



Joe O'Connor

Director & Co-founder of the Work Time Reduction Center of Excellence

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I am submitting this testimony in favor of HB0181 on behalf of the Work Time Reduction Center of Excellence.

Introduction

We support organizations all over the world to move to shorter working weeks, and we have experience working with leaders and businesses from a wide range of different industries to reduce their hours without compromising employee productivity, business performance or organizational priorities.

Ours is a global initiative set up in partnership with Curium Solutions, who specialize in people-first transformation, change management and operational excellence, with offices in Florida and Washington as well as the UK. Our mission is to change the world of work through shorter hours, smarter working, better performance and improved quality of life.

In my previous role as Chief Executive Officer of 4 Day Week Global, I led the design, coordination and implementation of four-day week trials involving hundreds of businesses and thousands of employees across North America, Europe and Australasia in 2022. I know the success of this pilot program significantly inspired this bill we are discussing today.

What is the data telling us from these trials?

Unsurprisingly, researchers at Boston College led by Professor Juliet Schor observed statistically significant improvements across a range of employee wellbeing indicators.

But reduced-hour, results-focused working is not just better for workers. With the right approach, it can be better for business too.

Out of the 33 companies based in the US & Ireland who took part in the first set of trials last year, none indicated an intention to abandon the policy at the end of the trial.

All participants reported that their productivity was either maintained or improved, and researchers measured an average increase in revenue of 8% over the course of the trial, and 35% year-on-year. These are growing and successful businesses.

In the UK trial, the largest such experiment to take place anywhere in the world with more than 70 companies involved, results are expected to be published in the coming weeks. However, interim findings released at the mid-point of these trials and feedback from participating businesses indicate a similarly overwhelmingly positive experience.

How does it work?

It might seem almost counter intuitive that so many businesses have experienced that they can produce the same or even greater outcomes while reducing their hours.

But, for many companies today, once they clear away the rubble of overlong and unnecessary meetings, distractions and interruptions, wasteful and inefficient processes, and poor use of technology, they find that offering a shorter working week without damaging output is well within their reach.

Of course, this is not a one-size-fits-all approach.

For others, this can require a deeper level of innovation, a deeper commitment to operational excellence, and/or a more fundamental redesign of working practices and rethinking of the workweek.

But, it can be done, it has been done, and it is being done with great success, by businesses as diverse as custom motorhome manufacturers in Ohio to hospitality groups in Sacramento, from breweries and fish and chip shops in the UK to legal firms in Canada.

Many leaders have described to me how moving to a shorter working week was the cheapest and most effective process improvement strategy they have ever undertaken.

So, for these reasons, we fundamentally believe that the four-day week can and will replace the five-day week as the ‘new normal’, and some version of work time reduction can be achieved right across the economy.

A source of competitive advantage

And, for those that can pull this off and be among the early adapters, there are very significant benefits when it comes to recruitment and retention.

Healthwise, a large non-profit specializing in healthcare information in Boise, Idaho, moved to a four-day week with our support in August 2021 to combat issues with employee turnover. Almost overnight, their unplanned attrition was reduced to effectively zero.

Atom Bank and Tyler Grange are two very different businesses in the UK – an app-based challenger bank and an environmental consultancy. Both reported an increase in applications for open job postings of between 49% and 60% after moving to a four-day week.

So, shorter working weeks can give businesses a significant edge in differentiating themselves from the competition, and help them to win the war for talent in a very tight labor market.

An opportunity to lead

In passing this bill, there is an opportunity for Maryland’s legislature to become not just pioneers in the United States, but a global leader. I have no doubt that others states in the U.S. and regional governments worldwide will take their lead and follow suit in the months and years to come.

Why? The future of work is changing. It will be smarter, and it will be shorter. For many forward-thinking businesses and fortunate employees, it has already arrived.

This bill offers an opportunity for businesses and employees in Maryland to be at the forefront of this global change – to become proactive pioneers rather than passive passengers.

Additionally, having studied and supported many national and regional government initiatives in this area since around 2018, it is my view that structuring this as a tax credit rather than a direct cash subsidy as has been done in other jurisdictions is a progressive approach. It is one which rewards innovation, rather than underwriting risk.

The evidence is clear – businesses don't necessarily need financial support to hire more employees or cover lost revenue if they move to a shorter working week. In the vast majority of cases, and certainly among those businesses I have worked with, they can do this without increasing headcount or costs or losing revenue.

However, like with all forms of innovation, being an early adapter carries a certain amount of risk. This program can provide the right carrot, the right nudge, the right incentive, to help businesses to take that leap to be leaders rather than followers. It can also provide the kind of support and infrastructure that they need to be successful.

For these reasons, I urge you to vote in favor of the Four-Day Workweek Pilot Program and Income Tax Credit – Established Four-Day Workweek Act of 2023.

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joe@worktimereduction.com