

The Lincoln Electric Company Case Study

Student name

Institution

Course

Instructor

Due date

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Overview

The Lincoln Electric Company was founded in 1895 by John C. Lincoln to manufacture electric motors and generators (Harvard Business School, 1983). James Lincoln, John Lincoln's brother, joined the company in 1907 and provided the innovative breakthrough for the company since he was a technical engineer and genius and his contribution to the company boosted the overall prowess of Lincoln Electric Company. However, James Lincoln was also good in business management and administration and later took the general manager's role at the company. The company compensation and management policies enabled it to overcome and outperform its competition. In retrospect, over 48% of the company's shares were held by the employees with the remaining shares being held by the board of directors which was comprised of the Lincoln brothers and William Irrgang. The management model and policies have enabled the company to remain productive over the years and its openness in its operations and employee satisfaction has been at the forefront of its unique selling point making it one of the most successful companies in the electrical manufacturing sector.

Having been in the manufacturing business, the management of the company was hierarchical in that, the top management influenced the lowest worker on the factory store. This was possible for the company to have a unanimous working directive and minimize conflicts at work. The top management ensured that every employee understood what the company stood for and the operational channels. As a result, the company's management was sensitive on what the employees perceived of their responsibilities and avoided putting barriers between the management and workers (p. 9). The company's open and frank communication between the

management and workers was a critical factor in its success as it ensured that everyone's voice was heard.

Strategies and Policies to Improve Staff Satisfaction

The company employed a management style that made it easy to manage the workforce as a whole while ensuring that the individual employees took responsibility and accountability for their actions. This meant that managers were responsible for different departments while the employees had a say in the decisions of the firm. In this case, the company had an Advisory Board meeting monthly to address employee matters while communicating their needs to management personnel. On the same breadth, the company did not have an organization chart as the company's hierarchy was flat, with a few levels between the top and the bottom (p.12). This ensured that there were no barriers and boundaries that would hinder business operations and slow employee productivity. However, the firm did have an elaborate operating system that ensured that there was a smooth flow of business and production throughout the day of every month. This ensured that the management felt uncontrolled to the employees at the factory store, thereby bringing more positivity and productivity to the workplace.

Compensation policies are another area in which the company ensures employees are satisfied. The company adopted a piecework payment scheme where individuals were paid for what they had built or made. The payment was then made monthly, and this ensured that the payment was based on productivity and not on the hourly rate as most companies did. The piecework payment system successfully boosted employee satisfaction as no one would feel underpaid since every employee was paid commensurate of their work. On the same model, promotion and employee progression were based on the employee contribution to the company's

success and reputation. As a result, the employees who performed the best were equally rewarded for their hard work.

Another element of the compensation policy is the end-of-year bonus and guaranteed employment for all workers. This meant that at the end of the year, the company gave bonuses to the employees based on their performance for up to an individual's annual regular pay.

Guaranteed employment also means that one is guaranteed work at the company, and one's wages are based on the set price of one piece. Therefore, one's wage is directly proportional to their output to the company. Guaranteed employment was an essential element in the company's incentive plan that stated that employees agreed to perform any task assigned to them as conditions at the factory required (Bolodeoku et al., 2022). This ensured that the employees did not fear losing their jobs, becoming less efficient and productive.

Application to the Oil and Gas Industry

When the strategies of The Lincoln Electrical Company are applied to the oil and gas industry, it will revolutionize the industry. First, the Lincoln Electrical Company policies promote employee satisfaction, inclusive management, improved productivity, and consistent quality. According to Akinwale (2018), employee productivity in the oil and gas industry would be more productive if the management used an inclusive administration that ensured the employee voice was heard at the stakeholder level. Ayari and AlHamaqi's (2021) study on employee satisfaction agreed that oil and gas companies that used inclusive leadership styles made the employees feel attached to the company. If the policies at the Lincoln Electrical Company on compensation, management, and marketing were to be implemented in the oil and gas industry in the current market, the workers would be more satisfied while overworking for those working in the oil mines and processing plants which would lead to more exposure to

toxins. However, the open competition proposed by the company would make the oil and gas industry in the United States, and the entire world incentivized to ensure that the prices were controlled and every consumer catered for by making the products more affordable and improved quality increasing the consumer's perceived value.

References

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