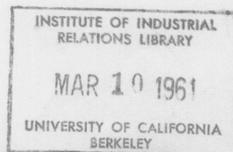


Older workers
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"RESPONSIBILITY OF INDUSTRY TOWARD OLDER WORKERS"

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The mid-Twentieth Century problem of the older sector of our population has its roots in the massive changes in our social and economic structures that began a couple of generations ago. Some observers blame it on the advances in medicine, agriculture, and industry that added a decade to the longevity of the average American in the last 30 years. The average child born in 1930, for example, could expect to live 60 years. A child born in 1960 can expect to live ten years longer. This is a remarkable advance, but it is not the cause of our problem.

The problem is rooted in, more than in anything else, certain economic changes and the concomitant social changes.

Years ago, agriculture was the dominant means of earning a livelihood. So agriculture established the prevailing pattern of social living. The farm was operated by a family unit in which every member of the family had a secure place. The child had a place in the working unit; the adults had their places; and the older members of the family also served useful functions. Homes were built and arranged to take care of the total family unit. Even when this family was transplanted to an industrial milieu, the pattern persisted. The schoolboy had chores or an afterschool job; the adults worked in factory or at home; the older persons performed useful household tasks.

But as the percentage of farm families dropped sharply, and America became primarily an industrial society, the pattern of living changed. Even the nature of our houses changed. In most instances, there was no longer any need or place in the family unit for the older person. The family farm, the family store, the family craft shop is disappearing - where it hasn't already disappeared. Today,

the basic enterprise unit is the corporation - which in many cases, views the diminishing efforts of the older worker as a problem of reduced production.

So whose responsibility is the older worker?

Industry acknowledges a share in that responsibility, but it refuses exclusive responsibility.

The problem of the older worker is as much the community's, the government's, and that of other sectors of society as it is industry's. The nation as a whole must ask itself what it owes that large - and rapidly growing larger - sector of the population that appears to be moved out of the mainstream of American life by retirement. However, although the problem is admittedly general, government and the community sometimes drag their feet in facing up to it.

Industry cannot afford to drag its feet.

Industry must seek solutions because the social, economic, political, and psychological costs of not doing so are too great.

Humane considerations alone could move industry to tackle this problem. But let us leave this motivation aside. Let us look at the other factors, factors that can influence the cold figures on a financial statement.

The people in whom this conference is primarily interested number 16 million today. There will be many more tomorrow. Each of these 16 million persons spends about \$1,000 a year on household goods and services alone. That's \$16 billion. It's true that 80 percent of them have money incomes below \$2,000 a year, and only 5 percent have money incomes over \$5,000 a year, but the total is enormous - and it will grow. Social Security benefits will continue to increase Congress by Congress - either because of political expediency, need - or both. And we haven't begun to tap the tremendous reserves of private pension plans. Every year more

and more people retire with industrial pensions to augment their Social Security benefits. This is a rich market, constantly growing richer. No industry, from basic chemical to amusements, can afford to alienate it or pass it by.

Just as this group spends more and more money each year on the products of industry, so does it increase in political power each year.

We have to keep in mind that while only half of the total population has the right to vote, virtually 100 percent of our seniors are available to cast ballots. In the last presidential election only about 60 million persons voted. Less than 5 million votes could have changed the course of the 1956 election. You can see what effect a 16 million vote bloc - or a substantial portion of it - could have.

Nor is it far-fetched to think of the older voters as a potential bloc. Between 2 and $2\frac{1}{2}$ million persons over 64 already belong to - and pay dues to - organizations that claim to speak for all older citizens. Most of these organizations function as lobbies, seeking legislation favorable to the older citizens. Their activities can be important not only to their constituents, but to every individual and corporate tax-payer.

The psychological aspects of the problem is just as important as the economic and political, and may be even more direct. In addition, they operate both in the plant, before retirement, and in the community after retirement. Every efficient manager knows that production is strongly affected by plant morale. He knows that a troubled employee is a less productive employee. He knows that a worried employee is far more likely to have or cause accidents. He knows that the disaffected employee, particularly if he is an oldtimer, can be a

source of trouble in an entire department.

Three, four, five years before retirement, the older worker begins either to look forward to his retirement, or to dread it. It is quite important to his employer whether he looks ahead with pleasure or with dread. The pre-retirement worker imagines, in most cases, that his post-retirement problems will be largely financial. Inevitably, retirement means a cut in takehome pay. And as he stewes over this problem, it grows.

Starting with money worries, the older worker may move ahead to worry about his removal from purposeful, productive life. This breeds resentment, and the resentment is often focused on the corporation. So he lets it all out to his shopmates, to the younger employees working beside him. The resentment spreads.

This doesn't always happen. But it happens often enough to create production and morale problems in a great many industrial units.

If this is the mood in which a man retires, he probably will continue his grumbling after retirement. I might point out that studies have shown a marked relationship between a worker's attitude toward retirement and his ability to adjust to retirement. And as the inevitable problems of retirement begin to plague him, the unhappy retiree's grumbling will become louder.

This will affect the reputation of his former employer, it will affect recruitment of new employees, it will affect sales, it will affect in-plant morale. If a corporation's retired employees are not partisans of the company, if they go about the community saying they have been misused, that company is in trouble.

On the other hand, if retired workers feel good about their former employers they will speak up for the company in public places and elsewhere where favorable

comment is helpful. Eventually, this will be reflected in profit and loss statements.

These are some of the hard - and often cold - facts about industry's responsibility toward older workers. In effect, they show that the proper understanding of the problems of older workers, and intelligent efforts to meet these problems, can increase human happiness, thereby increasing community good-will. No company has too much of that ingredient in its inventory.

Most proposals which purport to answer the problems of the older worker deal with his financial situation. A look at bills in this area thrown into Congressional and legislative hoppers proves this. They deal with increases in Social Security benefits, with aid in meeting medical costs, with money for specialized housing, and so on. These are important, I do not want to underestimate the money problem or the bills offered to resolve it.

But this is not enough. Medical advances, often extended to workers through employee welfare programs, are saving and extending lives. It is past time to ask ourselves the next question: What are we saving them for? Are we saving people from death and disability merely to sentence them to an added ten years of empty, sterile old age? Or are we saving them for productive, happy, later years?

The answer is already indicated by the changing popular image of the retired worker. Years ago, the mental picture of the retired employee was of an old man in a rocking chair, cane by his side. If he was doing anything, he was waiting for death. Today's image is different. Retirement is pictured today as an alert, active couple mounting an airplane ramp or a steamship gangplank, about to fulfill a lifelong dream.

These are the popular images. How close are they to reality? What is needed to change the older worker from a chair-bound old man into a consuming, producing, contributing citizen?

The companies with which I am connected have been dealing with these problems for many years, and from different viewpoints. We have learned some things by studying the more than 750 pension and welfare programs, covering more than 4,000,000 individuals, with which we have a professional relationship. We have learned more by providing pre- and post-retirement counseling through pension programs covering more than 300,000 employees. The answers we have come up with have had to be widely inclusive because these programs cover workers ranging from seamen to news service editors, from laborers to skilled mechanics. I can best indicate what we have learned by describing the program we have evolved to help meet the older worker's most important problems.

We start by analyzing the nature of the change in life-time patterns that is involved in retirement.

During the first years of life, the young child's world is circumscribed by an all-powerful and all-protecting mother and father. Then, for 12 to 16 years, the school sets the pattern of living. For the next 40 to 45 years, the job determines where the worker lives, how well he lives, what he does. Finally, usually about 65, there is another basic change in the mode of living - coming at a time when physical and emotional resiliency are diminishing.

To expect the average person to accommodate to such a marked change in income, in interests, in pattern of days, in physical condition, without careful preparation is to expect the impossible. Such a radical change must be understood and prepared for.

That's why we believe that retirement counseling is necessary. And that's why retirement counseling is being increasingly accepted by industry as an expression of its responsibility for the older worker.

This is what we do to help the older worker prepare for retirement, and then adjust to it. In saying we, I refer to Retirement Advisors, Incorporated, a company I head - a company that receives its best ideas and judgments from an advisory committee of distinguished authorities, including California Tech's own Professor Wermel.

The first requirement is to make the older worker aware, diplomatically, that he will have problems, to tell him what these problems will be, and to help him toward individual solutions to these problems. RAI starts its program five years before retirement. Every three months a new booklet presents one problem and its possible solutions. The problems include:

How to make ends meet on retirement income.

Should the retired worker move to another house, or area, or state?

What health problems are specific to older persons?

Will relationships with wife, with grown children, with grandchildren change after retirement?

What can the retired worker do with all that suddenly acquired leisure?

Is travel a possibility, and where?

How to use leisure constructively rather than waiting for time to pass.

How to use savings most effectively?

Who can help me with these problems?

The list is long, very long. And the problems are involved. That's why RAI starts five years before retirement, and gives the pre-retired worker three months to think about each problem category.

But even if this works out ideally, it will not answer all the problems that will arise after retirement.

Particularly in the early years of retirement, new problems arise every day. But new answers to these problems come to the fore almost as quickly. RAI brings the new problems and the new solutions together and reports them to retired workers in a monthly newsletter. Both the pre-retirement booklets and the post-retirement newsletters are distributed in the name of the sponsoring employer or pension program, thus identifying the help given with the employer or organization that made it possible.

The third part of the RAI program involves personal answers to individual problems sent in by workers and retired persons receiving the service.

All this is invaluable in preparing the older worker for retirement and helping him meet its problems. But there is another equally valuable factor. We receive hundreds and hundreds of letters from older workers. Most ask specific questions, although a fair number write only out of loneliness and friendliness. But every letter, whether explicitly or implicitly, says "I'm glad I'm remembered," "thank you for this tie to the world in which I spent most of my life." We have learned that it is essential to make the retired person feel that he still belongs, that he is still remembered, that he is still respected, if he is to have a decent retirement. He doesn't want to think that he has been junked like a piece of outworn machinery.

It is industry's responsibility to offer the belonging, the remembrance, the respect.

There is another aspect of this problem, perhaps more pertinent to industry's responsibility to itself rather than to industry's responsibility to older workers. Like so many other important things, it has to do with timing. I am convinced that retirement counseling is becoming a natural part of every retirement program.

Intelligent management would like to play an affirmative role in the lives of their employees. However, during the past 25 years management has frequently been in the position of resisting what its employees see as affirmative changes. That is, management has often resisted increases in pay, improvements in hours, increases in Social Security, increases in mandatory minimum wages, etc. As a result, many employees see management as agreeing grudgingly to improvements, and only when forced by government or unions.

On the other hand, the area in which management can act unilaterally, with regard to employee relations, is restricted. But the restrictions do not bar retirement counseling. This makes retirement counseling an ideal vehicle for providing a needed, positive service, and for establishing an affirmative image, voluntarily and without duress.

Rephrasing the title of this talk, I would say that industry has a major responsibility toward older workers, although it is not an exclusive responsibility. Industry's responsibility is to help workers retire gracefully, willingly, and with confidence in their future. This requires continuing guidance to enable retired workers to live useful, productive lives.

I believe industry will meet this responsibility for the benefit of its employees, the employers, stockholders, the community and the nation as a whole.