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Opinion Research Corporation

NORTH HARRISON STREET, PRINCETON, NEW JERSEY 08540 / TELEPHONE 609/924-5900

Job discontent among American workers in general is at a 28-year high. Among middle management in particular, discontent is growing for the first time in many years.

These findings will have an important and measurable impact on your firm's productivity and profitability.

We know this because we have just compiled a unique and comprehensive report on changing worker attitudes from Opinion Research Corporation's special employee relations data bank. Findings from this report represent the result of surveys conducted with more than 240,000 workers from more than 400 companies and plants in a broad spectrum of industries over a period of 28 years.

You should have a copy of this report if you are directly involved with management of human resources, industrial relations, organizational and management development, and training.

The report details and interprets the most current trends in employee values, attitudes, and opinions, assesses their implications for the future, and makes recommendations for ways to respond most effectively to key problem areas. With this information, you can clearly identify the most important problems facing companies like yours today.

This is not a run-of-the-mill presentation of employee demographics or idle speculation about their impact on attitudes. It is based on a specially prepared compilation presented to more than 200 senior corporate officials at a major national Executive Briefing on Strategic Planning For Human Resources: 1981 And Beyond. This report is a factual analysis of how employees actually rate companies in 16 critical areas, including: satisfaction with company and department • company image • job satisfaction • employee relations • basic conditions of employment • pay and benefits • dealing with employee problems • managerial/supervisory skills • the ability of top management.

The report also includes a detailed analysis of what senior management must know about the public attitudes prevailing today, specific recommendations for translating survey results into strategic action steps, an executive summary of key findings, a review of those tactics which have been found most effective in responding to problem areas, and a complete set of tables showing trends in each area surveyed.

I strongly urge you to review the enclosed prospectus and to consider the report's value to you in improving your own strategic human resource program. I am confident that this report will be a useful resource and look forward to the pleasure of sharing our findings with you.

Sincerely,

Harry W. O'Neill

Harry O'Neill
President

AN ARTHUR D. LITTLE COMPANY

STRATEGIC PLANNING FOR HUMAN RESOURCES:

1981 AND BEYOND

A Report On
Changing Employee Values in America

from

Opinion Research Corporation
(An Arthur D. Little Company)

The data contained in "Strategic Planning For Human Resources: 1981 And Beyond" were presented originally at an Opinion Research Corporation Executive Briefing Session attended by more than 200 senior executives from major corporations across the nation.

The Briefing drew extensive expressions of interest from many quarters of American industry, and it is because of this interest that we are making the substance of our findings available at this time.

CONTENTS/WHAT THE REPORT CONTAINS

"Strategic Planning For Human Resources: 1981 And Beyond" is a six-part management level presentation which focuses on the key results and strategic implications of major Opinion Research Corporation employee relations research projects conducted since 1952, at a cost of over $5,000,000.

This powerful and comprehensive report is based on systematically gathered and recorded data on specific employee attitudes compiled from more than 240,000 workers in some 400 companies and plants, and interpreted to convey the information needed most by senior management.

There is no other report quite like it.

There is no other report that gives you first-hand knowledge about . . .

- the overall panorama of employee attitude trends, broken down into five-year intervals to reveal startling comparisons among managers, clerical workers, and hourly employees on subjects ranging from satisfaction with job, pay, and benefits to perceptions of the ability of top management and the way companies keep their employees informed;
- how you can go about identifying the specific attitudes and values of employees in your own company and translating the results of your findings into positive, constructive action;
- up-to-date attitudes of the American public, so crucial if you are to really understand the attitudes of your workers and place them in the proper context.

In short, "Strategic Planning For Human Resources: 1981 Any Beyond" is specifically designed to give you a clear window on the volatile issues which should command your own and your human resource management team's attention now and in the immediate future.

Section One

In "What Management Must Know About Today's Public Attitudes," you will learn why current worker dissatisfaction is even more significant when placed in the context of the general public's growing dismay with what it perceives to be the concentrated economic power, excessive profits, and impersonality of large corporations. You will learn, through 36 explicit charts and graphs, why those who give little approval to business are now at an all-time high, and how specific types of companies rate in the public's eye in such areas as: inspiring trust and confidence, excess profitability, fulfilling social responsibilities, and needing government regulation. You will also learn how the public really feels about environmental protection and how selected thoughtleaders feel about the key issue of corporate governance. Every corporation's welfare is affected by the attitudes of its various publics. The original research contained within this segment, drawn from the massive ORC data bank, is an invaluable foundation for understanding the problems which exist in the society of which your corporation is a part.

WHAT THE REPORT CONTAINS (Continued)

Section Two

In "Changing Employee Values in America: Strategic Planning For Human Resources," you will learn about employee values, attitudes, and opinions in 16 critical areas, along with an interpretive summary of findings, suggested tactics for responding to problem areas, and key trends for managers, clerical employees, and hourly workers, all supported by 34 specially prepared charts, which have been drawn from the ORC employee relations data base. By using the information in this section you will also begin to see, as we have, the strong, growing, and dangerous trend toward middle management discontent which is cutting across all corporations and into the heart of American industry. It will become clear to you that one of the greatest challenges facing you as a human resource executive is how to channel middle management frustration into positive energy.

Section Three

In "Translating Employee Survey Results Into Action," you will learn about the benefits of conducting a survey of your own employees and how it will bring into focus the specific problems which exist in your own organization. You will also learn about organizational stages of development, particular characteristics of employees in each stage, and the programs that should be developed to respond most effectively to the needs of employees in each stage.

Section Four

In "Comparing Human Resources Management Trends In Great Britain and the United States," you will learn about key differences and similarities and, most importantly, what clues the attitudes of workers in England hold for the emerging attitudes of U.S. workers and management.

Section Five

In "A Case Study: Using The Employee Survey As A Springboard For Effective Human Resource Planning," you will learn the results of a case study of one major manufacturer and how the company successfully implemented specific programs which boosted productivity and increased management responsiveness to employee unrest.

Section Six

In "Strategies For Change: How To Function Better In The Changing Competitive Environment," you will read about 30 specific ideas which you can immediately begin to implement in your own organization. Each can provide you with immediate and positive results. Each idea has been tested and has been successfully integrated into the day-to-day operations of major corporations.

TAKEN SEPARATELY, ANY ONE OF THESE SIX SEGMENTS WOULD BE A VALUABLE AID IN STRATEGIC HUMAN RESOURCE PLANNING. TOGETHER, THEY REPRESENT A POWER RESOURCE FOR YOU TO USE AS YOU TRY TO COME TO GRIPS WITH THE COMPLEX PROBLEMS YOU MUST MASTER IF YOU ARE TO SURVIVE AND PROSPER IN THE 1980s.

SUMMARY OF THE KEY REPORT BENEFITS

After Reading This Report You Will Know:

- Why your most able middle managers are going to leave you, where they are going to go -- and how you can keep them.
- The specific steps you must take to defuse the smoldering powder keg of middle management discontent.
- What you must do to change your employees' belief that you are letting them down in the area of communications.
- Why job security among middle managers is lower than it has ever been, even though clerical and hourly employees feel more secure in their jobs than at any time since the early '60s.
- Why supervisors are now better respected than top management -- and how to turn that to your advantage.
- What you can expect to hear if you ask your own employees -- both white collar and blue collar -- how they feel about their pay, opportunities for advancement, and the way you make promotions.
- Why solutions to many problems in the workplace can often be found in attitudes prevalent in the world at large.
- About the startling misconceptions Americans have about big business and why big business is going to have to redefine its role and responsibilities in society.
- Which institutions have the most tarnished public image.
- How the attitudes of older workers about their jobs differ from those of younger ones; how men differ from women.
- About the five stages of organizational development, how to identify where your organization is, and what this means for your strategic human resources planning.
- About a unique four-step approach to translating survey findings into responsive change programs unique to your company.
- What clues the attitudes of workers in Great Britain hold for the emerging attitudes of U.S. workers -- what the key differences are and why they are important for you to know.
- How one major corporation improved its productivity by overhauling its human resources program, and the specific programs that led to positive change.
- About specific ideas for action you can take in your own organization that will dramatically upgrade your ability to function in a competitive environment.

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STRATEGIC PLANNING FOR HUMAN RESOURCES:
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ident's Council of Economic Advisers: "We should admit that we are puzzled by all this. The reason why rates are staying so high is not obvious to me."

Administration officials are baffled because they have been insisting all along that a tight money policy by the Federal Reserve, when coupled with cuts in federal spending, would bring down interest rates. Lately, the Federal Reserve has certainly been doing its part. Since April the growth of the nation's money supply has been at a near standstill, and in the past month the so-called M1-B, the nation's most widely watched measure of money, has actually been below the Fed's annual target range of a 3.5% to 6% increase.

What troubles Wall Street moneymen, however, is not Federal Reserve Chairman Paul Volcker's tight-money tactic, which they generally support, but the lack of an equally resolute stance on fiscal policy. Some bankers and analysts fear that the President's tax cut plans, plus his projected defense spending buildup, will more than offset the Administration's deep spending cuts elsewhere in the budget, and thus increase the need for federal borrowing. Interest-rate pessimists like investment bank Economists Henry Kaufman of Salomon Bros. and Albert Wojnilower of First Boston Corp., who have been nicknamed Dr. Doom and Dr. Gloom along Wall Street, assert that the prime rate could ratchet up at least above its peak of 21.5% and possibly as high as 25% before the end of the year.

Some bankers even argue that technical factors alone will keep rates from dropping by very much in the months ahead. With long-term interest for such investments as top-rated corporate bonds now as high as at least 15%, corporate treasurers have been postponing bond sales and covering their money needs on a week-to-week and month-to-month basis in the short-term market. In June alone, business demand for such credit jumped at an annual rate of 32%, to $319 billion. Moneymen speak of a "shadow bond calendar" of $10 billion to $15 billion in potential corporate debt that has been waiting to surge into the long-term bond market once interest rates come down.

Though financial razzle-dazzle plays are certain to keep interest rates in turmoil for months more at least, any easing off on monetary policy would assuredly bring only a temporary benefit. An increase in the money supply would first knock rates down slightly, but then it would send them leaping to still higher peaks when inflation exploded anew. The financial markets seem to be telling Washington that they want less federal spending and borrowing. Only if that occurs will interest rates come down and stay down. —*By Christopher Byron. Reported by Bernard Baumohl/New York and David Beckwith/Washington, with other U.S. bureaus*

The Virtues of Doing Nothing

An energy program based on less direction from Washington

Richard Nixon called it Project Independence; Jimmy Carter labeled it the "moral equivalent of war." Last week Ronald Reagan offered his own version of a national energy policy. Unlike preceding plans, the new approach calls, predictably enough, for less Government involvement in solving American energy problems.

In contrast to the insistent salesmanship of Jimmy Carter, who unfurled his 1977 national energy plan during a televised network address from the Oval Office, the Reagan White House downplayed its own energy debut to the point of near invisibility. Energy Department staffers simply presented the skimpy, 35-page report and answered press questions during a sparsely attended briefing in the basement of the department's building. Said a DOE spokesman candidly: "The National Energy Act requires an energy policy statement from each Administration. If that were not the case, we would probably just as soon not have come out with a statement at all."

Secretary of Energy James B. Edwards
A program of less Government control.

The document, which was long on free market rhetoric but short on specific proposals, made clear that the Administration has no intention of fashioning any new grandiose Government programs. This is a departure from the energy philosophies of the past three Administrations. When worldwide oil prices leaped in 1973 during the Arab oil embargo, the Nixon Administration sought to insulate consumers from the higher costs. Under Gerald Ford, energy regulation blossomed into a sprawling federal bureaucracy with responsibilities that reached into virtually every corner of the economy. Later Jimmy Carter reorganized and expanded the apparatus and gave it Cabinet-level status as the Department of Energy. Through all those initiatives, the U.S. energy troubles just worsened.

Even before the Reagan Administration's program was announced, its policy of less Government involvement in energy was clear. Since January, the Administration has scrapped virtually all remaining vestiges of gasoline and crude oil price controls, chopped $3 billion from the fiscal 1982 Energy Department budget, scaled back conservation and solar research programs, and sharply curtailed investment in synthetic-fuel projects. Reagan Administration officials admit that under such a free market energy program, fuel prices will rise until they reach world levels. But they maintain that the payoff will be more conservation of precious fuel, higher domestic energy production, and ultimately less dependence upon Middle East oil suppliers.

Presiding over the Reagan policy is Energy Secretary James B. Edwards, a South Carolina dentist and longtime Reagan supporter, who freely admits his lack of energy expertise. Under Edwards, plans have been made to cut from the department's payroll about 2,500 employees by the end of 1982, a 14% reduction that could become even more pronounced in the months ahead.

Nor was there much real surprise in last week's policy statement asserting that the Government should not have a role in curbing the import of foreign oil. One reason is that American consumption of foreign oil has lately been declining anyway, helped along by sagging demand from the weakening economy, and by increasing conservation efforts by businesses and individuals alike. Figures released last week by the American Petroleum Institute showed imports dropping nearly 23% during the first half of 1981, to 4.3 million bbl. daily. But the U.S. still imports more than a third of its total consumption and during 1981 is expected to spend upwards of $100 billion on imported fuel.

Continued dependence on foreign oil at anywhere near that level remains an inescapable and obvious threat to American security. As long as the U.S. must rely on often unstable governments in the Middle East for such a large share of its petroleum, the nation will remain vulnerable to disruptions and shocks aplenty. Thus, coping with the level of imports will be Washington's responsibility, whether the Reagan Administration is enthusiastic about it or not. ■

Gold Handcuffs

New perks keep workers loyal

Even for the cash-flush oil industry, employees of Mitchell Energy & Development Co. near Houston enjoy some unusually lucrative benefits. Mitchell will finance homes for new workers through its own mortgage company at subsidized rates for up to six years. Executives marked for promotion can receive stock options worth as much as $500,000 without investing a penny of their own that are fully redeemed by the company in six years. Some top employees may also receive shares in a company-sponsored oil-well-drilling program. In fact, working at Mitchell has become so profitable that many employees would not even consider leaving.

This is precisely the company's goal. With corporate loyalty as outmoded as the 3¢ postage stamp, Mitchell Energy and many other American companies are examining ways to cut down on job hopping. According to Deutsch, Shea & Evans a New York executive search firm, most companies expect half of their new employees to leave within five years. Booming industries like energy and computers are among the hardest hit, and some oil companies lose 30% or more of their exploration geologists each year.

The key ingredient of all the new plans is that they give money to employees several years in the future and only if they stay with the company. These ties that bind have become known in industry as "golden handcuffs." While they have long been common for very top executives, the programs are now routinely used for lower-ranking scientists or technicians. "We do not think in terms of locking someone in," says Ed Boehes, public affairs director of Data General, a Massachusetts computer manufacturer. [illegible] stay, and this means that we have to do something for him."

In California's booming Silicon Valley, the center of the computer and genetic-engineering industries, companies actively raid each other's employment rolls. Says Art Young, corporate benefits manager of Hewlett Packard, the electronics firm: "Everyone's concerned about losing people." Hewlett Packard's answer is a program that puts 10% or so of its pretax profits into a long-term profit-sharing plan that pays out fully to workers only after they are on the job for 13 years.

Corey Knapp, 25, left his job as an electrical engineer with California's Lawrence Livermore National Laboratories for nearby Sandia National Laboratories. He received a 10% pay raise, two more weeks of vacation and some golden handcuffs. Knapp got a 12% loan for a new car from the company credit union; it will be canceled if he leaves the firm. Only after three years will he be eligible to receive gifts of company stock, or to receive the entire benefits of company contributions to a savings plan.

Despite the best-laid compensation plans, some companies can always woo away competitors' employees with a job offer that cannot be refused. "There is probably not enough money around to guarantee that a person won't leave," says William James, a partner in the Chicago office of Hewitt Associates, a management consulting firm. "A valued executive can likely get his package matched somewhere else." Thomas Wyman, 51, left his post as vice chairman at Pillsbury and some complex golden handcuffs for the CBS presidency last year after the company offered him a $1 million signing bonus, a yearly compensation package of more than $750,000, and a promise of three years of salary if he is fired. ■

Electrical Engineer Corey Knapp bought this 1981 Mazda, and his new employer is financing it

With job hopping rampant, U.S. companies are devising new financial ties that bind.

Go, Go, Jojoba

Growers bet on a desert bean

"We know it has a great future," says Desert Agriculturalist Kennith Foster of the University of Arizona. "We just aren't sure exactly what it is."

The object of Foster's uncertainty is a brown, peanut-size bean called the jojoba (pronounced ho-*ho*-bah). Nearly a decade ago, researchers found that oil extracted from the beanlike seeds of the jojoba bush, which grows wild in the desert of the Southwestern U.S. and Mexico, could substitute for dwindling supplies of sperm whale oil.

The oil of the endangered sperm whale was used for years in everything from facial cream to transmission fluid. In 1973 interstate sale of the oil was banned in the U.S., but substitutes, including certain fish and vegetable oils, have also been hard to come by.

A group of enterprising ranchers and businessmen is now trying to cash in on the demand for a replacement by cultivating the lowly jojoba plant. Roughly 12,000 acres have so far been turned to jojoba cultivation in Arizona, along with up to 10,000 more in California. The fledgling Jojoba Growers Association of Arizona estimates that potential cultivation could easily reach hundreds of thousands of acres.

The spindly jojoba thrives on the arid conditions of the Southwest. Indians of the region, including the Pima and Papago tribes, once used the bean's oily wax as a hair conditioner to protect against the drying effects of sun and wind.

Since it takes between four and six years for newly planted jojoba to bear seeds in large quantities, no commercially cultivated jojoba oil has yet reached the market. But businessmen are already harvesting and processing the wild bean, and demand is strong. Chief buyers are cosmetics manufacturers, including Max Factor, Estée Lauder and Shiseido, a large Japanese firm. They are using jojoba oil as an ingredient in premium shampoos, moisturizers, sunscreens and conditioners.

With cosmetics demand now far outstripping supply, the price of jojoba oil is soaring. In Mesa, Ariz., Processor Tom Janca sells 55-gal. barrels of jojoba oil for $6,900, almost triple last year's price of $2,500 per bbl. Says he: "We're trying to talk the big companies out of ordering too much. We just don't have enough seeds."

Most growers believe jojoba's biggest market will be in industrial applications. Like sperm oil, the bean oil does not break down under high pressures and temperatures, so it is suited for demanding lubrication applications. Pennzoil and Tenneco are among the companies underwriting research on the use of jojoba as a machine lubricant. If that demand picks up, the new business could quickly take root. ■