these businesses. 62% of businesses who offer the four-day working week say that sickness absence has been reduced. There is also a positive impact on wellbeing, with 70% of employers saying their employees feel less stressed at work and 78% say their people are happier as a result.



The improvement in efficiency and quality, along with the reduction in absence means savings are being made from flexible working patterns. Businesses who haven't yet implemented a four-day week believe they could save around £12 billion by moving to one which, in addition to the savings made by businesses already implementing it, makes a total combined saving of approximately £104 billion a year.

Benefits of a four-day week



“ Today's challenge with implementing the four-day working week and other flexible work arrangements lies in the heritage of the term. Originating as an accommodation (i.e. a special arrangement made for a person or group with different needs), flexible work arrangements have historically been viewed as 'special' or stigmatised – contributing to concerns about utilising such programmes. ”



Professor Karen Jansen
Professor of Leadership and Change

The Flexible Edge (Cont)

63%
of businesses say that flexible working options help them attract the right talent.

A final contributor to these savings is in recruitment. Of businesses already implementing a four-day week, 63% say a flexible working offer is helping them to attract the right talent, by demonstrating their forward-thinking approach to work. Notably, this is seen to attract older talent to a business (70%), as well as younger workers (64%).

This desire for flexibility connects back to our research into the growth of the 'side hustle' (2018). Businesses recognise that their potential employees expect portfolio careers (having more than one job) to be the norm, particularly in younger generations. 64% of Gen Z say that being able to work in other employment is an important consideration for them in choosing an employer. This broader approach to work is reflected in how Gen Z and Millennials say they would spend their time away from a main job. Nearly half of Millennials (49%) and 44% of Gen Z say that they'd use an extra day off to develop their work skills, while 57% of Millennials and 51% of Gen Z would develop new skills for personal interest.

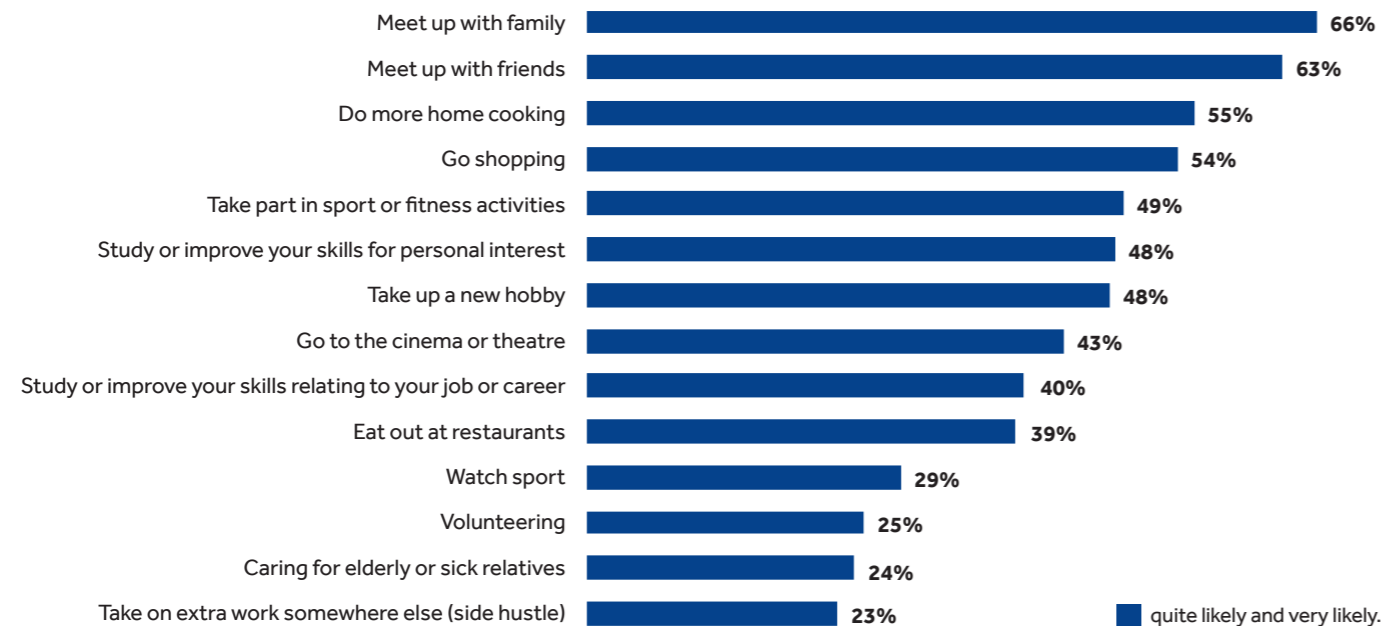
As well as attracting talent, the four-day working week also has the potential to improve employee retention and satisfaction. 69% of workers say they would enjoy their work more if they were able to work a four-day week. Over three quarters of employees (76%) anticipate that working fewer days would improve their overall quality of life.

Benefits beyond business

It is not just businesses that would benefit from a more flexible workforce. Moving to a four-day working week would have a knock-on effect for wider society. 69% of employees believe family life would improve as a result of the change in working practices. When asked how they would spend their extra day off, meeting up with the family was the most popular activity across all generations (66%). There would also be a positive impact on the high street, with 54% of people saying they'd use the extra day to go shopping, and a boost to charities with a quarter saying they'd use the time to volunteer.

70%
of workers believe working a four-day week would improve their mental wellbeing.

Utilising day off



Improved family and leisure time are factors in an anticipated improvement in mental wellbeing. 70% of people believe that if they had more work flexibility their mental health would improve. This is particularly important to Millennials (76%) and even 57% of Baby Boomers, the oldest generation in the workplace, agree.

66%
of employers already offering a four-day week say employees make fewer car journeys.

And finally, there is the potential of a 'green' dividend to having fewer people working five days a week. Around two-thirds (66%) of employers already offering a four-day week say their employees make fewer car journeys.

If all organisations were to introduce a four-day working week, with fewer journeys to work, travel would decrease by more than half a billion miles each week. This in turn would reduce fuel consumption and travel costs and, in this scenario, car mileage could reduce as much as 9%.

“When thinking about a four-day week, we need to understand that it's not a token day off. It's having a good, engaged, happy workforce that works to support the organisation's aims. But we need more than that. The next step would be to have a sensible approach to organising tasks in a way that gives people more autonomy. The more you can manage yourself, the better you do.”



Dr Tatiana Rowson
Lecturer in Coaching

“Some employees are choosing jobs, shifts, and hours that give them control over their time. Others have chosen companies that grant employees the autonomy and flexibility to achieve objectives and results regardless of when and where the work is done.”

21st century work no longer occurs within 'normal' business hours and demands on employees' time are idiosyncratic, individualised, and are best managed by the individual. What is needed is a new mind-set for how work gets done and programs that provide all employees the ability to customise and manage their work to effectively accomplish organisational goals.

Professor Karen Jansen
Professor of Leadership and Change



The four-day week trend shows no sign of slowing down with over a third of business leaders surveyed (34%), and nearly half (46%) of those in larger businesses, saying making the switch to a four-day working week will be important for future business success, so it is likely that there will be more trials and implementations in the coming years.

A shift too far?

Flexible working is the future for many businesses. 75% believe less rigid working hours are key to harmonising the age diverse workplace and 44% see a four-day working week as the right solution. However, there is a danger that this option becomes viewed as the only solution to the challenges of the 'QuadGen' workplace. For some employers however, the benefits are either unnecessary or not substantial enough to warrant implementation. Others are concerned that reducing employee availability would harm their customer relationships.



“Changes in the ways we work will make relationships at the workplace more elusive. New forms of work such as a four-day week are on the rise, cutting more employees off from frequent interaction with colleagues.”

Recent research found that the more friends you have at work, the longer you will stay with your company. In contrast, reduced social interaction, as a result of technological advancements and new forms of employment, leads to higher turnover because of loneliness and disengagement.

Work is not solely a place of economic transaction; it is part of our identities and a place for social interaction. A four-day week might be the right economic choice, but we need to develop a better understanding about its psychological and social side effects.”

Dr Washika Haak-Saheem
Associate Professor in Human Resource Management



Concern for the Customer

The biggest concern for employers when it comes to implementing a four-day working week is customer availability. 82% of employers not currently offering a four-day working week believe ensuring employees are available to the customer outweighs the need for flexible working practices.

This view is not shared by their employees. Only a fifth (21%) of employees feel that availability to the customer during core hours would be affected. Similarly, a quarter (25%) of workers feel they are required to be in the office when they could be working at other locations.

These conflicting points of view indicate that some employers may be holding on to more traditional ways of working (e.g. office-based only working) and have yet to engage with their employees on alternative working routines and methods.

The impact on customer service is a concern for small businesses. 91% of small business employers say it would be very difficult to offer the four-day working week because it directly affects availability for customers.

With fewer resources to cover core hours, pressure is on the employee to be available to the customer. An additional concern for smaller businesses is in trying to attract talent, where flexible working is increasingly seen as a required employee benefit.

Too tall an order

Implementation and management are major issues for businesses who want to offer a four-day working week. Almost three-quarters (73%) believe it would be too complicated to manage once in place.

Part of the challenge comes from defining what a four-day working week means. There is a lack of clarity in who chooses which day off an employee gets – the employer or the employee. Some businesses think of it as a reduction in hours whereas others think of it as compressing the same number of hours into a shorter timeframe. The challenge becomes how to implement a system that ensures consistency and fairness for all.

Employees are concerned how their employers would view their decision to opt for a shorter week. In addition, almost half of employees (45%) felt that they would be put off moving to a four-day week if they were perceived as lazy by colleagues and a third (35%) would be concerned about handing over their work to colleagues.

Additionally, some employers who have yet to implement a four-day week have cited resentment between staff (40%) as a cause for concern.

If an employer is considering introducing a four-day working week, any programme must have clear guidelines and management processes to maintain workplace harmony.

Mind the (generation) gap

More than a third (38%) of business leaders say that having several generations in the workplace can result in conflict. Some evidently see the four-day working week as a way to please all the generations in the workplace, particularly Gen Z and Millennials. But for some employees it could have the opposite effect. For example, if employers use a shorter week to attract younger talent into their business and existing employees remain on five-day patterns, this could lead to an increase in tension between the generations. It might be that an employer's good intentions only make things worse.

Over a third (39%) of people in the workplace already feel they are misunderstood by other generations. And a third say (33%) that this has made them unhappy at work. If there is a divide in the way the generations structure their working week, there is the potential to create a tribal mentality where one generation works one way, and another generation works differently.

Part of the 'QuadGen' challenge for business leaders is to grow understanding between an age-diverse workforce. Creating a sense of community across the generations could be the key, but 38% of employers see this as something they can do. It is possible that decreasing the amount of time employees are together could in turn limit the opportunities for inter-generational understanding.



Dr Tatiana Rowson
Lecturer in Coaching

Limitations of the four-day week

“The UK economy is service dominated, and with significant internationalisation in the service sector, when many other parts of the world are working on five days a week, there are implications for companies with global platforms and connections if the UK changes to a four-day week. It's important we have plans to ensure business continuity and mitigate any negative impacts.”

The impact of a four-day week may be felt differently depending on the size and maturity of the business. Start-ups may be affected differently compared to others who enjoy economies of scale.”



Professor Anupam Nanda
Professor of Urban Economics and Real Estate

Think broader

The four-day working week has its merits, but it may not be the optimal solution for every 'QuadGen' challenge. Businesses should consider a variety of options to meet the needs of the increasingly age-diverse workforce.

Improving inter-generational working is something that employers and employees both agree on. 84% of employers and 71% of employees believe that developing the relationships between the generations would improve the balance of skills across the workplace. They also agree it would improve the wider working environment, develop innovation through diverse thinking, and enable everyone to make a more effective contribution to the workplace.

So, what else can employers do to develop collaboration and interaction between the generations? Trying to find one single solution to fit all exacerbates the challenge. It would be more beneficial to think broadly and find a variety of ideas that meet the needs of the generations. The four-day working week could still be included, but as part of the wider mix of flexible working arrangements and other initiatives.

Support and celebrate difference

Recognising the differences in the ways generations want to work, and supporting them to do so, should be seen as a strength for an employer in attracting and retaining talent of all ages. Communicating the positive aspects can only increase awareness, understanding and collaboration between the generations.

Gen Z have a particular viewpoint on their careers. They expect to have a variety of work experiences. Similarly to their older colleagues, 88% of Gen Z still value pay and common benefits such as medical insurance and pensions, but they also believe that a career for life is a thing of the past. Their career interests are wider and they're more likely to expect a portfolio career (where they have more than one job). They're also following where Millennials have led, by engaging in a side hustle. As our 2018 'side hustle' White Paper shows, 34% of those aged 16-24 have a secondary job or businesses to their main career.

The desire in both Gen Z and Millennials to embrace portfolio careers and 'side hustling' sees them targeting their use of an extra day off. While some employees say time away from the office would be used for leisure activities, or to be with their family, over half of Millennials and Gen Z would use time away from their main job to develop skills for their personal interest.

Businesses have an opportunity to embrace the new skills being developed and work with the younger generations to explore how they can help them enhance a broader set of skills, for the benefit of both the employee and the employer. Applying these skills in inter-generational situations would lead to new ways of thinking and innovation.



Naeema Pasha
Director of Careers

“ Younger generations are responding to changes in the workplace – it's not that they are genetically pre-disposed towards certain work practices. Rather they recognise that a 'job for life' is no longer the norm and so they really have to think and work differently. In addition, they have grown up in a more diverse, international world compared to previous generations, and many now expect a progressive stance on LGBTQ+, race, gender, and disability issues from businesses. They also expect more open working environments and better approaches to flexible working (including side hustling) to meet their expectations on work-life balance.

This shift in the psychological contract between an employer and employee, also means that young people (and many people from all four generations) now expect companies to share similar values and ethics, in exchange for their loyalty. Employers need to recognise these changing attitudes if they want to engage talent from all four generations.

As for all workers, they need to know that careers are becoming vastly more varied and they really need to focus more on how they continuously renew skills and knowledge that will keep them employable. ”

Encourage autonomy

The way businesses use technology could be another way to improve inter-generational working. Two-thirds of business leaders (66%) believe that adapting technology to the needs of each generation is important. But they also acknowledge that it is hard to keep pace with the technology demands of younger workers.

Gen Z, raised in an always on, always connected environment, cite the ability to choose their own technology as a driver of where they want to work (66%). Providing employees with greater autonomy over their working methods is a quick win for employers.

Technology and ways of working matter, but even more important to younger generations is the workspace itself. Increasingly workplaces are being designed for greater inter-connectedness and to foster collaboration.

But Gen Z feel that their working environment needs to function differently, and more than three-quarters (77%) believe that an office with great facilities for leisure and work is important.

Share your purpose

Younger generations increasingly see their careers as an expression of who they are and what matters to them. More than half of Gen Z (53%) agree that they need to be able to express important values through their jobs. And all generations agree (84%) that an employer's values are an important aspect in making them an employer of choice. This is common ground for generations and an opportunity for business leaders to leverage 'QuadGen' unity.

It is not just about values however, it is also about impact and action. Many business leaders (56%) believe that taking an ethical stand on important issues is a factor in attracting younger generations to their organisations.

Gen Z agree. Nearly two-thirds want careers that enable them to have a positive impact on society. So, it is possible that we are actually witnessing the birth of the 'Wokeplace'. Here is an opportunity for businesses to develop an environment where strong human values, social consciousness and authentic purpose are a unifying force across the generations.

WOKE [woke]
[adjective] being
alert to social issues,
discrimination
and injustice.



Dr Benjamin Laker
Professor of
Leadership

“ The younger generations want autonomy, mastery and purpose. And if they get them, they'll give everything, and you'll have a highly energised workforce. A four-day week could be a way of achieving that if it makes them feel trusted and empowered. ”

84%
agree company values
are important in
choosing an employer.

“ The world is more multifaceted now, with different family structures, and quite rightly people are starting to need more purpose from their jobs. It's a big part of you; you spend more time at work than at home. You have to get purpose from it, otherwise it's not going to be a particularly rewarding exercise, and that means you won't be engaged, and your productivity will be low. ”

Dr Benjamin Laker
Professor of Leadership

About the study

The research set out to investigate the quad generation workforce and comprised a rigorous and large-scale investigation of the scale, nature and impact of changing working practices across the UK.

Henley Business School worked with independent insights firm Delineate, and their sister fieldwork company opinion.life, who were commissioned to conduct the survey in partnership with the Business School, whose experts provided commentary and analysis on the findings.

An initial phase of qualitative interviews was carried out, in order to identify key themes, trends and language to be used in the quantitative phase:

- Four telephone depth interviews with business leaders, one in each generation
- Four telephone depth interviews with working people, one in each generation
- Five telephone interviews with subject matter experts from Henley Business School

This was followed by two quantitative online surveys among the following audiences, conducted in May 2019:

Business Leaders

- A national sample of 505 C-suite UK business leaders and owners
- The sample was structured to achieve representation across business sizes, with the following distribution of employees: Zero – 70, Micro (1-9) – 133, Small (10-49) – 86, Medium (50-249) – 78, Large (250+) – 138
- Financial contributions are calculated using a weighting scheme data based on ONS company turnover data
- The margin of error for a sample of n=505 is +/- 4.4% at the 95% confidence level.

Working People

- A base sample of 2,063 UK adults aged 16+, which was nationally representative by age, gender and region (Source: ONS), regardless of working status
- The base sample provided representative sub-samples of working people as follows:
 - Gen Z (16-22) – N = 206
 - Millennials / Gen Y (23-37s) – N = 717
 - Gen X (38-54s) – N = 694
 - Baby Boomers (55+) – N = 446
- The margin of error for a sample of n=2,063 is +/- 2.2% at the 95% confidence level

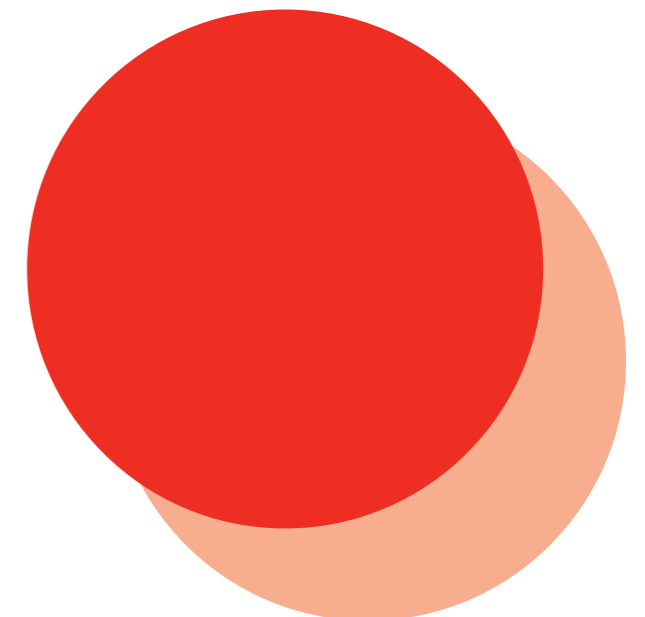
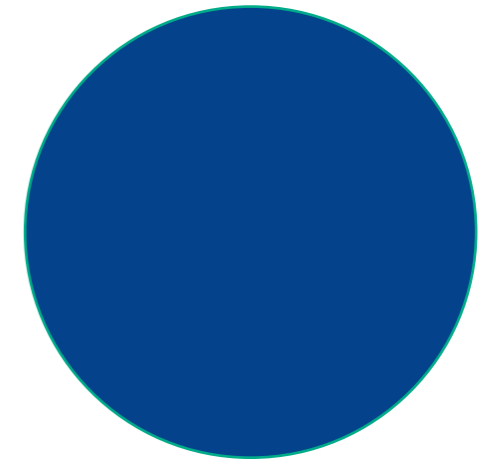
Survey participants were selected from online consumer panels and then invited to complete the online survey by mobile or computer.

Key definitions

'Four-day week' refers to the working pattern where businesses offer some or all of their staff the ability to work for four days while still being paid a full-time salary. We include businesses where four-day weeks are only offered to some staff (e.g. senior management). We are neutral about the number of hours worked, hence our definition includes compressed hours patterns, where full-time working hours may be fitted into four days.

Cost-saving estimates: Business leaders were asked to estimate, taking everything into account (including changes in productivity, employee satisfaction, business running costs, etc) the impact that offering employees a four-day week had on their costs. They were asked to express the change in cost in terms of percentage of turnover. The data was summarised in bands by organisation size and percentage change and applied to total UK organisational turnover by employee size band¹ to enumerate the net cost change in UK.

¹ Source: Business Population Estimates for the UK and Regions, Department for Business, Energy and Industrial Strategy, 2018.



#FourBetterFourWorse
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