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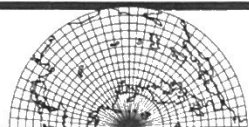
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# WORLD OF WORK REPORT

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## U.S. REPORT

### THE CORPORATION AND SOCIETY: Social Responsibility Projects Make Business Sense at Control Data Corporation

By David Robison

**NOTICE:** Our Company will pay premiums to employees for the successful concealment of alcoholism. These premiums will be paid in terms of salaries, promotions, and fringe benefits. However, when an employee reaches the stage where he can no longer conceal his alcoholism, his job will be downgraded or his services will be terminated.

This hypothetical notice on a company bulletin board would probably bring reactions of shocked disbelief. Yet according to a San Francisco branch of Alcoholics Anonymous, this is still the unwritten policy toward alcoholism of all but about 300 U.S. corporations.

"You could change the wording of that notice to include marital, family, drug, or financial problems," says Eugene Baker, head of Human Resource Management Services at Control Data Corporation, which offers principally computer products and financial services. "The wording would apply just as well to all these problems."

Control Data has attempted to do something to change its responses to these problems. In searching to improve employee productivity, the quality of working life, and employee identification with the company, Control Data decided in early 1974 to respond to what it described as a previously untouched area—"the wasteland of lost

ambition and dulled skills created by employees' personal problems. . . . There is finally open admission that these problems are not left in the parking lot. And there is finally acceptance that it is not ethically wrong for an employer to facilitate their solution—provided that proper safeguards of confidentiality are maintained and the individual's right to make choices about his or her life is preserved."

#### An EAR to make referrals

Control Data Corporation (CDC) decided to establish an Employee Advisory Resource, known by its acronym EAR, at headquarters in Minneapolis, Minnesota. Prior to its inception in January 1974, Control Data had only a small program, involving one counselor for chemical dependency problems—alcoholism and drugs.

CDC management authorized the existence of EAR because it recognized through the existing alcoholism program that its employees had broader personal and work-related problems, and that they were in many

cases looking for ways to solve them. Management felt that if these problems were eased, Control Data would aid their productivity and quality of life.

In dealing with on-the-job problems, the company was also searching for improvements in its system of industrial justice. Although CDC has provided grievance procedures for almost its entire 20-year existence, it realized that many times employees have to be aided to use the grievance system and to articulate their real problems. People often think that they need an advocate, and this was reason enough to offer EAR counseling. The objective for work-related problems still is to make the existing grievance system work better.

As Control Data made EAR available as a counseling service—principally by telephone—to its present total of 32,000 employees throughout the United States, plus their dependents, it discovered that a great variety of community services were available for the troubled employee. But at the same time, employees needed help to find these services, evaluate their worth, and gain confidence in their usefulness.

The principal function of EAR counselors is to help employees to define their problems, often through an anonymous contact with EAR, and then to decide whether and how to seek help from an outside community service.

A basic aspect of EAR is its telephone hot-line concept; the EAR  
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“for the same dull, boring job in relatively dismal plants to give much greater and deeper satisfaction to the people working in them. And there are no short-cuts to this. People must genuinely participate in the plant decisions that affect their lives. That is what I am strongly advocating. Company innovations then will be created by worker involvement, not benignly delivered from above.”

Howard D. Samuel, vice-president of the Amalgamated Clothing and Textile Workers Union, AFL-CIO, was general chairman for the second day. Three subjects were discussed during the morning:

*Union Management Planning for a New Production Facility.* How Rockwell International and the United Automobile Workers worked together in planning a new production facility was described by William Snow, director, training and development, Rockwell International; and Donald Ephlin, United Automobile Workers, Administrative assistant to the president.

*Labor-Management Relationships by Objectives.* RBO's offer a means of post-strike plant-level communication, building into unprecedented mutual trust and cooperation. John Popular, assistant director, Office of Technical Assistance, Federal Mediation and Conciliation Service (FMCS) presided. Case studies were presented by Hezekiah Brown, commissioner, FMCS; Al Katz, operating planning manager, United Parcel Service; and Ron Carey, President of local 804, the Teamsters Union.

James Searce, FMCS National director, presented the closing luncheon address which examined the structure and procedures the FMCS is now using in its advanced technical assistance programs. Citing “The Little Engine That Could,” Searce attributed nearly 9,000 negotiations in the settlement of 2,609 strikes to the determination of 300 federal mediators. Most recent successes have been in the coal-mining industry, where technical assistance has averted strikes and paved new roads of cooperation between labor and management.

*A report on recent developments in*

*labor-management cooperation will be available shortly from Work in America Institute.*

## THE CORPORATION

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phone number is manned 24 hours a day. Eighty-seven percent of all employee contacts with EAR are by telephone, and this suggests that the hotline concept works. Eighty-one percent of these inquiries are self-referred: the individual decides that he has a significant problem and wants to discuss it.

Some callers, particularly after-hours, want just to talk; others need quickly to find a community resource (such as pregnancy testing); and some face an immediate crisis, such as a drug overdose.

EAR's caseload is going up. It now handles an average of 260 new cases per month, or about 3,100 for all of 1976. This means that about 10 percent of the Control Data workforce and families are using EAR annually. In the eyes of management, this is a sufficient justification for EAR's value.

“When I proposed EAR to the corporation's policy committee,” says Norbert R. Berg, the CDC senior vice president for administration and personnel, “I said the benefits were so apparent that EAR wouldn't have to be justified financially. Our people believe that the savings in medical benefits especially, and employment costs, justify EAR. The number of cases per month are reported to top management, and we budget for it just as you budget for heat bills.”

“We cannot research the savings because we can't hold enough factors constant, including the state of the economy, our own business cycle and employment needs, and job opportunities outside. Also, we can't violate the confidentiality of EAR's clients, so we only know the uses of EAR in a rough way.”

“We do get heart-rending letters from employees telling what EAR has done for them,” Mr. Berg said. “And we have found no union objections to it. EAR counseling helps indicate

when a work complaint is really an irritation, rather than a real grievance. Even union organizers in the company come to EAR to talk about their problems.”

EAR presently costs Control Data roughly \$15 per employee annually. This pays for the services of 14 full-time staff members. For the first quarter of 1976, EAR counselors closed 535 cases; this means that in each of these cases, the CDC client had reached the point at which he did not wish to take any further action. In a large number of cases, personal and work-related problems are interrelated, and often more than one type of personal problem appears. Thus, it is not possible to be precise, but for these 535 cases closed, there were 525 personal and 412 work-related problems listed by EAR counselors.

Among personal problems, the largest proportion covered legal (26 percent) and financial (20 percent); followed by marital (13 percent), mental health (9 percent), alcohol (6 percent), family (6 percent), physical health (4 percent), drugs (2 percent), and others (14 percent).

The largest proportion of work-related problems covered benefits (14 percent), company policies and procedures (10 percent), pay and compensation (9 percent), transfers (9 percent), career (9 percent), performance (8 percent), and all others (37 percent).

One in five of these cases was anonymous, and the average time from intake to closure was 2½ months.

John P. Moe, general manager of EAR, says that “we could handle marital-family counseling 12 hours a day if we wanted to. But our premise is that we don't want to duplicate existing resources in the community. We aim to provide an initial diagnosis and referral. It is common that people can't identify their problems.”

EAR's staff of 14 includes three phone counselors; one counselor who deals only with rehabilitating disabled or injured employees to regain employment; two counselors and one consultant who handle chemical dependency; two financial advisors; and two lawyers who provide part-time services. Referrals are made to a vari-

ety of community services, and the Center for Behavior Modification, a private concern of licensed psychologists, provides advice on some of the cases.

### Alcoholism alone

Control Data has made one cost/benefit analysis involving alcoholism. It compared the costs of company benefits paid to employee alcoholics, who had contacted EAR, to two control groups of other EAR clients and other CDC employees. The study showed that the average amount paid in benefits to EAR alcoholics was three times greater than the benefits paid to CDC employees. This finding matches one made by the National Council on Alcoholism that sickness and accident benefits paid to alcoholic employees are three times greater than for the average non-alcoholic.

Mr. Moe describes a CDC estimate that "the company has 2,000 alcoholics in its employee population of 32,000. If we could identify them all and put them into treatment—one month's hospitalization for alcoholism costs roughly \$3,500—and if we could help them all, we estimate that they would pay us back at the rate of \$3.5 million per year in improved job performance, decreased benefits costs, and fewer days absent or tardy."

"Hypothetically, if we cured them all today, they would pay us back for the costs of treatment in only two years. Some other industry organizations think that they have paid themselves back in 18 months, with the calculation based on measures of better individual productivity."

EAR's preliminary findings concerning the treatment of its alcoholics are that nearly two-thirds of the cases were *not* self-referrals; that some therapeutic intervention occurred in 60 percent of the cases brought to EAR; that roughly half of the clients received in-patient treatment, and 20 percent became involved in Alcoholics Anonymous (AA); that nearly two-thirds of in-patients went to AA for after-care; and that nearly 40 percent of those treated are recovering dry, 22 percent have terminated, and 20 percent have relapsed. All in all, these results are representative of the best of

industry alcoholism efforts, and show the magnitude of the treatment problems.

Control Data has embarked on a number of other major efforts to meet social needs. It applies the criteria that: 1) the problem should be an important one; 2) CDC should have some special capabilities in manpower or resources to apply; and 3) that the effort should result in a business opportunity for CDC.

Following are examples of these efforts.

— The Northside plant in an inner-city area of Minneapolis. Its black general manager, Frederick Green, says that he knows all of the major plants that have been developed in black areas, and that only about five besides Control Data's have really prospered.

Minneapolis' 1966 riots led CDC to provide more direct employment in an inner-city community. Thus, when Northside opened its doors in January 1968, 80 percent of its 300 employees were black. The ratio is now 52 percent white and 48 percent black. This compares with a ratio of 18 percent black and 3.5 percent Indian for the surrounding Northside Community, and only 4.4 percent black for all of Minneapolis. Many black employees have gained experience and skills at Northside and then found job oppor-

tunities in other Control Data facilities. Obviously, though, the company has not limited Northside employment to any set black-white ratio.

The plant has helped CDC to raise the proportion of minority employees in its U.S. computer operations from 4 percent in 1968 to 10.1 percent at the end of 1974. In January 1975, Control Data won a national award for progress in equal opportunity employment, presented by *Business And Society Review*, a journal devoted to fostering corporate social responsibility. The award cited Control Data as an exception to the ghetto plant wave "that rose in the late 1960s and then quickly subsided."

Northside has also been a good business investment. The company states that "since early 1973, Northside Operations has continuously been among the top performers in manufacturing, based on criteria such as efficiency and quality of production."

— The Selby bindery in nearby St. Paul, which employs only part-time workers, again in a black community. Its black manager, Richard Mangram, speaks with pride of the efficiency of their part-time employees. A study showed that the Selby plant saves CDC *one-half* the cost of comparable work done on the outside. Mr. Mangram feels that Selby is the only plant of its type in the country, providing steady

## Job Satisfaction Does Not Necessarily Raise Productivity

In an unusual research experiment in which part-time workers were hired to do a job they perceived as real for a specially created company, it was found that an increase in job satisfaction did not by itself lead to higher productivity.

When goal-setting was added, however, productivity increased—while job satisfaction remained unaffected. The experiment seemed to show that a mixture of job enrichment and specific goal-setting many result in both more

satisfied and more productive employees.

The study was conducted by the Air Force Institute of Technology, at Wright-Patterson Air Force Base near Dayton, Ohio, and was led by Denis Umstot, an assistant professor of management at the Air Force Institute.

The part-time workers were hired to perform a zone-coding task.

In the first phase of the experiment, it was found that job enrichment had some impact on satisfaction, but little effect on productivity. In the second phase it was shown that goal-setting had a major effect on job satisfaction. The level of satisfaction was low when the job lacked enrichment or when no goals were established.