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UNITED STEELWORKERS OF AMERICA,)
C.I.O., ON BEHALF OF LOCAL 1010)
)
-vs-) GRIEVANCE NO. 16-C-259
)
INLAND STEEL COMPANY)

Hearing held on Tuesday, November 3, 1953, Inland Steel Company, Indiana Harbor Works, East Chicago, Indiana.

Pursuant to understanding at close of hearing, the Company submitted a post hearing statement on December 3, 1953.

Decision rendered by arbitrator on January 11, 1954.

Is the Cold Strip Pickle House Crane Operator Wage Incentive Plan 53-W-9 (77-0220) inappropriate under the provisions of Article V, Section 5, of the Collective Bargaining Agreement? This is the question to be decided by this arbitration.

In the Union's Exhibit A and Company's Exhibit H submitted to the arbitrator during the hearing are copies of Grievance Number 16-C-259 stating the grievance as: "Rate installed on Pickle House Cranes is insufficient. Request a rate relative to increased production." The Union charged the Company with violation of Article V, Section 5; the Company denied any violation. As a consequence of this grievance, however, conditions surrounding this activity were investigated by the Company and adjustments were subsequently made with regard to "AD" and "BD" material handling and the new construction taking place at that time in the division.

Incentive Plan 53-W-9 (77-0220) was preceded by a long list of similar plans. Plan 53-W-8a, dated July 1, 1943, had a rate per man hour ton of $0.0072; plan 53-W-8b, dated June 30, 1947, established the current rate per man hour ton of $0.0094; a supplement to plan 53-W-8b was issued August 9, 1948 allowing a fixed hourly bonus of $0.035 to compensate for the construction work activities; plan 53-W-9 was made effective May 15, 1950; on July 13, 1950, a letter was issued allowing operators on crane #14 to receive 83% of the hourly incentive earnings of cranes #12, 12A and 13 and to have 33 1/3% of their hours charged into the man hour pool retroactively as of September 19, 1949; Grievance Number 16-C-169 charging that Wage Incentive Plan 53-W-8b was inappropriate was filed on September 19, 1949 and withdrawn on October 2, 1951; the subject of this arbitration, Grievance Number 16-C-259, was filed October 23, 1950. Investigation of conditions as a result of the filing of this grievance indicated that a crew rate of $0.0031 was necessary for handling hot rolled material, "AD" and "BD", moving through the Pickle House to the 76" Hot Strip lean-to building. A revised Wage Incentive Plan, File Number 77-0220, superseding plan 53-W-9 and the above mentioned letter of July 13, 1950. Originally, this plan (77-0220) was made effective September 19, 1949, and then changed to be made effective April 1, 1948.

A good deal of the misunderstanding in this controversy no doubt stems from the involved history of the wage incentive plans.

The basic Union contention is that, as a result of the changes that were made in the methods, the crane operators are handling more steel with fewer man hours. It contends that the men work harder at a task which now requires more constant effort than before. All in all, the Union contends that the workload has increased as a result of the change in methods in the work that these cranemen service; and although it admits some increase in earnings, it contends that this increase is not large enough to compensate for the added effort and

endurance required and that the increase is not in line with the increase enjoyed by the direct workers in the area serviced.

The Company contends that Wage Incentive Plan 53-W-9 did not become inappropriate according to provisions of Article V, Section 5, of the Collective Bargaining Agreement on October 23, 1950, because the basic figure of $0.0094 has not been changed during the period here in question and because increased production in itself cannot render a wage incentive plan inappropriate. It argues that it did not change:

"A. The equipment operated by the Pickle House Crane Operators.

"B. The method of handling cold rolled and hot rolled (AD and BD) material, or

"C. The product handled by the Pickle House Crane Operators."

The Union further argues that the incentive plan has become inappropriate because since the methods changes have been made in the Pickle House the earnings of the cranemen have been lower in relation to the direct labor operators whom they service. The Union contends that this change in earning relationship in the division is a reason why the inappropriateness exists and should be corrected.

The Company counters by saying that it is"....not a question of the level of earnings. The fact that other crane earnings went up or went down, or what any other job in the Cold Strip experienced, (does) not matter in this particular case. The only question to be decided here is whether or not an existing plan had become inappropriate." (Transcript of Proceedings, page 85.) It contends, further, that "....the fact that more tonnage passed through this pickling building did not in and of itself render this wage incentive plan inappropriate." (Transcript of Proceedings, page 86.)

When the Union stressed the relationship of the Crane Operators' earnings to the earnings of the occupations serviced by them, the Company answered that the service occupations, such as the cranemen, are paid on the basis of tonnage handled not on the production of the lines (direct labor occupations) serviced by them.

The transcript reveals that Union and Company representatives agree that in the past the Pickle House Crane Operators were the highest paid cranemen on incentive in the department. Through the changes in the operating methods of occupations serviced, this position has been lost by them.

Clearly, one factor in the Union's contention is the increased productivity of the cranemen; and although it admits that earnings are now greater than before, it argues that this increase in earnings is not in proportion to the increased effort and diligence required. The other important factor which in the opinion of the Union makes this incentive plan inappropriate is the change in the Pickle House Crane Operators' position relative to incentive earnings of other occupations in the department.

The Company holds to the fact that the $0.0094 rate had not been changed since it was established under plan 53-W-8b, although other additions and revisions were made, and contends that the changes in methods made in the department did not make the incentive plan inappropriate. The change that was brought about by the installation of the conveyor, the Company indicates, was recognized in the $0.0031 rate for hot rolled material (AD and BD).

In its brief, the Company quotes the part of Article V, Section 5, which is applicable to the request of the grievance:

> "Where an incentive plan becomes inappropriate because of new or changed conditions resulting from mechanical improvements made by the Company in the interest of improved methods or products, or from changes in equipment, manufacturing processes or methods, material processed, or quality or manufacturing standards, and the Company does not develop a new incentive, the employee or employees affected may process a grievance under the provisions of Article VIII of this agreement and Section 9 of this Article, requesting that a new incentive be installed providing, in the light of the new or changed conditions, equitable incentive earnings in relation to other incentive earnings in the department or like department involved, and the previous job requirements and the previous incentive earnings."

The Company contends that the equipment, methods, and product handled has not been changed by the Company. It must be agreed that the cranemen still have the same equipment; that they operate it in the same way; and that they handle the same product, although there is more of it to handle. However, it must also be clear that, when the rate was first established, these cranemen had more waiting and otherwise unoccupied time they now have. Normally, according to good industrial engineering practice, such service occupation is given an incentive plan with a small increase per unit produced or handled. As the waiting time decreases, this rate per unit is increased to give a line with a sharper rise.

The question then arises: Does the plan which was developed for a task with a given amount of unoccupied time continue to be appropriate for the task still ostensibly the same but with less unoccupied time? The jobs serviced by the cranemen have been so changed that the amount of waiting time has been decreased. The men work "more often" in the words of one of the Union representatives.

In the part of Article V, Section 5, quoted above are the following words: "...the employee or employees affected may process a grievance.....requesting that a new incentive be installed providing, in the light of the new or changed conditions, equitable incentive earnings in relation to other incentive earnings.....and the previous job requirements."

It is therefore the finding of this arbitrator that the plan in question has become inappropriate because the conditions surrounding the crane operation have been so changed by the Company as to change the premise under which it must be assumed the plan was developed. The employees are within their contractual rights in requesting that the plan be revised in the light of the changed conditions to provide earnings in relation to other earnings and previous job requirements.

The Company is therefore requested to change the $0.0094 rate to incorporate five (5) per centum increase. The rate $0.0031 is to remain unchanged since it was developed as a result of the conveyor installation.

Lest misunderstanding exist, since this does not involve a new incentive plan and therefore is not covered by the arbitration clause as to the effective date under Article V, Section 4, the arbitrator is assuming that both parties will recognize the date of this grievance, October 23, 1950, as the effective date.

Respectfully submitted,

/s/ E. A. Cyrol

E. A. Cyrol, Arbitrator