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Global Workforce Trends: Is the Four-Day Work Week Here to Stay

Overview

Among some global workforce trends in 2023, the four-day workweek is gaining momentum, particularly among more economically developed countries (MEDCs).

Currently being piloted in countries like Japan, Australia, the United States, and parts of Europe – its premise is simple; move work arrangements traditionally done over five days to four.

While advocates hail its many benefits, the four-day workweek has its constraints:

Benefits

- Reduction in variable costs
- Increase in motivation among employees
- Better work-life balance for employees
- Increase in productivity and efficiency
- Decrease in carbon footprint

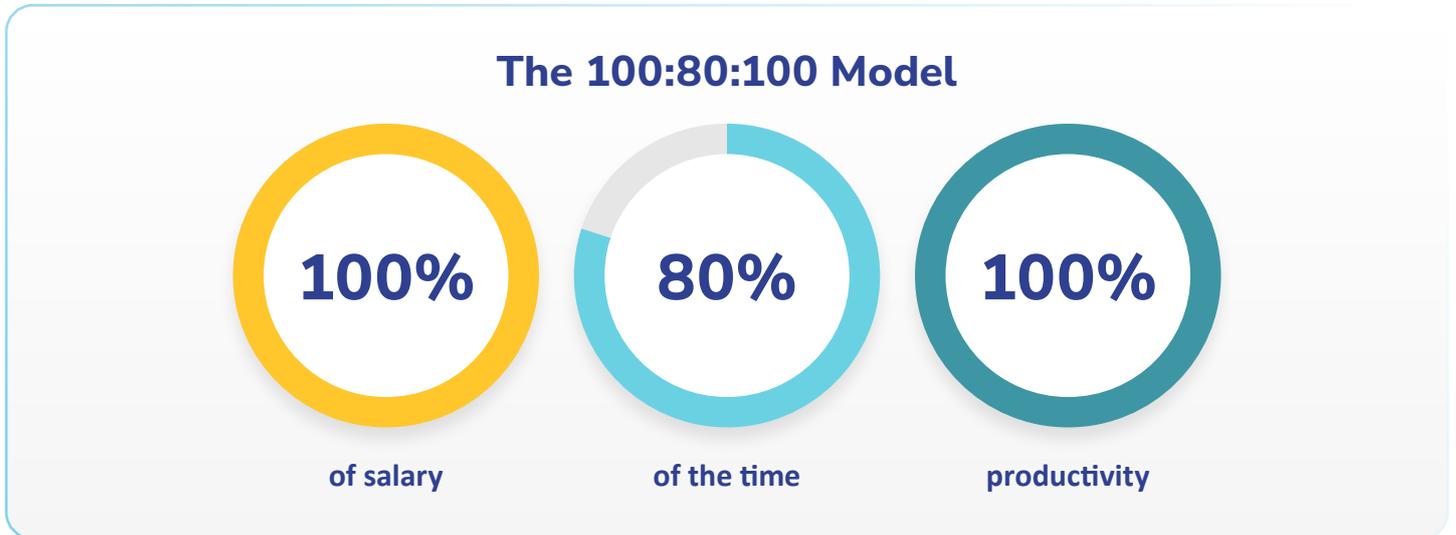
Constraints

- Paying employees the same salary with lesser working hours is costly
- Businesses will face a decrease in revenue
- Decreased customer satisfaction due to unavailability.
- Companies will suffer high costs from regular revisions and improvements for rush products or services.

With different variations, the outcome remains the same – increasing productivity while ensuring employees’ work-life success.

100-80-100 Model

Fixed work schedule that results in shorter workdays (i.e. 8 hour work days x 4 days = 32 hours). This equates to 100% salary for 80% of work.



Source: [Workvivo](#)

Compressed Work Schedule or 4/10 Work Week Model

A 40-hour work week over five days is compressed to four, resulting in 10-hour long workdays.



Source: [Buildremote](#)

At the other end of the spectrum, developing countries seem less interested in the four-day work week since productivity increment is not guaranteed. Furthermore, employees in developing countries prioritise earning their salaries instead of maintaining a work-life balance.



Some countries that have adopted, or who are piloting four-day work week trials include:

<p>Australia </p> <p>20 companies are participating in a six-month trial commencing Aug 2022 to Feb 2023.</p> <p>Employees work 80% of their usual hours, with no reduction in salary.</p>	<p>Belgium </p> <p>Employees have the right to switch to 4-day work week in line with labour market reform.</p> <p>4-day work week based on 4 x 10 hours.</p>	<p>Canada </p> <p>Since early 2022, more than 10 companies have participated in a pilot program.</p> <p>Employees work 80% of their normal working hours, with no pay reduction.</p>	<p>Iceland </p> <p>90% of the country enjoy reduced work hours with no pay reduction or work modifications due to a successful trial with 2,500 participants from 2015 – 2018.</p>
<p>Japan </p> <p>Since 2021, the Japanese government's annual economic policy guidelines promote four-day work week.</p>	<p>Spain </p> <p>Voluntary, nation-wide, three-year trial of a 32-hour work week (i.e. 4 x 8 hours) with a proportional reduction in salary.</p>	<p>UK </p> <p>6-month trial from Jun to Dec 2022 with over 3,000 employees at 60 UK companies participating in the four-day work week.</p> <p>Employees will receive their full salary for 80% of their usual work hours.</p>	<p>US </p> <p>Although not officially implemented, the four-day work week is gaining popularity in the US and trials are undergoing.</p>

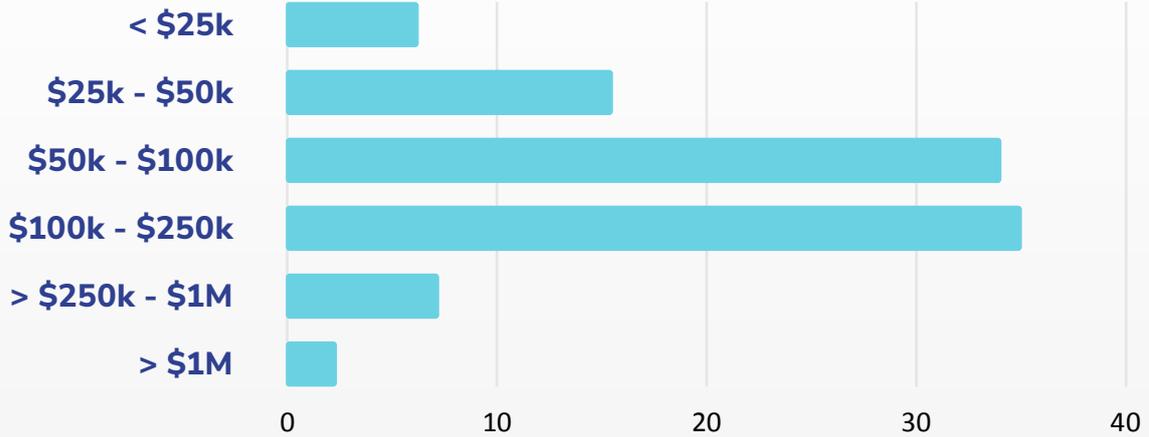
Source: [4 Day Week](#)

Other Workforce Trends Impacting the Business

The Broad Shift in Society

Employees are no longer bound by geographical locations or reside in large cities to find competitive jobs. Instead, they can take their skills and experience to different countries, giving rise to the digital nomad visa in 49 countries. A [digital nomad visa](#) allows individuals to lead a nomad lifestyle while legally living and working in another country.

The average annual income of a digital nomad is \$117,959.



More than half of the digital nomads are from the United States, with an average annual income of **USD117,959**.

Other workforce trends that continue to emerge and impact businesses include:

Hybrid and remote work are here to stay!

There is a need to re-think the working environment and collaboration by combining on-site and virtual ways of working.

85%

of individuals who believe they can be effective anywhere intend to remain with their current employer for a very long time.

83%

of employees intend to leave the job if paid less for working from home.

37%

of employees think about switching jobs if they cannot work remotely.



Source: [Quixy](#)

Focus on EX: The Employee Experience

Companies that invest in their employees, create genuine touchpoints and authentic experiences for employees can expect positive returns.

Here's why:

77%

of job seekers say that employee experience is a deciding factor.

Engaged organisations see

59%

less employee turnover.

High employee engagement means

23%

greater profitability.

A positive employee experience:

- creates more engaged and productive employees
- attracts and retains top talent
- creates a strong workplace culture
- improves employee well-being
- reduces employee turnover

The Need for Continuous Learning & Innovation



83%

HR managers who believe training is **beneficial to attract talent.**

86%

HR managers who believe training is **beneficial to retain talent.**

48%

Employees who **agree that training opportunities were a factor** in choosing their current company.

76%

Employees who say they **are more likely to stay with a company** that offers continuous training.

Source: [SHRM](#)

[Human Capital Management](#) solutions like BIPO delivered on the cloud via Software as a Service (SaaS) now incorporate eLearning, training, and performance appraisals modules. These ensure remote employees have the same access to training and coaching regardless of location.

In addition, in-app learning experiences are changing how businesses conduct their training. These include an extensive range of bite-sized courses and significantly reduce overall training and onboarding time while improving employees' productivity.

Technology & Digital HR

Today, with over 80% of the workforce being “deskless” employees, making all content mobile is vital to employees. Technology is no longer a luxury but a must-have.

79%

see digital transformation in their organisations accelerated due to COVID-19

49%

of CXOs expected the HR function to be responsible for embedding a digital culture and mindset

96%

believe in HR role as employee experience designers, change agents or talent developers

25%

indicated digital HR transformation agenda is clearly defined across organisations

Source: [PwC](#)

Humanise technology by creating connections, communication, and collaboration among employees. Next-gen tech technology and SaaS applications like BIPO's [Human Capital Management \(HCM\)](#) solutions help companies streamline workflows and business processes, enabling employees better focus on their role, and improve productivity.

Data & Predictive Analysis

While not new in the workplace, the importance of data in predictive analytics and people analytics will continue to impact the business and drive better outcomes.

- Predictive analysis is on the rise.
- Cloud-native analytics solutions will become a necessity as companies aim to get the most out of BI and shift-to cloud native as legacy solutions continue to fall further and lag behind.
- Self-service analytics will become more critical.
- Increasingly, payroll data in data analytics provide valuable insights and benchmarks for attracting and retaining global talents.

77%

of organisations report company culture as being their biggest obstacle to success with business intelligence

50%

Retail/Wholesale, Financial Services, and Technology companies are increasing their BI budgets by over 50% in 2022

63%

of companies say that improved efficiency is the top benefit of data analytics, while 57% say more effective decision-making



Source: [Sigma](#)

The Big Round Up

HR and business leaders today must reconsider their approach to managing employees and adjust to the hybrid workplace by redesigning the workplace to fit new demands/goals, setting up a physical and digital organisation, linking DEI with an employee-centric culture.



To thrive in today's VUCA business landscape, equip employees with the technology and digital skills to create a seamless experience that empowers employees – to work and collaborate autonomously.

Article contributed by
Laurent-Pierre Sans
Regional Director, Europe
laurent.sans@biposervice.com

Roland Brouwer
Regional Director (Europe), Corporate
& International Relations
roland.brouwer@biposervice.com

Erkin Senbay
Country Manager, Turkey
erkin.senbay@biposervice.com

About BIPO

Established in 2010 and headquartered in Singapore, BIPO is a global payroll and people solutions provider.

Our enterprise-ready **Human Capital Management (HCM) solution** automates HR processes, simplifies workflows, and delivers actionable insights. Complemented by our **global payroll outsourcing** and **Employer of Record (EOR)** services, we support your global workforce needs through a network of 40+ offices, four R&D centres, and business partners in 100+ markets.

Connect with our experts today: hello@biposervice.com

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