

Lincoln electric incentive system

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The Lincoln Electric is regarded as a leader in its industry because of its diligent workers, high technology and quality, worldwide manufacturing capability, efficient distribution, good customer services, and incentive management system. The Lincoln Electric is using incentive management system which means "paying for performance". The company system is based on two key elements: . they give employees responsibility. they recognize employees for good work and pay them for it. In the case of giving worker responsibility, the attendance is important.

The workers have to come to work, otherwise they are not paid. Another responsibility is self-management, which means that all workers have to manage the business and all managers have to work. This also means a communication between workers and management which enables the flow of information and good relations. The self-inspection or self-check is also important. Every employee checks his own work and has to repair any defect part on personal time. This means that employees are responsible for their own work.

The most important responsibility of employees is earning power. This means that the production workers are paid based on the number of pieces they produce. They have to ensure the quality of the products they make, otherwise they are not paid for the piece that is not good. 2. Recognition of employees for good and productive work and giving them rewards for it, is very important because it motivates them to work. Production workers are paid according to the number of good pieces they make, which means the compensation is based on the output.

The reason why the Lincoln Electric is motivating its employees is to keep them satisfied with their job, to present a good performance and good customer service, to reduce the costs, to attain the high quality of their products, which generally means creating a more profitable company. The main motivation point of Lincoln Electric's is recognition of good work and paying the workers for it. Which means the pay is basically skill based. If the employees are highly motivated, their performance is also high. The workers are classified every six months.

The classification is based on the quality of their work minus days of absence, on the quantity of their work minus customer rejections, on dependability, and on their ideas and cooperation. The employees have daily drives to reach high performance, they have guaranteed employment after three years of service, after two years employees begin to participate in the year-end bonus plan and other benefits. This strategy is motivating because " workers under piecework system should be producing as much as it is possible (in order to earn more money) because scientific management assumes that people are motivated only by money.

" Apparently, this system can also create problems in company. According to some employees, this system can cause a negative competition. A certain number of merit points is assigned to every department and an extremely high rating for one person can cause a lower rating for another person. This problem urged Lincoln Electric to start to consider the changes in the system. This problem was also positive because it led to increasing productivity. The overall Lincoln's productivity was about double higher than its competitors'.

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