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United States Steel Corporation Irvin Works and United Steelworkers of America Local Union 2227

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BOARD OF ARBITRATION

Case USC-1856

October 15, 1964

ARBITRATION AWARD

UNITED STATES STEEL CORPORATION
Irvin Works

and

Grievance No. A-62-95

UNITED STEELWORKERS OF AMERICA
Local Union No. 2227

Subject: Equitable Incentive Compensation.

Statement of the Grievance: "The Union and employees request Management to provide equitable earnings for C.A. Line employees. Adjustment of wages to be retro-active.

"Violations: Sections 1, 4 & 9."

This grievance was filed in the First Step of the grievance procedure June 4, 1962.

Contract Provisions Involved: Section 9-C-3-d of the January 4, 1960 Agreement.

Statement of the Award: The grievance is denied.

BACKGROUND

Case USC-1856

This grievance on behalf of employees operating a new Continuous Annealing Line in the Cold Reduction Department of Irvin Works asserts that a new incentive (installed when the Line first went into regular operation May 1, 1962) fails to provide equitable incentive compensation.

The new incentive was installed under Section 9-C-1-a of the January 4, 1960 Agreement: the Continuous Annealing Line was entirely new and performed a combined operation not previously possible at Irvin Works. Employees were recruited from other seniority units, where they had somewhat related experience, and underwent an intensive period of indoctrination, from March 1 until May 1, 1962, including a small amount of time devoted to experimental operation of the new Line.

The Continuous Annealing Line went into regular production May 1, 1962, and a new incentive was installed effective on this date. During the next 36 pay periods the Index of Measured Performance under the incentive ran as follows:

<u>Pay Period</u> <u>Ending</u>	<u>Index of</u> <u>Measured</u> <u>Performance</u>	<u>Pay Period</u> <u>Ending</u>	<u>Index of</u> <u>Measured</u> <u>Performance</u>
5-12-62	80	1-19-63	142
5-26-62	98	2- 2-63	135
6- 9-62	106	2-16-63	-
6-23-62	114	3- 2-63	143
7- 7-62	120	3-16-63	-
7-21-62	112	3-30-63	144
8- 4-62	118	4-13-63	148
8-18-62	125	4-27-63	151
9- 1-62	138	5-11-63	139
9-15-62	152	5-26-63	150
9-29-62	144	6- 8-63	149
10-13-62	-	6-22-63	162
10-27-62	115	7- 6-63	148
11-10-62	125	7-20-63	159
11-24-62	133	8- 3-63	134
12- 8-62	136	8-17-63	150
12-22-62	129	8-31-63	124
1- 5-63	141	9-14-63	135

Originally, the Union argued that Sections 9-C-2 and 9-C-4 were applicable, but these contentions were dropped at the hearing. 4

The issue as to equitable incentive compensation which remains presents a somewhat unique problem in that the employees seem to be complaining that they were prevented from making good earnings because their supervisors were too cautious, and unfamiliar with this type of operation. Several witnesses testified that earnings up to about September 1, 1962 were held down by Foremen who would not let the operating employees run the equipment without undue interference. They explained that Foremen assigned to the new operation were even less familiar with it than the crew members. To the crews, the Foremen seemed unduly cautious in controlling speeds, torque, and tensions. The Union feels that operating decisions on such matters should have been left largely to the Operators on the Line. 5

On this basis the Union holds that grievants were deprived of an opportunity to achieve the expected earnings figure of 127% under the incentive. It urges that they be made whole for loss of earnings up to 127% from May 1, 1962 until the incentive began to yield earnings averaging 127% or better. 6

FINDINGS

Normally, it is a Management function to determine the speed at which operations will be conducted. There is nothing in the Agreement which controls this matter, which falls within Management authority under Section 3. Nor is the Board authorized to determine in retrospect whether such a Management responsibility has been discharged in the most efficient or practical manner. The Agreement essentially provides protective benefits and guarantees to the employees in the various situations which arise from Management decisions in directing operations in the various plants; the only basis on which the present grievance could be sustained would be a failure of the incentive to provide equitable incentive compensation. 7

The disputed incentive was installed in Management's discretion under Section 9-C-1-a. The employees were not prejudiced by early (or even premature) installation of the incentive; it could have been withheld for a period of months until Management was better able to determine from actual operating experience what the new equipment could do. The evidence makes plain, moreover, that the incentive began to pay off at very satisfactory levels after 7 pay periods. By the pay period ending September 15, 1962, the Index of Measured Performance hit 152%. Over the long run there is no doubt the incentive provided equitable incentive compensation, on the basis of the earnings data listed above in this Opinion. The mere installation of an incentive with an expected or anticipated average performance level of 127% does not reflect a guarantee that this target will be reached immediately or within a few weeks, or even necessarily within much longer periods.

8

AWARD

The grievance is denied.

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BOARD OF ARBITRATION


Sylvester Garrett, Chairman