

Lincoln elect.



**ASSIGN
BUSTER**

In which countries is Lincoln Electric likely to be most successful or least successful? Why? How would this guide your own choice of where to place Lincoln Electric's production facilities abroad? The most successful was Lincoln Electric in the United States. There are some aspects this success is based on: First of all Lincoln follows a decentralized approach to management. The company has an open-door policy for all top executives, middle managers, and production workers, and regular face-to-face communication is encouraged.

Workers are expected to challenge management if they believe practices or compensation rates are unfair. According to (Daft, 2010) open-book management is used in decentralized organizations to share the financial condition of a company with all employees. Open-book management encourages active participation in achieving organizational goals, helps the employee understand how his or her job affects the financial success of the organization, and allows employees to see the interdependence and importance of each business function. Lincoln uses a diverse control approach.

Tasks are precisely defined, and individual employees must exceed strict performance goals to achieve top pay. Production workers are paid on a piece-rate basis, plus merit pay based on performance. Employees are also eligible for annual bonuses, which fluctuate according to the company's profits, and they participate in stock purchase plans. A worker's bonus is based on four factors: work productivity, work quality, dependability, and cooperation with others.

In order to decide where Lincoln Electric should place its production facilities, we have to take into consideration some important conditions (which my colleague already mentioned), first of all there are economic conditions, structure of market, political conditions and the competitive situation. Besides there are a lot of differences in organizational cultures, government laws, language barriers and cultural differences.

In the abstract the best choice would be a country with the most similarities to the countries where Lincoln Electric already has placed production facilities and achieved success. In this case it would be possible that Lincoln Electric transfers its experience and its traditional Lincoln management practices. But it is not so easy to find such a country. I think that the best Lincoln Electric can do is to choose a country with large and fastest growing economy.

As we know, welding products played a crucial role in the development of important structures, such as bridges, oil- production facilities, and a range of other building and other construction projects. It is important that the new country, where Lincoln electric places production facilities is capable to offer a huge opportunity in the metal fabrication sector or more sophisticated welding technologies, for example automation and welding robots. Generally the new country has to have stable political condition.

In the new country Lincoln Electric has to be able to manage bureaucracy problems, because that was the main stumbling block in China. Lincoln Electric made an experience that it is very difficult to run a company without talented local managers. It would be particularly advantageous, if Lincoln Electric places production facilities in the country where the company can

find the local talented managers and build capabilities in supply chain logistics, IT, quality assurance, product development and purchasing and sourcing.