

Lincoln electric's 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 organizational culture based 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 financial goals every 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 open communication, 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 cost savings 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 borrow money and 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