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

Grievance No. 17-G-169
Appeal No. 1153
Award No. 568

Opinion and Award

Appearances

For the Company:

William F. Price, Attorney
Robert Ayres, Assistant Superintendent, Labor Relations
Jack Stanton, Assistant Superintendent, Labor Relations
Tom Granack, Senior Labor Relations Representative
James Federoff, Senior Labor Relations Representative
Louis Davidson, Superintendent, Industrial Engineering
Kenneth Hohhof, Supervisor, Industrial Engineering
Charles Wilde, Industrial Engineer
Nicholas Keckich, General Shipping and Warehouse Foreman

For the Union:

Peter Calacci, International Representative
William Young, Chairman, Grievance Committee
Lon Porter, Grievance Committeeman - Department

This grievance questions whether the incentive plan, File No. 78-1405-1, covering Electrolytic Tinning Line Tractor employees, is equitable under the provisions of Article V, Section 5.

This incentive plan was installed July 9, 1961 in the Tin Mill, to cover tractor work in handling and transporting sheets or coils from the new No. 3 Line and the Hallden shear when operated as a separate unit. This plan also covers the handling of coils from the No. 2 Line. Previously, before No. 3 Line came into use, the Tractor employees handled only sheets and lifts from the No. 1 and No. 2 Lines. In settlement of another grievance, this incentive plan was made retroactive to February 5, 1961, but the issue of equitableness remained unsettled.

The Union's criticism of this incentive plan is based on five grounds which may be summarized as follows: (1) the earnings provided are less than those of the Tractor employees prior to the changes; (2) the earnings are not comparable with those of the Continuous Washer Annealer Tractor Operators in the same department; (3) the standard hour rate should revert to the tonnage basis previously in use; (4) the rates per ton should be similar to those under the prior plan; (5) the Company's reliance solely on workload, without reference to tons handled, is not in accordance with the contract.

At the arbitration hearing the Union concentrated mainly on two points. It urged that the Company's practice of using relative workload as the sole test of previous job requirements is not contractually sound, and that the proper comparison of earnings should be with those of the Continuous Washer Annealer Tractor employees in the Tin Mill.

The point to which the greatest emphasis was directed was that relating to the use of the workload approach. It would be well to dispose of the remaining points first.

In inquiring whether an incentive plan is equitable, several criteria are mentioned in Article V, Section 5. This has presented the problem in a number of earlier cases of determining which criterion should be given priority or consideration. These criteria are:

> " ... other incentive earnings in the department or like department involved and the previous job requirements and the previous incentive earnings ... "

It has been ruled several times that where the employees involved have had another incentive plan which has become inappropriate by reason of new or changed conditions, as set forth in said Section 5, the most meaningful comparison is that falling within the criterion of previous job requirements and previous incentive earnings. At page 2 of the opinion in Arbitration No. 323 this conclusion was reached, and no purpose would be served in repeating what was stated there. That holding has been understood and consistently accepted and applied at least since 1959 when that award was issued.

For this reason the earning experience of the Continuous Washer Annealer Tractor operator, even though he works in the same department, does not offer the proper basis for determining whether the incentive plan under consideration is equitable.

There is no contractual requirement, moreover, that employees whose work has been changed should have as great a margin of incentive earnings over base as they formerly had. If the job requirements, particularly the workload, are about the same, they should, but if the workload has risen they should earn more and if it has declined they may earn less.

Beyond this, the number of tons produced or handled does not in itself, without regard to changes in equipment or processes, reflect necessarily either a greater workload or a right to have higher earnings. This is because the changes may in fact have made it easier to produce or handle the larger quantities. In the relationship at this plant this has been declared in several awards, and may now be considered a settled principle. See Arbitration No. 447 and Arbitration Nos. 349-351 in which other awards are also cited.

The Union suggested, as indicated above, that the disputed incentive plan should have been based on a rate per ton, in fact, that the rate should be the same as it was under the original plan. The plan is on a standard hour basis. This suggestion, however, was not particularly stressed. There is no provision in the contract under which the Union may countermand the Company's right to determine the kind of incentive plan to install. The Union may question whether it is fair to the employees, or as the contract puts it, equitable; this may be tested by the means stipulated in the agreement; but beyond this discretion is left with Management.

The crucial issue in this dispute revolves about the practice of comparing the workloads under the original incentive plan with those under the new or revised plan as the indication of whether there has been a change in job requirements, and then applying the percentage change in workload to the normal incentive margin of 35% as the adjustment to be made in the expected margin of

incentive earnings. The Union urges that this is not what the contract provides, although it frankly concedes that this practice has been in effect for some years, with the acquiescence of Union representatives and the approval of arbitrators.

It would be useful to re-read some of the observations made early in 1957, in Arbitration No. 156 with reference to the nature and purpose of inquiries into the question of the equitableness of incentive plans. That opinion was prepared after a considerable amount of discussion with the representatives of the parties as to the meaning of Section 5 and the holdings of prior awards. The relevant portions of that opinion follow.

> "The parties have expressed serious disagreement over some of the fundamental features of this contractual test. It may be helpful to point out what this language does not say.
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> "It does not say that the employees must earn exactly what they earned before, nor an amount equal to the average incentive earnings in the department or in a like department. Such other incentive earnings must have been meant to be only guides to determine whether the new incentive plan provides equitable incentive earnings. Earlier in Section 5 there are two references to the 1947 Wage Rate Inequity Agreement, the most pertinent being that in marginal paragraph 53, which is that under certain indicated circumstances
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> > ' ... the Company shall have the right to install new incentives, subject, however, to the provisions of the aforesaid Wage Rate Inequity Agreement.'
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> "Nor does Section 5 call for the same wage rate per piece or per ton produced. It is completely silent on this aspect of the problem; in fact, it does not even suggest that the equitableness of a new incentive be judged in relation to the amount of production.
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> "Moreover, it does not stipulate that any one of the listed criteria should have priority over the others. It does not make any criterion applicable solely to new jobs and others only to changed or replacement jobs. It makes no reference to workloads, except in the sense that they are a major ingredient of previous job requirements, which are mentioned.
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> "As I construe Section 5 as a whole, in the context of other parts of Article V, it is intended that the earnings reasonably provided or possible under a new incentive plan shall be in line with other comparable incentive earnings, in keeping with the purpose of the Wage Rate Inequity Agreement. This does not mean they must be precisely equal to any of those to which Section 5 says they should be related. It would have been very simple to say so if the parties had meant this. The incentive plan must be consistent with the theory of a balanced wage structure. If the incentive earnings reasonably provided are well within the range of the contractually comparable incentive earnings then the new plan is equitable, and otherwise not."
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> "There has been strong disagreement over two matters. The first is whether, as in this very case or in Arbitration No. 151,

an occupation like that of Crane Operator is to be treated, for the purpose of testing the equitableness of a new incentive, as a totally new, unrelated occupation when the duties are changed because of new production equipment or methods in the department or area resulting in such changes in the duties of the Crane Operator as to merit a new job description and classification. The second is whether the previous job requirements mentioned in sub-paragraph 4 of Section 5 should be interpreted to call only for a comparison of the differences in the respective workloads.

"The answer to the first question has already been suggested in the discussion above. I can see no basis whatever in Section 5 for divorcing the equitableness of the new incentive plan from the previous incentive earnings where the methods, equipment or process have been changed, but where the revamped or 'new' occupation is still of the same type, nature or purpose as that previously carried on. We must bear in mind that we are confining these observations strictly to the problem of how, within the provisions of the Agreement, we shall decide whether the new incentive is equitable. To eliminate the previous incentive earnings and job requirements, under the circumstances indicated, is to run counter to the reasonable intent of the Agreement and to deny ourselves the benefit of one of the most definite and helpful guides available to us.

"The second question must be answered with some qualification. Obviously, if 'job requirements' means only workload, why doesn't the Agreement say so? On the other hand, differences in job requirements, in the broad sense, are largely taken into account by the classification allotted to each new job or each job materially changed in job content. A detailed procedure is set forth for this purpose in Section 6 of Article V, including the employees' right to grieve if they believe that such a job is improperly classified under the Wage Rate Inequity Agreement (marginal paragraph 40), or if the Company fails to develop a new job description and classification when there is such a new or changed job (marginal paragraph 50). The new job or the changes in job content are related in Section 6 to 'requirements of the job as to training, skill, responsibility, effort or working conditions.' These factors are broader than workload alone and more properly fall within the meaning of 'job requirements.' By virtue of Section 6, therefore, adjustment or compensation is made for differences in job requirements when the job is a new one or where the job content is materially changed by the process of assigning it the proper job class under the Wage Rate Inequity Agreement. This of course affects primarily the hourly base rate and not the incentive opportunity. While effort is one of the requirements to be taken into consideration in this classifying process, it still remains an important factor in determining whether a new incentive is equitable. I agree, therefore, that workload is of more consequence in such an inquiry than are the other elements making up the requirements of the job. I must add, however, that I am not saying that no weight should be given in incentive cases to other job requirements, especially if for some reason it may be demonstrated that the allotment of a job class

> has not adequately compensated for these features, as, possibly, when the job to which the new incentive applies still remains in the same job class to which the previous job was assigned. Also, in keeping with the general observations relating to the nature of an investigation into the question whether a given incentive plan is equitable, I do not believe the precise difference between the respective workloads is to be measured and then applied with mathematical exactness to the new plan. This difference is simply one of the factors to be considered, along with the others mentioned in Section 5, when we undertake to say whether the new incentive plan is equitable."

Arbitration No. 156 does not hold it improper to consider evidence bearing on job requirements. Relative workloads constitute a significant feature of job requirements, but conceivably there may be other features. In Arbitration 349 - 351 the Union was sustained when it questioned the Company's measurement of workloads, the Company doing so by merely counting the slabs handled or processed. Nevertheless, it is an undeniable fact that when the criterion of previous incentive earnings and previous job requirements has been used, at least in the past seven years, no evidence of job requirements has been found to be persuasive or helpful other than the comparison of the respective workloads. All three permanent arbitrators have accepted and approved this practice, and in its essentials the Union representatives have not seriously questioned it until the instant case arose. There have of course been several contract negotiations in the meantime and the contract provisions, thus construed and applied, have remained unchanged. The effect has been to endow the interpretation reflected in this practice with a standing which any arbitrator would have to hesitate to disturb. No real injustice has been shown to have occurred, bearing in mind the principles governing incentive practice and theory in general, some of which are outlined above. It would seem that the only way to modify or eliminate this practice at this late stage would be by specifically changing the agreement.

The fact that some other practice may be followed at some other steel company is immaterial. The agreements and incentive theories in use differ, and certainly the history and practice have not been the same.

This incentive grievance must, therefore, be determined on the evidence submitted in this case, in accordance with the established practice at Inland. If there were additional evidence beyond workload comparisons bearing in a real sense on the respective job requirements it would be entitled to be considered, but none has been offered.

The figures support the Company in its position that this incentive plan provides equitable incentive earnings. In the six pay periods ending August 20, 1960, which is the base reference period, the Tractor Operator had a workload of 54%, and averaged $3.002, or 20.8% over base. After the changes, the workload was found to have declined to 44%, which called for a decrease of 3.5% in the expected incentive earning margin, which amounts to 8.7 cents per hour. The expected earning became $2.915. In the six pay periods ending April 27, 1963 the average earnings were $2.893, or only 2.2 cents below expected, and in the most recent six pay periods preceding the arbitration hearing the incentive margin was 18%, as compared with the expected 17.3% and the earnings averaged $2.932. Much could be said about the changes or improvements in equipment and the shortening of the distances which the tractor operators must now travel,

but this is hardly necessary. The finding, on the evidence presented is that this plan provides equitable incentive earnings when tested by the contract criterion of a comparison with the previous job requirements and the previous incentive earnings.

AWARD

This grievance is denied.

Dated: April 28, 1964

/s/ David L. Cole

David L. Cole
Permanent Arbitrator