

Organizational controls



**ASSIGN
BUSTER**

The Lincoln Company follows a decentralized approach to management. The decentralized approach is when employees participate in setting goals, determining standards of performance, governing quality, and designing control systems. The decision making is not confined to top executives but throughout the organization. The lowest level managers and employees are empowered to make decisions. The employees have added responsibility and they are involved in decision making which results in increased job satisfaction.

The responsibility and the authority that goes with it make the job more interesting and provide greater incentive for people to put out their best efforts. The employees of Lincoln Electric Company tasks are precisely defined, and individual employees must exceed strict performance goals to achieve top pay. The Lincoln employee's organization culture is based on trust, shared control, and an egalitarian spirit. The Lincoln Company has an open door policy. The company has cross functional teams and they are empowered to make decisions, take responsibility for product planning, developing, and marketing.

The company openly shares information with the workers throughout the organization about the company's operations and finances. The Lincoln system was so successful in the United States mainly because of a diverse control approach. Within this company the organizational culture is based on openness, trust, and shared control. As opposed to the hierarchical approach which involves monitoring and influencing employee behavior through extensive use of rules, policies, and written documentation, and the

employees communicate with their immediate superior and with their immediate subordinates.

The Lincoln Company use of this system gained trust with the workers. The employees can purchase stock, and they owned more than 60% of the stock. The incentive and control system was powerful with incentives that the company offered to employees. This included a no lay off policy, the employees are eligible for annual bonuses, the production workers are paid on a piece rate basis, plus merit pay based on performance. The company had an open door policy and the workers can openly disagree with the manager about pay and other issues.

The problem with transporting Lincoln's control systems to other national cultures because managers in some other countries have more trouble running an open book company because of prevailing attitudes and standards encourage confidentiality and even secrecy concerning financial results. The executives when deciding to expand to different countries may have just concentrated on technology, products, marketing, and control systems, but failed to recognize that the culture of countries may have widely different beliefs, values, and practices.

These differences can create stress and anxiety for employees, and these negative emotions affect future performance. Cultural differences should be evaluated during the acquisition process, and Organization Development can be used to smooth the integration of this company to another country.

Another helpful tool to make future international manufacturing plants more successful that is being used more often is total quality management. It is a

way to implement the decentralized approach to another county. Total quality management uses quality circles and benchmarking as ways to introduce this approach to employees.

The organization development will help the company with a culture change which is a major shift in the norms, values, attitudes, and mind set of an organization. It focuses on the human and social aspects of the organization and works to change attitudes and relationships among employees and helps strengthen the organization's capacity for adaption and renewal. Lincoln Company should not borrow money and pay bonuses to the United States Workers. I think employees would rather have a job, than the company going bankrupt.