

# [Lincoln electrics case study](https://assignbuster.com/lincoln-electrics-case-study/)

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## Introduction

Lincoln Electric is a leading manufacturer of welding products, welding equipment and electric motors ? Their management system is so successful that people refer to it with capital letters-the Lincoln Management System-and other business uses it to benchmark their own ? Lincoln uses diverse control approach ? The company’s system success is largely is due to the organizationalculturebased on openness and trust ? Because the management system worked so well, senior executives decided to extend Lincoln Electric overseas ?

Things didn’t go quite as they planned and managers at international plants failed to meet their production and financialgoalsevery year Question 1: Does Lincoln follow a hierarchical or decentralized approach to management? Hierarchical (centralization) – decision authority is located near the top of the organization Decentralization – decision authority is pushed downward to all levels Lincoln Electric follows a decentralized approach to management ? The company uses an “ open-door” policy Every employee has direct access to managers for opencommunication, discussion and give feedback ?

They have an advisory board composed of people elected by their fellow workers who meet with senior management biweekly Question 2: What is the problem with transporting Lincoln’s control system to other national cultures? What suggestions would you make to Lincoln’s managers to make future international manufacturing plants more successful? Problems ? Differences in culture across the globe - The European labor culture was hostile to the piece-work and bonus control system - Therefore, the system wasn’t very effective in different countries with different work cultures

## Suggestions

Increase sales and maintain monthly profit - Management should use salespeople because they highlight the costsavings and benefits of Lincoln Electric's products, and also draw in new customers via LE's name recognition and reputation for high quality. ? Optimize number of production workers to the work - Reduce future employment - Employ enough workers for the respective plants ? Give different types of benefits to overseas plants - Eliminate the piece-work and bonus control system - Give benefits in terms of transportation, medical insurance, life insurance and etc.

### Should Lincoln borrow money and pay bonuses to avoid breaking trust with it’s U. S workers?

Why or why not?

After discussion, we found out that Lincoln should not borrowmoneyand pay bonuses to avoid breaking trust ? The company is in a financial crisis. If they keep borrowing money, it might result in a large debt which will be harder to settle and may result in bankruptcy. ? The bonuses are not an obligation. Employee is still paid properly and they will never lose their job due to the no layoff policy executed by the company Conclusion