



Virginia P. Dawson. *Lincoln Electric: A History.* Cleveland: Lincoln Electric Company, 1999. 162 pp. ISBN 978-0-937392-00-3.



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In the history of corporate resource management, small liberal firms have played a role disproportionate to their size and economic influence. Not surprisingly, their histories have many similarities. Typically a strong-willed, ideologically committed owner or chief executive imposed his values on the firm; a highly profitable product or service permitted the company to be generous to its employees; and company managers were active in public affairs. The Dennison Manufacturing Company was probably the most famous example, but a half dozen others, such as Leeds & Northrup and Columbia Conserve, were almost as well known during their heyday, the first half of the twentieth century. Lincoln Electric of Cleveland, an innovative manufacturer of electric motors and arc-welding equipment, has until now received less attention. Virginia P. Dawson's illuminating company history pinpoints the sources of Lincoln's pioneering policies as well as one major reason why the Lincoln story has remained obscure. Whereas Henry S. Dennison and most like-minded executives of his era were liberals outside as well as inside the plant, James Finney Lincoln, the dominant figure at Lincoln Electric from the 1910's to the 1960's, was as deeply reactionary in his public life as his wealthy Cleveland contemporaries were.

Dawson's account, which was subsidized by the company, is ostensibly a company biography, a story of execu-

tive leadership in a successful enterprise illustrated with attractive photos from the company's archives. Yet Dawson manages to transcend her genre. She provides welcome context for both her major themes—Lincoln's role in the emerging arc-welding industry and the company's commitment to "incentive management" and innovative personnel policies. Her task was not easy. She found few internal records and had to piece together most of the story from a variety of fugitive sources. As a result she is unable to provide adequate documentation for many critical points, including the company's enviable record of low-cost, high quality production.

Lincoln Electric was the product of two remarkable brothers, John C. and James F. Lincoln. John, the company founder, was an inventor and visionary who had little interest in day-to-day management. John was also initially attracted to social uplift and the single tax in particular. Inspired by Cleveland's great mayor and single-taxer, Tom Johnson, John resolved to devote his life to reform, turning Lincoln Electric over to his younger brother in 1913. Though he had little impact as an agitator, his new calling was not without consolations. In the 1920's and 1930's, John became fabulously wealthy as of all things—a real estate speculator, with ever-greater holdings in Cleveland and Arizona. Besides noting the irony of John's strange career, Dawson does not pursue

this chapter of the Lincoln story.

In the meantime, James was building Lincoln Electric into a successful manufacturing firm. A former Ohio State football star who viewed his company as an extension of his college team, with himself as coach, cheerleader, and chaplain, James continued to excel. Surrounding himself with creative engineers and hand-picked workers, he kept the organization focused on two overriding goals: the promotion of the Lincoln approach to arc welding and the efficient production of arc-welding machinery and supplies. To motivate employees, he introduced an Advisory Board in 1914, a series of benefit programs characteristic of welfare capitalism in the following years, and most importantly, a generous bonus program in 1934. Together these measures became the foundation of "incentive management."

The Advisory Board was an early company union with elected employee representatives. Its function was to appraise James of real or potential grievances and to provide links between him and rank-and-file employees—both important functions of successful company unions. But the Board was not to be confused with participatory or democratic management. Employees were encouraged to speak their minds, but, as Dawson notes, "Lincoln's formidable presence alone seemed to discourage brash questions" (p. 36). Employees who worked hard, followed orders, and identified with the company and its goals could expect substantial—sometimes enormous—bonuses. In the 1950's, Lincoln added a guarantee against layoffs. Together, at least as far as Dawson has been able to discern, these policies were highly effective. Incentive management permitted Lincoln to take full advantage of the growing acceptance of arc welding in construction and manufacturing.

James was also a devout Presbyterian who saw his management system as an expression of his obligation to other human beings. But unlike most liberal employers of his era—and this is the most perplexing feature of his behavior—he was unable to generalize from his experiences to society at large. Thus, in the 1930's he

succumbed to the influence of fellow employers and became a vigorous critic of New Deal labor and social policies, though those policies could be interpreted as extensions of his efforts at Lincoln. His first foreign investments grew out of his conviction that government had destroyed the American economy. (At precisely this time, of course, John Lincoln was making millions from the recovery in land prices.) James became active in reactionary business groups and generally made a fool of himself with intemperate attacks on the Roosevelt administration.

In the 1950s and 1960s, Lincoln became increasingly rigid and doctrinaire, hostile to innovation and change, though no less influential. His refusal to consider new products or spend money on R & D drove out his most ambitious and enterprising associates, and his unwillingness to retire frustrated others. At his death in 1965 he was succeeded by William Irrgang, his right-hand man, who was equally hostile to change. Irrgang's retirement in 1985 finally brought new perspectives to the company. A poorly managed effort to catch up with competitors through overseas expansion precipitated a major crisis in the early 1990's and led to the introduction of the first outside managers and more conventional corporate policies. Wary of stepping on too many corporate toes, Dawson deals only briefly with these events.

Despite its brevity and gaps, *Lincoln Electric: A History* is a valuable company biography. Apart from its fascinating treatment of the rise of arc welding, it helps to document the activities of the minority of employers who emphasized the carrot over the stick in enlisting employee dedication and energy. Lincoln Electric must be included in the top echelon of small, socially innovative industrial firms.

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