

Lincoln electric argumentative essay



**ASSIGN
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Discussion questions: 1. Which ten features of Lincoln Electric's human resources and compensation policy do you find most noteworthy? I.

Piecework has a fixed price and cannot be changed unless a new method of producing the item is established. II. Separate 'Time Study' department that sets the price awarded for piecework and the ability for employees to appeal prices etc. III. Additional yearly bonus system comprising of a bonus pool that is distributed amongst employees, with a separate budget for those with particularly outstanding ratings.

IV. Guaranteed lifetime employment. V. No real vacation/sick leave policies in place, as it is 100% piecework based. VI. Only entry-level positions for external candidates at a very low rate vs. the market. VII. Promotion is almost entirely from within. VIII. Limited training programs or further educational support programs IX. Flat structure of the organization X. Lack of team-based incentives. 2. What are the advantages and disadvantages of Lincoln Electric's piece rate system and the way it is implemented?

Advantages * Like all pay for performance models employees will create more output until the workers costs exceed the workers benefits, those more price sensitive will work harder. * Self -selection - people who don't work that hard will leave as they would get paid more elsewhere for lower productivity so likely to attract better talent. * Autonomy * Clear job demarcation * Rewarded directly for own output * Disadvantages Does not take into account other factors that may reduce productivity - such as materials issues * Very individual focused - no team incentives which leads to little camaraderie * No pay increases - only achieved by increased output as a result of increased efficiency through experience. * No pay for sick days

or vacation. * Quality may be sacrificed as this is only assessed as one of the 4 factors that an annual bonus is determined on. 3. What are the advantages and disadvantages of Lincoln Electric's guaranteed employment policy? *

Advantages

- Costs of hiring/firing are eliminated
- For the employee there is job security especially during recessions
- Retain culture
- Retain benefits of on-the-job learning/training
- Increased loyalty

Disadvantages

- For Lincoln this means you can't fire people and although they are being paid on piecework you can't remove people who may be having a bad influence on others from a cultural perspective.
- Costly during downturns
- As part of the lifetime employment - promotions are from within and this hinders lessons that could be learnt from people who have experience at other companies etc.