Union Copy (signed) #61

V-5-L

IN THE MATTER OF:	September 19, 1952
Inland Steel Company	
and	Arbitrator's Report and Award.
United Steel workers of America Local Union 1010, C.I.O.	

HEARING: Indiana Harbor, Indiana; September 8 and 16, 1952

FOR THE COMPANY:
L. R. Barkley, Div. Supt., Labor Relations
H. C. Lieberum, Asst. Supt., Labor Relations
L. E. Davidson, Industrial Engineer
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J. M. Howard, Asst. Chief Engineer
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W. L. Ryan, Asst. Supt., Labor Relations
W. T. Hensey, Jr., Asst. Supt., Labor Relations

FOR THE UNION:
Joseph B. Jeneske, Staff Representative
Peter Calacci, Chm., Grievance Comm.
Fred A. Gardner, Vice-Chm., Grievance Comm.
James J. Stone, principal and Comm. Member
Joseph J. Vukovich, Chm., Safety Comm.
Robert R. Thompson, Grievance Comm.
Joe Potchen, Chm., Group Meetings

ARBITRATOR: Paul N. Lehoczky

ISSUE: The issue arises out of a ruling made by Donald A. Crawford on December 4, 1951 and deals with Grievance 16-c-321, the No. 3 Pickle Line rate (77-0232-2). The parties, in stipulating the issue (9-3-52) quote from the Crawford Award as follows:

"The Arbitrator directs that the Union (with the aid of the Union industrial engineer present at the Hearing) now proceed, with Management, to study and evaluate the time study data on which the proposed rate is based and to evaluate the proposed rate and probable earnings in light of the contract yardsticks of Article V. On the basis of this effort, the parties shall try to reach agreement on a rate. This effort shall be completed within a period of 30 working days from the date of this award (unless extended by mutual agreement). During this period, the crew shall continue to be paid previous average earnings. If agreement is reached upon a rate, the parties shall put it into effect.

"If no agreement is reached upon a rate, the Company, at the end of the 30 day period, shall install a rate based upon all the review and analysis developed during the 30 day period as well as previous knowledge. Commencing with the installation of the rate, the men shall be paid actual hourly earnings. The rate shall be effective for 90 days at the end of which period the Union may, if it chooses, request a review of the rate pursuant to Article V, Section 5, Sub-section 4, provided that any retroactivity shall be based on a changed incentive rate.

"The Arbitrator in directing this procedure does so because it is his best judgment that two factors are vital to a constructive settlement of this grievance: (1) a bona fide mutual analysis of the production possibilities of the new line and the time study and comparative data relevant to a rate, and (2) a continuing and unprejudiced production effort by the men. The 90 day production effort period specified, if agreement is not reached, is essential to secure realistic production and earnings data and falls within the 30 to 180 day time limits prescribed in Article V for trial and review.

"The Arbitrator purposely does not retain jurisdiction because he believes that to do so would interfere with open minded review and negotiations by the parties. Should a further arbitration become necessary, the parties may refer the dispute back to him or select another arbitrator.

DONALD A. CRAWFORD
ARBITRATOR"

"Pursuant to and in accordance with the above stated Arbitrator's Ruling in Grievance No. 16-C-321, it is therefore stipulated that:

(1) the issue in this arbitration comes before the arbitrator in accordance with the ruling of the previous arbitration in the case of Grievance #16-C-321
(2) the only issue before the arbitrator is that stated in the ruling, "........... a review of the rate pursuant to Article V, Section 5, Sub-section 4."

AGREEMENT TERMS: Pertinent parts of Article V, Section 5, paragraph 4 read: "If the grievance be submitted to arbitration, the arbitrator shall decide the question of equitable incentive earnings in relation to the other incentive earnings in the department or like department involved and the Previous Job Requirements and the Previous Incentive Earnings and the decision of the arbitrator shall be effective as of the date when the new incentive was put into effect."

BACKGROUND: As directed by the arbitrator, the parties made the required study and evaluated the time study data in which the proposed rates were based. The 30 day negotiating period was extended by mutual consent due to the unavailability of the Union's time-study expert. When no agreement was reached, the Company installed the rate for the 90 day period and this period in turn expired in August 29, 1952. From this point on the case preceeded to arbitration.

UNION POSITION. The Union's position is best stated by quoting the summation from its brief:

"1. The men have given the rate a fair test and have proven that the productivity and the earnings anticipated by the present rate are far too tight.

"2. That the contractual obligations of the Company have not been met in establishing a rate that does not meet the requirements of producing a rate equitable in relation to previous job requirements and previous incentive earnings.

"3. That the Company has built a rate predicated on extremely favorable conditions and anticipated large coils, a situation which has to-date not been realized.

"4. That the skill and effort requirements of the new line are greater because of the difference in the type of line and the equipment added to the line causing more mechanical breakdowns, requiring more time to repair and get the line back into operation.

"Based on the foregoing reasons the Union believes that it has proven that Wage Incentive Plan 77-0232-2 installed by the Company for its #3 Pickle Line does not provide earnings commensurate with previous job requirements and previous earnings. The Union firmly believes that the rate is much too tight and therefore requests the arbitrator to rule the rate inequitable and order the Company to install a rate closer approximating the previous earnings for the previous job requirements of the rate of "A" line, the line which established the average earnings for the #3 line and one from which the men on #3 line came."

COMPANY POSITION. The Company's basic position, as summarized in its brief is as follows:

"This incentive rate was developed September 12, 1951. It was arrived at on the basis of sound industrial engineering principles supported by vast experiences and research in the pickling processes. It was designed to provide equitable incentive earnings in relation to the 4 factor of Section 5, Sub-section 4. Re-check after re-check by the company's industrial engineers, the union's industrial engineer and the engineer of a consulting firm have not disclosed any fault in the construction of this rate.

"With the exception of a few peaks, production on this No. 3 Pickling Line has been held far below its productive capacity. From March, 1951 to March, 1952 employees on this No. 3 Pickling Line were paid the average of their incentive earnings, earned in the last three months they were on the old "A" line. They had nothing to lose from low production. During the 90 day test period ordered by the previous arbitrator, they were confident that they would at the end of the 90 day trial period be able to compel the company to pay the difference between what they were currently paid and the average earnings of the old "A" line. In this frame of mind, they had nothing to lose by low production through this trial period.

"The Union at the time of the strike promised cooperation in bringing production up to line capacity. To date this has not been accomplished. During the 90 day trial period the union did nothing to discourage the general belief that average earnings would be collected for them at the end of the 90 day trial period.

"Production has been controlled at a low level for the sole purpose of compelling a higher rate. Rewarding these tactics with higher incentive earnings would be disastrous to the entire wage structure. The company would be burdened with a runaway rate where the line is brought up to production thus creating wide disparity in earnings with other operations. Then by the application of Section 5 Sub-section 4 all rates following would be subjected to this artificial rate, creating a chain of increased labor costs. Among these would be the rates of No. 1 and No. 2 Pickling Lines that are at this time in the grievance procedure. In this way wages higher than those agreed to by Union contract would be extracted from the company.

"All of this the Company seeks to avoid. For this reason much time and money has been spent in engineering research and time study. The results of these definitely establish that incentive rate (File No. 77-0232-2) does provide equitable incentive in relation to the department, previous job requirements and previous incentive earnings and that the employees have not availed themselves of that which this rate provides."

DISCUSSION. An analysis of the issue is quite complex and involves first of all a careful study of the delays encountered during the operation of the No. 3 Continous Pickling Line. In general, we recognize three types of delays: avoidable, internal and external.

1. Avoidable Delays. The crew on the line receives a base rate which depends upon the job descriptions of the individual jobs involved. These job descriptions call for degrees of ability, experience, resourcefulness, "quickness of comprehension", and so forth and it follows that men occupying the several positions are expected to live up to these requirements. Avoidable delays then are those delays which are caused because the qualified men did not perform as they could fully be expected to perform. We emphasize that there are many delays which fall into a twilight zone and which could easily be classed as either avoidable or unavoidable. But in our opinion a majority of these delays which are caused by lack of synchronization between the Entry end and the Delivery end are avoidable because crew cooperation is a prime requisite for the running of any unit such as the one in question.

2. Internal Delays. We recognize internal delays but agree with the Company that they do not necessarily affect the earnings opportunity of the crew. What we mean is that if a delay occurs which is eliminated before it affects the line as a whole, then the delay is internal and consequently does not affect the quantity of output. An example of an internal delay is the situation referred to frequently by the Union during the hearing: the crew at the Entry end called the crane but the crane was not available for five(or more) minutes. Since the proper planning by the crew calls for a backlog of two or three coils to be ready for processing, the crane does not "delay" the process until the Entry end runs out of material. Thus, if the crane is called and it does not arrive for ten minutes but if in the meantime the backlog keeps the line busy for another eight minutes, then the internal delay is eight minutes and the legitimate delay, or external delay is two minutes. Again, the crew is expected to call the crane as soon as it can stock another coil and by this procedure reduce the external delay due to "wait for crane" to a minimum.

We recognize the fact that some seemingly internal delays act as external delays because they slow down the unit or because an internal delay at one end tends to produce an external delay at the other end. However, by and large, none of the internal delays affect the earnings opportunity of the crew and hence, together with avoidable delays, must be discounted or eliminated in the construction of the wage formula.

3. External Delays. External delays of course are all those delays over which the crew has no control and these properly must become part of the formula.

With the above in mind we made a detailed study of the material accumulated by the several time studies and especially during the check studies which ran from August 27, 1952 through August 30, 1952. Although we do not always fully agree with the Company's analysis, we found nevertheless that the analysis is valid and that the 20% allowance made in the formula adequately covers all allowable delays which occurred during the studies. In our opinion then, in the long run, the delay on the average is considerably less than 20%. There are now and always will be special periods of short duration when the legitimate delays will be greater than

20% and through no fault of the crew. But for these excessive delay conditions there will be many periods during which the delays will be down around 12% (or less) and the grand over-all average, in our opinion, is well below the allowed 20%. All this assumes that there is full crew cooperation on the line.

The Union advanced certain arguments which must be examined. It was apparent at the first hearing and it became obvious at the second hearing that what the Union especially feared was that the Company would change the rules of the game after the case was closed. For example, the Union kept insisting that the studies were made under ideal conditions in many respects: the crane was always available, the repair crew was always available, there was no argument about quality, not much notice taken of dirty steel, etc., etc. Argued the Union: once the rate is put into effect, the Company will tighten the quality standards, the crane will become unavailable, repair crew will be busy elsewhere, and so forth.

There is one answer we can make to all this: the incentive rate was set up under certain conditions, and in our opinion, this rate yields an equitable return under these conditions. If the fundamental conditions upon which the incentive rate has been constructed change, then the rate must be changed as well. For example, if what was referred to as the "turn around" needs repairs and this situation is fundamental to the operation of the line, then the rate must be changed to compensate for this. All this is especially the case if a new development forces the crew to run the line at an abnormally low line speed for extended periods of time.

Similarly, if the quality standards are substantially increased because of customer requirements, then the incentive rate must be readjusted to take this fact into account. In brief, when fundamental conditions upon which the rate was built change to an extent which affects the earnings yield of the line, then the rate must be adjusted to the new conditions. We can see no problem here although we realize that fear on the part of some of the crew as to what may happen in the future has a good deal to do with the lack of open enthusiasm for the rate.

One of several minor irritations which have dampened enthusiasm is the crew's feeling that the present feed system is inferior to feed systems used by other firms. Still another irritation concerns itself with the unwillingness of time study observers to discuss their studies with the personnel, to show the crew the data as they are being recorded. These are internal matters which have little to do with your arbitrator except to indicate to him that the chief difficulty in this issue centers itself around fears and resentments rather than around the soundness of the industrial engineering analysis and the resulting rate. We conclude then that rate No. 77-0232-2 is an equitable rate as defined by Article V, Section 5 of the Agreement and thus should be put into effect.

AWARD. We find that rate No. 77-0232-2 is capable of yielding equitable incentive earnings in relation to other incentive earnings as expressed by Article V, Section5, paragraph 4, last sentence, of the Agreement between the parties. The Union's request for a loosening-up of the incentive rate is therefore denied.

Respectfully submitted,

Paul N. Lehoczky

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