

40 114

BEFORE
PAUL M. EDWARDS
IMPARTIAL ARBITRATOR

INLAND STEEL COMPANY)

and)

UNITED STEELWORKERS OF AMERICA)
LOCAL UNION 1010)

Grievance No. 16-D-63

ARBITRATOR'S AWARD

Question To Be Decided

Was the Company in violation of Article V, Section 5, of the Collective Bargaining Agreement when it denied Grievance No. 16-D-63, filed June 22, 1953, contending that the wage incentive plan for the Bundler Checker, Cold Strip Shipping Department, did not become inappropriate on June 1, 1953, under the provisions of Article V, Section 5, of the Collective Bargaining Agreement?

Decision of the Arbitrator

The Company was not in violation of the Collective Bargaining Agreement when it denied Grievance No. 16-D-63, filed June 22, 1953.

Respectfully submitted,

/s/ Paul M. Edwards

Paul M. Edwards, Impartial Arbitrator

OPINION

Summary of Facts of the Case

Effective May 25, 1949, an incentive plan for the Bundler Checker occupation in the Cold Strip Shipping Department was installed (Incentive No. 82-C-3A, now designated as No. 77-27-14).

On June 22, 1953, the Union entered Grievance No. 16-D-63 alleging violation of Article V, Section 5, of the Company-Union Agreement.

The incentive plan in question provides earnings from three sources:

- a. Incentive base rates (the same as the guaranteed hourly rate)
- b. A rate per thousand pounds shipped
- c. A percentage of the total earnings of the Bundler group (Head Bundler and Bundlers)

The earnings of each Bundler Checker are computed for each turn worked, based upon the tonnage of steel shipped on his floor and the earnings of the Bundlers and Head Bundler on his floor.

Near the end of May or the first of June, 1953, bundling requirements were changed on the D Floor so as to reduce the amount of material required in the bundling of coils. This

acted to reduce the amount of work and the earnings involved in the Bundlers' jobs. As a result of these changes in bundling practices, the total earnings of the Bundlers' group decreased (although the man hours worked by this group were also reduced, so that there has been no severe drop in the hourly earnings of the Bundlers). However, the drop in the total earnings of the Bundlers for Floor D has resulted in a drop in the total earnings of the Bundler Checker occupation on this floor.

The Union's Position

The Union's case is based primarily upon the following paragraph from Section 5-Incentives, Article V-Wages, of the 1952 Agreement which, as amended, is still in force:

"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, materials 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 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 Union contends that there have been changes in manufacturing process or methods, or materials processed, or quality or manufacturing standards, which have resulted in a lowering of the earnings of the Bundler Checker on D Floor. As a result of these changes, the incentive plan has become inappropriate. The Union further contends that a new incentive plan should be installed providing, in the light of the new or changed conditions, equitable incentive earnings in relation to the other incentive earnings in the department or like departments involved and the previous job requirements and the previous incentive earnings.

The Company's Position

The Company contends that the wage incentive plan did not become inappropriate by reason of the changes in the packaging specifications; that the fluctuations in the Checkers' earnings are a result of the fluctuations in over-all packaging and shipping activity; that the wage incentive plan was based on the consideration that variations in the relationships between the actual work performed and the basis of measurement provided in the plan would occur for the Checkers due to the indirect nature of services performed; that a reduction in hourly earnings is not sufficient evidence that a wage incentive plan is inappropriate; that the change in bundling practices was not the result of new or radical bundling methods, but was merely a shift in emphasis of a type of bundling to meet the needs of the times; and that these changes were already contemplated by the Bundlers' incentive plan, as illustrated by the fact that the Bundlers' earnings have not suffered materially as a result of the changes. Therefore, since the incentive for the Bundlers had been designed to accommodate itself to these changes, it also applied as well to the incentive of the Auxiliary Crew.

Arbitrator's Opinion

This case was heard on the same day and following the hearing of the arbitration of Grievance No. 16-D-65, which applied to the Auxiliary forces in the same department. The case made by the Union referred to the arbitration of Grievance No. 16-D-65; in fact, the Parties agreed that the cause of the grievance sprang from the same change in bundling requirements on D. Floor. Both Parties appeared to assume that the conditions surrounding the two cases were substantially the same.

The Arbitrator's analysis of the testimony presented indicates very significant differences in the two cases. In the case of the Auxiliary forces, there was one group and one incentive plan applied to the entire group uniformly. In this case the Arbitrator made an award which required an examination of the relative weighting of the two parts of the incentive plan--the tonnage rate and the percentage of the Bundlers' earnings. The reweighting of the two factors was to be done in such a manner that if the drop in earnings had resulted from a drop in the Bundlers' work alone while the tons per man hour had been maintained, then under recent conditions an increase in earnings would result. However, if the drop in earnings were due to less work per man hour being performed, then there would not necessarily be a change in the weighting of the two factors.

In the case of the Checkers, we are dealing with individual incentive plans for each Checker, where the earnings are based upon the tonnage shipped from the respective floors and the amount of bundling done upon the respective floors. The Arbitrator has plotted the incentive earnings per hour of the Checkers against the tons loaded per Checker hour. This graph reveals that while the earnings of the Checker on Floors A, B, and C have dropped, they have not dropped out of proportion to the drop in the tons loaded per Checker hour. This is an indication that the amount of bundling per ton on these floors has remained relatively constant.

The earnings of the Checker on Floor D were the highest of any of the Checkers prior to the change in bundling requirements on this floor in June, 1953. Since that time, the earnings have remained higher than those of Floors A and C and have been approximately equal to those from Floor B in the latter half of 1953. In the first quarter of 1953, they have improved, while those of Floor B have dropped.

In this case the Arbitrator has two possible courses. He could order the separation of the incentive for Floor D from the other three floors and the setting up of a separate incentive plan. In such a case it would be necessary to reduce relatively the rate for the bundling (that is, the percentage of the Bundlers' earnings applying to the Checker) and to increase correspondingly the rate per ton. The second course would be to accept the fact that the Bundler on Floor D had been getting a "good break" from the amount of tonnage and kind of bundling which had been processed through his floor and that a change which brings him more nearly in line with the other floors does not render the incentive plan inappropriate.

The Arbitrator believes that grave consequences would result from the first course. He does not agree that the highest earnings ever obtained on this floor represent the only level under which the incentive plan is appropriate; and, therefore, a revision of the two factors in the incentive, while perhaps resulting in an increase under present conditions, might result in lower earnings than those which were previously enjoyed under other conditions. Such a ruling would also open an avenue for the other Checkers to demand revision for their incentives, inasmuch as they were inappropriate because of the higher earnings of the Checker on Floor D. The Arbitrator does not believe that the terms of the Agreement justify such action.

It is true that the earnings of the Checker on Floor D have changed more than the drop in the tons loaded per Checker hour would indicate. Apparently, incentive earnings have dropped about 9% as a result of the reduction in the amount of bundling. This represents a drop of approximately 4% in the total earnings of the Checker on Floor D, inasmuch as the incentive earnings represent slightly more than one third of the total earnings. It is also true that the Checker on D Floor is receiving less per hundred tons than the other Checkers. The average incentive earnings of the other Checkers appears to be approximately \$3.50 per hundred tons, while the Checker on D Floor receives about \$2.70 per hundred tons. However,

the Checker on D Floor is processing from forty to sixty tons per Checker hour, while the Checkers on the other floor are currently processing from twenty-four to thirty-two tons per Checker hour. The difference is still in favor of the Checker on D Floor, and the Arbitrator can find no justification for the earnings during a previous phase of the application outweighing the following facts and thereby making the plan inappropriate.

- a. The same incentive plan is used in the case of all Checkers.
- b. The Checker on D Floor can process more tons per hour than are available to the other Checkers.
- c. The Checker on D Floor is earning more per hour than the other Checkers paid on the same incentive rate.

The Arbitrator concludes, therefore:

The incentive plan is equitable and did not become inappropriate as a result of the changes in bundling practice.

The Checker on D Floor got the "good breaks" in tonnage and earnings opportunity in the past. Comparison of earnings with other men carries as much weight in the Agreement as do the past earnings.

Only the current drop in earnings indicates a possibility that the rate for D Floor has become inappropriate, all other facts confirm the equity of the rate.

April 27, 1954