

Congressional Testimony

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Flaws in Statistical Studies on the 32-Hour Work Week: A critical examination

The idea of a 32-hour work week has gained a significant following as a solution to modern workplace challenges i.e. burnout, stress, and work-life balance. Proponents often point to statistical studies (pilot programs in general) that suggest shorter work hours can lead to increased productivity and improved employee well-being. The argument for the 32 hour week is much more tendentious, making broad claims based on weak and flawed data sets. A closer look at some of the most popularly cited studies reveals significant flaws and limitations that call into question their reliability and validity. We will take a brief look at some of these studies to understand the statistical flaws that shed significant and insurmountable doubt on the proposal's sustainability in the American work economy and threaten what makes our nation's future prosperity possible.

Productivity:

The definition of productivity is very different throughout these statistical studies, as is the measure of success. Is it sales per agent? Is it company revenue? Is it country GDP? Or, in most cases, is it simply self-reported data by the employees? There are no clear statistical studies showing that in the long-term, less hours would produce more productivity unless productivity is already low or any increase is simply along the same lines as regular expected and planned for increases in a company's yearly outlook. A large statistical study was already conducted in Japan on this topic. From 1988 to 1996 (the longest study I have found), Japan shortened the work week from 46 to 30 hours. The result was not ambiguous: Economic output fell by 20 percent. Productivity simply could not increase enough to compensate for the country's economic loss. Ignoring these major studies is what we call in statistics "cherry-picking" – only choosing the studies, or rather pieces of studies, that suit our particular point. In Japan, Microsoft also tested a four-day work week by shutting down its Japan office every Friday during the month of August. The claim is that this resulted in a 40 percent increase in productivity. But if that's true, then why aren't they doing this everywhere Microsoft operates? Again, the answer is simple: Productivity increased over a very short period of time during a low-productivity summer month, when overall productivity was already at a 75-year low. This clearly also does not show Japan's productivity across multiple sectors, only one very particular company, giving us absolutely no statistically valid insight. Multiple studies that have shown some increase in productivity are not necessarily not looking at shortened hours (i.e. 40 to 32 hours per week) but rather a shortened work week (i.e. working 10 hours per day for 4 days). This is not the proposal here and provides possible consequences like more accidents, insufficient quality in product production or potentially more stress for workers.

On this note, advocates of the 32 hour work week often cite a study out of Iceland conducted between 2015 and 2019 (cutting from the traditional 40 hours to a 35-36 hour work week), which purportedly found positive outcomes associated with shorter work hours. However, a critical examination of the statistical methodology used in this study reveals significant flaws that call into question its validity and generalizability.

The Iceland study introduces several methodological challenges. For instance, the study relied on self-reported data (the employees who are directly affected by the study are reporting on themselves), which is susceptible to severe biases. Additionally, a lack of randomization in assigning workers who choose to participate in the pilot program versus the ‘control’ (does not reduce hours) can cause serious statistical selection bias and confounding variables.

Furthermore, two think tanks that heavily lobby the government for shorter working weeks base their case on this study. But the first thing to note is that many of the cited studies didn’t actually test a four-day week at all. Rather, it shortened their overall hours in a five-day week. We need to be clear when discussing a “4 day work week” versus “number of hours worked”. For example, a large study in Belgium only looked at a condensed work week i.e. the same number of hours just over a shorter period. The Iceland trial only included a little more than 1 percent of that nation’s workforce. However, in terms of economic output and productivity, it had negative consequences in specific field. The Icelandic government had to expend almost \$30 million extra each year to hire more healthcare workers because of the experiment.

It is clear from the trial participant’s own language and the study conductors that a key to any success in this study was removing “wasted hours” at work. For example, work meetings were shortened or coffee breaks were reduced. This type of pencil-cutting is clearly not feasible for the vast majority of the job economy. While the study touts that roughly “86% of Iceland’s population has either moved to shorter working hours or have gained the right to shortened their working hours” that is highly statistically misleading. Large groups of workers had their work week shortened by 18 minutes, not hours.

Even further studies show that the only way a program can succeed by having less hours for the same pay is with government subsidies. For example, Spain started a trial program in December 2022 with the pilot helping businesses cut their working week by half a day without reducing salaries. However, companies that choose (again self-selection) to do this, are eligible to receive aid from a multimillion dollar government fund. A study by 4 day week global showcased revenue increases during their 6 month trial period with hiring increasing. Without sounding too repetitive, self-selection of the companies participating in this study is crucial for the statistical veracity. Smaller companies are probably hiring more. In the short-term, more pay for less work could increase hiring. Lastly, period of the trial was from June 2022- December 2022, while recovery was high anyway- an increase in revenue could have been correlation and not causation.

Stress and Happiness

Many of the news headlines touting these studies discuss the stress or happiness levels of workers who work less time. Inevitably, over the short term, it is not inconceivable to imagine that happiness levels increase – the question is where does the pendulum end – at no work? Statistical studies show that it doesn’t actually matter if we decrease the work time in the long run- workers’ happiness fails to improve over these long-term studies. For example, in France, the government mandated the reduction of the standard work week from 39 hours to 35 hours. There was no evidence that this increased workers’ happiness and in fact, decreased it, due to the

need of companies to hire part-time, cheaper, workers. Worker satisfaction in general is not at a terrifying low- in fact personal wellbeing levels have increased in many countries according to census data. As with the study in Iceland, this data is self-reported and therefore highly susceptible to statistical fallacy. But more importantly, we need to examine long term effects. How will workers feel when they don't have a job anymore because the company had to close due to lose productivity and profits or when the company hires, cheaper, part-time labor, or when they have to work two jobs in order to make the same income because of this? Multiple studies show these long-term poor effects on workers' stress and happiness.

Concurrently, many companies that participate in these studies, one would imagine, feel the need to keep going i.e. they are self-selecting. Imagine over a 6 month period you give your employees the same pay for 32 hours of work instead of 40 hours of work but then tell them they need to go back to 40 hours of work for the same pay. Even the largely touted 4 day week Global study says in their own words "The initiative, which only involves companies whose work can be adapted to a shorter workweek, is led by Berlin-based management consultancy Intraprenör together with the non-profit organisation 4 Day Week Global (4DWG)." By definition, this concept and any statistical findings from it cannot be extrapolated to the work economy at large. It is specifically only companies that are able to adapt to a shorter workweek by cutting out, as they say, extraneous meetings or having more independent work. Over 75% of the US job economy is people working with their hands, they don't have extraneous meetings or too many coffee breaks to cut out. Statistically, you cannot apply this generality across all types of companies by any stretch.

Polarization of Labor Markets

Given the types of companies that are potentially capable of cutting their work week, we could see a divide of the rich getting richer (or working less time) and the poor needing to take on part time jobs. Given our largely aging population, we also potentially disadvantage older workers who cannot necessarily physically do the same amount of work in a shorter time. For example, this was the case in the United States when the work week was reduced during the great depression. This is all to say that the current statistical studies do not show us what the long-term effects are on a country's workforce and economy. Imagining that a 6 month or 2 year study will show us this is statistically dangerous.

This also does not account for the workers that companies will have to bring in to make up for like the loss of workers in the Iceland study that the government needed to make up for. But there are even larger effects. Given the potential need for companies to hire part-time workers to ensure that productivity does not decrease (or to man the phones on Fridays), part-time unemployment could potentially increase significantly which are usually associated with lower-paying jobs and lack of benefits.

The trial by 4 day week global showed many of these issues. First, it was not a full reduction of hours from 40 to 32 hours. The study required a "meaningful reduction" which is not defined from my inspection. Second, it is self-selected companies (a majority of which had less than 25 workers) and the companies that had issues with this short trial were specifically "reliant on continuous client engagement or time-sensitive deliverables". This, by definition, is a majority of the work economy in the United States.