INLAND STEEL COMPANY)
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and)
)
UNITED STEELWORKERS OF AMERICA)
Local Union 1010)

Grievance No. 12-E-74
Docket No. IH 8-8-4/5/56
Arbitration No. 187

Opinion and Award

Appearances:

For the Company:

William F. Price, Attorney of Vedder, Price & Kaufman
W. L. Ryan, Assistant Supervisor, Labor Relations
J. I. Herlihy, Superintendent, Industrial Engineering Department

For the Union:

Cecil Clifton, *International Representative*
Fred Gardner, Chairman, Grievance Committee
Joseph Wolanin, Secretary, Grievance Committee
C. C. Crawford, Grievance Committee

This grievance questions the equitableness of Wage Incentive Plan 55-0628, Revision 1, which was installed November 14, 1955 in the Galvanize Department for the Craneman, Head Hooker and Hooker working on Crane No. 1 in Warehouse and Finishing, who serviced the No. 3 Galvanize Line. This revision converted the previous incentive plan from an individual employee to a crew basis, and, among other things, eliminated an error in the prior plan under which the Head Hooker and Hooker were credited with production on some turns on which they were not scheduled. The original plan had been in effect since March 14, 1955, and had not been questioned by the employees.

In the grievance discussions the position of the Union was that the incentive plan in question should be revised to provide incentive earnings equal to those that were being paid the comparable occupations on the No. 3 Crane, which was servicing the No. 1 and No. 2 Galvanize Lines: for the Craneman $.53 per hour as against $.244 to the grieving Craneman; and for the Hookers $.45 as compared with $.244 per hour. This the Union sought to justify by the contention that the incentive earnings of the grievants were inequitable "in relation to the previous job requirements and previous incentive earnings, and other incentive earnings in the department," and more particularly because the No. 1 Crane crews were handling considerably more material than the crews on the No. 3 Crane. This grievance relies on Procedure 4 (marginal paragraph 40) of Section 5, Article V of the 1954 Agreement.

The nature and purpose of the cited section of the contract have been discussed in several awards rendered in the past few months. See, in particular, the awards in Arbitration Numbers 151, 156 and 159. Basically, by

certain specified tests, the purpose is to see that the incentive earnings are equitably in line with contractually comparable incentive earnings. By a course of practice an order of priority has been developed in the making of such comparisons. This does not mean that no attention is paid to the subordinate comparisons; indeed, if these secondary comparisons stipulated in the Agreement show a clear inequity growing out of the new or revised incentive plan then the grievance should be held to have merit.

In this case we have what the Company calls a "replacement incentive." The original plan had been in force for eight months, and the Union had not questioned its equitableness. While the Agreement does not mention "replacement incentive plans," and it is not entirely clear when an incentive plan is a new plan as distinguished from a revised or replacement plan, the fact is that in such circumstances the primary comparison by which the equitableness has come to be tested is that stipulated in marginal paragraph 40 (Section 5 of Article V) as "the previous job requirements and the previous incentive earnings." The secondary test is that asserted in the grievance, in substance that the employees on the No. 3 Crane are faring better in incentive earnings than are these grievants on the No. 1 Crane. The Union in its presentation specifically requested an adjustment of the plan in question to provide for each of the occupations exactly what their counterparts were earning immediately before the date of the grievance on the No. 3 Crane.

Taking the latter contention first, we find that the earnings on the No. 3 Crane were at that time guaranteed incentive earnings, and not actual earnings, by virtue of Procedure 5 of Article V, Section 5 (marginal paragraph 41). During the period shortly after Incentive File No. 55-0628, Revision No. 1, went into effect on November 14, 1955, grievants were likewise guaranteed their prior earnings, but, unlike the employees on the No. 3 Crane, they consistently exceeded their guarantees by four cents or more per hour. When in June, 1956 the guarantee to the employees on the No. 3 Crane ended, their incentive earnings took a very sharp drop. For a time the respective members of this crew earned little more than 50% of what their previous guarantees had provided, and for the six or eight months thereafter for which figures were submitted they never attained their previous earnings levels by a wide margin. Certainly, we can not use the artificial earnings level of the No. 3 crew during their temporary period of guarantee as the criterion for determining whether the incentive plan of the No. 1 Crane crew is equitable.

Examining the previous earnings of the No. 1 crew and their former workloads and comparing these with their subsequent incentive earnings and workloads, there does not appear to be any inequity. They are earning considerably more than they formerly earned. True, their workload has increased. It was expected that their workload would be 39.4% which would have warranted an earnings margin of 14.1%. Over a period of almost a year, it turned out that the workload averaged 48.3%, and this, by recognized procedures, raised the justified margin to 17%, which has been regularly attained or exceeded.

The Union argues, nevertheless, that the No. 3 Crane crew has done better than the No. 1 crew. The No. 3 crew's workload dropped from 44.9% to 40.8%, and their earned margin declined only from 20% to 17.5%, although their justified margin in the later period was only 14.3%. During the later period the workload of the No. 1 crew was 48.3%, the justified margin 17% (compared with 14.3% for the No. 3 crew), and yet the earned margin of the No. 3 crew turned out to be slightly higher than that of the No. 1 crew.

The Union did not demonstrate that the incentive plan of the No. 1 crew was incorrectly or inaccurately designed, nor that its soundness has been disputed in practice. The most that can be said is that the incentive plan of the No. 3 Crane crew is slightly "looser." In view of the other factors mentioned, and the modest degree of difference between the earnings potentials of the two plans in practice, the facts do not present a basis under the Agreement for revising or adjusting the incentive plan of the No. 1 Crane crew. Within the contract provisions, this is not such a showing as to constitute the incentive plan inequitable.

AWARD

This grievance is denied.

Dated: August 2, 1957

David L. Cole
Permanent Arbitrator