

INLAND STEEL COMPANY

and

UNITED STEELWORKERS OF AMERICA  
Local Union No. 1010

) Grievance No. 22-F-32  
) Docket No. IH 313-304-5/5/58  
) Arbitration No. 312

) Opinion and Award

Appearances:

For the Union:

Cecil Clifton, International Representative  
Joseph Wolanin, Secretary, Grievance Committee  
J. Gyurko, Grievance Committeeman

For the Company:

W. F. Price, Esq., Attorney  
L. E. Davidson, Assistant Superintendent, Labor Relations  
A. C. Cummins, Supervisor, Industrial Engineering Department  
A. M. Kroner, Assistant Superintendent, No. 3 Open Hearth  
L. Lee, Industrial Engineering Department

This is a companion to the several cases heard during the weeks of August 11, 1958 and December 1, 1958 with respect to new incentive plans installed in the No. 3 Open Hearth Department following the expansion of that department. As in those cases (see p. 3 of preamble to Arbitration Nos. 281-288) the Permanent Arbitrator had the benefit of consultation with Mr. Paul Edwards, an industrial engineer, whose report to the Arbitrator is attached hereto as Exhibit A. The findings in the Consultant's report are sound, consistent with the views expressed in the Permanent Arbitrator's prior awards in incentive cases, and are hereby made a part of this award.

The grievance here was filed by the Pit Pouring Crews. Under conditions previously obtaining, at the four furnace level of operations, a crew of five men were used (First, Second and Third Ladleman, a Platform Man and a Pit Helper). One incentive plan had been applicable to all of the occupations with separate pay factors.

The new plan establishes one figure for standard hours per item for all occupations. The Company has decided to make this a crew type incentive plan because of the help which the occupations render each other. It has given recognition, of course,

to the differences in the occupational base rates. The manning table has also changed. At present it is represented to be

<u>Number of Furnaces</u>	<u>Manning</u>
4	5 (As previously)
5	7 (A Second Ladleman and a Platform Man are added)
6	7
7	8 (An additional Platform Man is assigned)

The Union's case is based primarily on the following arguments:

- a) That the Company had no right to change from separate pay factors for each occupation to a single crew type incentive plan; and in so doing, some of the occupations were prejudiced.

There seems to be nothing in the Agreement itself that forbids this type of change. Marginal Paragraph 52 provides that

"Wherever practicable it will be the policy of the Company to apply some form of incentive to the earnings of the employees when their efforts can readily be measured in relation to the overall productivity of the department, or a subdivision thereof, or on the basis of individual or group performance." (Underscoring supplied.)

I am not persuaded that the change is arbitrary or unreasonable or lacking in rational foundation. In view of the breadth of discretion seemingly granted to the Company in the formulation of incentive plans, there is serious doubt that one can hold that the Company does not have the right to change from an individual to a group type of incentive plan.

- b) The Union states that the increase in the "work load" is greater than the 17.1% computed by the Company. In this respect it refers to less ladle availability, shorter ladle life, more work with hot ladles, more ladle patching, insufficient crane service, delays, more ladle preparation, etc.

The Arbitrator has carefully reviewed all of the evidence on these matters, including the Company's denials and its explanations of the specific observations made by the Union witnesses. The question presented for decision, in the greatest part, is not whether the circumstances referred to by the Union witnesses occurred; rather, it is whether the occurrences and conditions referred to changed the job requirements to an extent not compensated for in increased incentive earnings under the new plan. As indicated in the Consultant's report attached as Exhibit A, the 17.1% increase in work load would appear to compensate for the items referred to by the Union witnesses, taken in the aggregate.

The report of the Consultant (pages 3 and 4 of Exhibit A) points out that in constructing the plan under consideration to reflect the increased work load, the difference of 17.1% was applied to the conventional incentive margin of 35%. It then added the resultant figure of 6% to the average earnings of all the occupations. In consequence the increases to the individual occupations varied widely as indicated on page 3 of the exhibit from 3.4% to 9.9%. This differential in treatment has not been justified by reference to the standard incentive practices of the Company or by reference to any special features of the facts in this case.

The comments of the Consultant on the procedure followed are accepted as sound and are adopted herein.

#### AWARD

The incentive plan is remanded for amendment by means of which each member of the crew should receive at least 6 percent of base rate increase in earnings at expected full production at a seven furnace level of operations. In all other respects the grievance is denied.

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Peter Seitz,  
Assistant Permanent Arbitrator

Approved:

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David L. Cole,  
Permanent Arbitrator

Dated: March 21, 1959

## EXHIBIT A

### PAUL EDWARDS & ASSOCIATES

CONSULTANT'S REPORT TO ARBITRATORS  
on  
INLAND STEEL COMPANY - UNITED STEELWORKERS OF AMERICA  
ARBITRATION OF GRIEVANCE NO. 22-F-32  
(PIT POURING CREWS)

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There are two questions that appear to need examination in this case; first, are the increases in earnings that are contemplated comparable to the increased job requirements, and, second, has the Company violated the Agreement by using the average of the past incentive margin instead of the margin for each individual operation?

The argument as to whether work load is a sufficient measure of "job requirement" will not be examined here. Only the Company position, that incentive earnings should reflect work load, will be explored.

There can be little doubt that the work load of the pouring crew must be closely related to tons of ingots poured. Of course, some variables that would disturb this simple relationship are not accounted for in detail, such as mold size and mold type. These are used as averages of a long-term condition. Such smoothing-out of details is necessary to make incentives practical and workable. They have not been brought into issue in this case.

It is my opinion, within the limits of my knowledge of the case, that the standards do reflect fairly the change in total work load of the Pit Pouring Crew. An examination of the transcript and Company brief develops the following comparison:

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| 1. Output expected to increase<br>(from 39,700 to 74,664 tons per pay period)  | 88%  |
| 2. Crew size increase<br>(from 5 to 8 men per turn)  | 60%  |
| 3. Work load increase - 17.1 percentage points of<br>normal<br>(from 50.4% to 67.5% for all men)<br>(as measured by the Company Exhibit B) | 34%  |
| 4. Amount that total work volume increases<br>(1.60 men x 1.34 work load = 2.14, a<br>114% increase)                                       | 114% |

In effect, the Company has said that for 88 percent more ingot tons to be poured it is estimated that 114 percent more man hours of work will be required. The extrapolation from the four-furnace operation to the seven is shown on Company Exhibit B. The estimates seem quite generous. The major element of work, that of pouring, has been increased 34 percent for rim steel and 24 percent for bottle-top molds although the size of the heat has been increased by only 7 percent. The only basis for challenging the Company's increases in work load would be new time studies of the jobs under the new condition.

The Union may have a significant argument concerning work on hot ladles. It is to be noted that the number of ladles has been increased, but there is an admission that the ladles are worked harder than previously. It is not possible to evaluate the effect on work load here. Other Union points, such as total tons produced (instead of tons per man hour) and the time during the turn that work must be performed, do not carry weight.

The relationships of output, man hours worked, and earnings are examined on three charts attached. The data used appears in Company Exhibit F.

Chart A compares the total production by pay periods with the percent earnings above the respective base rates. The squares at the left of the chart represent earnings at four-furnace operation. These data are charted to show the picture as presented by the Union--that earnings at increased output do fall below the previous earnings and that, looked at in this light, the men suffer in spite of increased production.

The Union argument bypasses the fact that as the number of furnaces is increased the number of men in the Pit Pouring Crew is also increased. On Chart B the Ingot Tons Per Man Hour is used as the base for comparison of earnings. Here we find that earnings are in proportion to the work accomplished per individual, that is, per man hour. (Bonus earnings are directly proportional to tons per man hour; total earnings are not.) In fact, the relationship becomes simple--for each ton of ingots produced per man hour of the crew, 1.34 percent incentive margin is paid to each member of the crew.

The general form of the incentive plan is shown in Chart C. The plan is of the same type as that applied to the crews (except the furnace crews, First and Second Helpers) in the No. 3 Open Hearth Department. The scales of Charts A and B are much enlarged to show detailed relationships. Chart C is included only to keep the relationship in focus.

The Point of Changing the Relationship between the Earnings of the Various Occupations

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The record (Company Exhibits D and F) indicates that whereas the earnings of the First Ladleman were 33.8 percent above the base rate of the job, the earnings of the Third Ladleman were 27.3 percent; of the Platform Man, 27.7 percent; and of the Pit Helper, 33.5 percent. An average crew margin of 31.2 percent is shown on Company Exhibit D.

The Company used the average margin in computing the earnings for the new incentive plan. (Company brief, page 6.) The Company computes that 35 percent of a 17.1 percentage point rise in work load (17.1 percent of normal work load) justifies an increase of 6 percent of base rate in earnings. The 6 percent is added to the average earnings of the crew, not the earnings of the individual occupations, with the result that the increases were:

First Ladleman	3.4%
Third Ladleman	9.9%
Platform Man	9.5%
Pit Helper	<u>3.7%</u>
Average	6.0%

Of course, the Company's Standard Incentive Practice is not a part of the contract. The Arbitrator is left to determine equity.

In the kind of work represented by pouring of steel, some of the more highly skilled work and some carrying heavy responsibilities must be done by specific occupations. However, there is sufficient flexibility in an operation of this kind to spread the added work load among all of the individuals. There is so much overlap possible in the duties that it is impractical to consider occupations and individuals as carrying more than the average work load. In almost any type of wage incentive for operations, such as for the Pouring Crew, the differences in the jobs are reflected in the base hourly rates, and the incentive is divided as an equal percentage above the base rate for all occupations. Therefore, it is my opinion that the Company improved the form of the incentive plan when it made the incentive margin of all occupations in the crew equal in each pay period. However, if the Company's practice of 35 percent incentive for full incentive work load is accepted as equitable, then, assuming that the increased work load is spread evenly over the occupations, the First Ladleman received only a 3.4 percent increase for a work load increase justifying 6.0 percent. The Pit Helper is in a similar situation.

**PAUL EDWARDS & ASSOCIATES**

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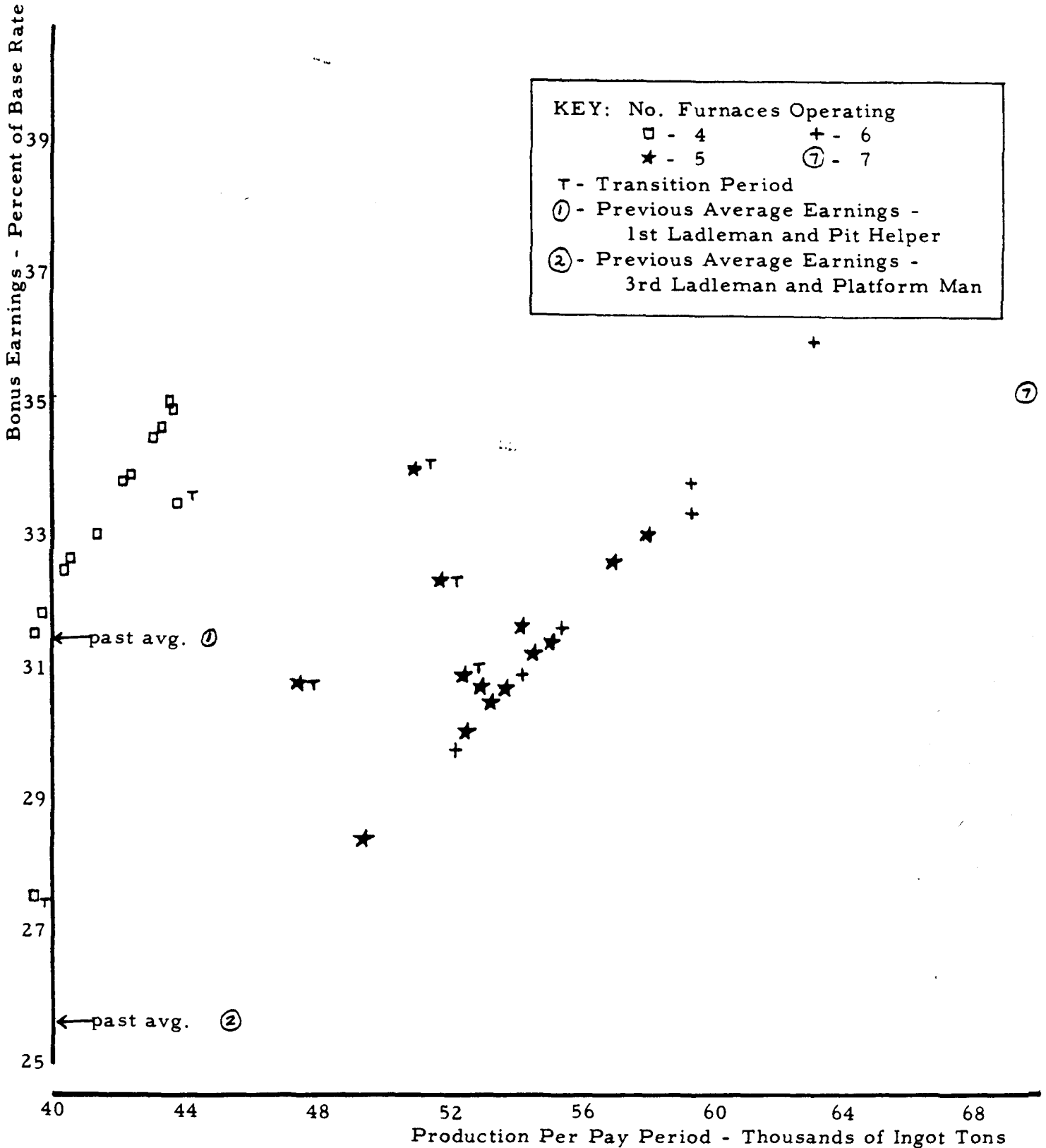
In other cases, even though previous earnings were already high, the Company has dutifully added to the earnings the amount indicated by its Standard Incentive Practice.

It would appear, in the light of past practices and decisions upholding them, that each member of the crew should receive at least the 6 percent of base rate increase in earnings at 74,665 tons per pay period that the Company itself indicates is equitable.

Paul M. Edwards  
Paul M. Edwards, Professional Engineer

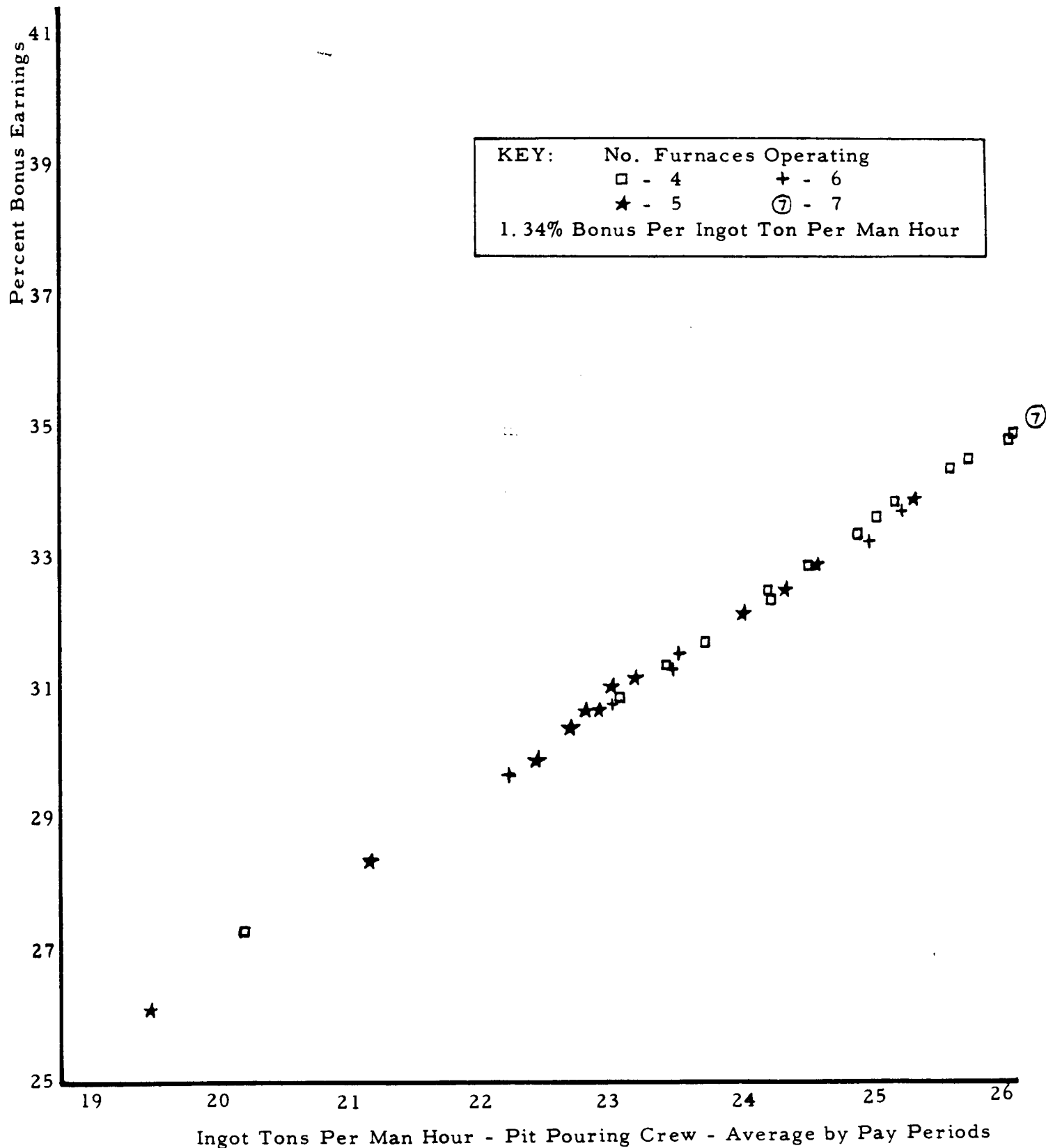
January 26, 1959

INLAND STEEL - UNITED STEELWORKERS OF AMERICA  
 GRIEVANCE NO. 22-F-32  
 PIT POURING CREWS - NO. 3 OPEN HEARTH  
 Comparison of Gross Production  
 and  
 Pit Pouring Crew Earnings





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