Strategic role of Human Resources in Automobile Industry: A case study of Harley-Davidson

Kishore Kumar Das* & Aftab Ara**

Abstract

Business Success sometimes brings its own challenges. In 1901, William M. Harley created his own blue-chip of the engine to fit in a bicycle, since then his journey began from a small business to a business tycoon as the manufacturer of Motorcycles along with genuine Harley-Davidson parts, accessories and collectibles. After being founded in 1903, Harley–Davidson Inc became headquarter of his group of companies as Harley-Davidson Motor Company (HDMC) and Harley-Davidson Financial Services (HDFS) in USA. The company enjoys a strategic position in marketplace with his valued customers who are extremely satisfied with the global standard and brand. Enjoying 98% customer retention, Harley basically keeps the workforce who are the close friends and families of his employees. Even after having such a remarkable success it faced challenges i.e. competition from lower priced competitors and expansion into overseas markets. At this instance, Harley–Davidson went to seek the help of Accenture, for improving its business strategies to meet the challenges. This study aims to clarify the role of HR in bringing changes in the organization. Information is collected by secondary data. The findings reveal the work done, providing an opportunity to gauge the company with other world-class companies and identify the practical actions take to improve our HR function and set the platform for future actions.

Keyword: Strategic role, Automobile Industry, Employee retention, competency development

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Introduction

Harley Davidson is the worldwide producer of motorbikes, known by its brand, style, strength, freedom, individuality and independence. Since 1903 it has produced world class bikes which has not been done by anyone. In addition to motorbikes it produces a complete line of Genuine Motorcycle Parts & Accessories, apparel and branded merchandise and offers our riders thousands of custom, personalized options for their bikes. Having celebrated its 100th anniversary as a company it earns a name for the quality of its product and customer loyalty Harley enjoys a 98% customer retention rate. The workforce feels pride in working at Harley-Davidson. There is internal recruitment of employers from the friends and families at HD thus contributing to the addition of workforce.

Having achieved the pinnacle of success there is still a journey to undertake for achieving further challenges: competition from low priced competitors and expansion into the overseas market. It can be clearly visualized that the company is facing HR challenges and there was a dearth of implementation of those strategies. This study aims to clarify the role of HR in bringing changes in the organization. To investigate how HR organizations are transforming themselves to focus on more strategic issues, first, we reviewed relevant secondary literature to understand existing Strategic role of HR and practices. Second, we conducted interviews with employees and customers – inside and outside of Harley-Davidson – who have worked with companies on HR transformation efforts. The findings reveal the work done, providing an opportunity to gauge the company with other world-class companies and identify the practical actions take to improve our HR function and set the platform for future actions.

Objectives of the Study

The objectives of the study are-

1. Establishing correlation between the work culture and growth of the company.
2. Find the importance of employee's recognition by the Top Management.

Statement of the problem

Harley-Davison bike has becoming an American icon with a brand of its own. Looking at the global economy and worldwide competition the companies should keep up-to-date with the growing changes to beat their competitors by altering the strategies for Management, marketing, manufacturing and bringing in new innovation techniques. Harley-Davidson is one of those
companies which is always on the go. My main intention of writing the article is to evaluate to find the work culture’s contribution in the company’s growth and to propose that the employee recognition is important by the top management.

**Review of Literature**

**HRM** is managing the workforce is chiefly responsible for recruiting, selection, training, assessment, rewarding and giving benefits to the organization with control over the organizational culture, leadership and at the same time abiding with the employment and labor laws .HR act as a primary interpreter between the company and his employees. Human Relations movement gave form to HR in the 20th Century when the researchers thought of strategic management of the workforce. In those times the HR’s main work was mostly transactional like payroll and benefits administration. Presently due to globalization, technological advancement and cut throat competition worldwide it is taking strategic initiatives like mergers and acquisition, succession planning, talent management, labor relations, diversity, inclusion.

In the early 20th century Frederick Taylor coined the term” scientific management “also known as Taylorism with an effort to improve the economic efficiency in manufacturing jobs. He thus put labor as the key input for manufacturing. Elton Mayo’s Hawthorne studies brought forth a clear picture that financial compensations and working conditions lead to more enthusiastic workers leading to higher productivity. The contemporary work by Abraham Maslow, Kurt Lewin, Max Weber, Frederick Herzberg, and David McClelland gave the foundation of organizational behavior and organizational theory. Andrew Carnegie John Rockefeller made hypothesis for strategic workforce management. The employee-employer relationship took form as industrial and labor relations by a là Sidney and Beatrice Webb, Franklin D. Roosevelt and the New Deal.

The Chartered Institute of Personnel and Development was founded in England as the Welfare Workers' Association, which later became the Institute of Industrial Welfare Workers after a decade and again to Institute of Labor Management in the next. Then Cornell University in 1945, was set up as the world's first institution of higher education, dedicated to workplace studies as the School of Industrial and Labor Relations.

During the latter half of the 20th century, as the workforce management expanded and influenced whereas the union membership declined significantly, The" Industrial and labor
relations” were used to refer to issues relating to collective representation, and the companies referred to the profession as "personnel administration".

In 1948, the Society for Human Resource Management (SHRM)—was founded as the American Society for Personnel Administration (ASPA) which later became the largest HR association in the world. In the 21st century the increased communication and transportation there was an increase in workforce mobility and companies now viewed employees as assets and not just machines for doing work.”Human Resource Management was the dominant term for function and its name was changed to SHRM in 1998. Human Capital management is used with HR.

Dave Ulrich has listed the HR functions as: aligning HR and business strategy, re-engineering organization processes, listening and responding to employees, and managing transformation and change. HR is a key strategic force in major corporations. It has to change from being a desk manager to a strategic manager in the recent times. HR should be a key role in strategy development and implementation. The stronger strategic roles of HR include having HR strategy integrated with business strategy, use of IT, focusing on talent development, design, organizational development, change management, employee development and metrics. HR should be having effective HR metrics and analytics with staff having technical, organizational dynamics, business partner and metric skills.

SHRM differs in perspective both in the U.S. and Europe. In the United States most of the managers adopt an implicitly managerial approach, focusing on how HR can influence the shareholders, while in Europe the researchers balance the interests of multiple stakeholders such as employees, unions, governments, and society.

**Research Methodology**

The research methodology was –

1. To understand the organization.
2. To evaluate the work culture helping in the growth of the organization.
3. Importance of employee’s recognition by top management.

The tools and techniques used were- interview, online survey and questionnaire

The sources of data were:

- Primary Data was collected by interview, online survey and questionnaire. And
- Secondary Data was collected by journals, internet, magazines, newspapers etc
The respondents were the sampling units through which data was collected. These were the employees of Harley Davidson. There were 139 employees and the sample of study was taken as Harley Davidson Inc. with the period of this study from 3-4 years.

**Setting up of Hypothesis**

The study aims at the following hypothesis

1. Friendly work culture helps in the company's growth.
2. Employee's recognition is essential by the Top Management.

**Limitations of the study**

Though it has been tried to make a detailed analysis on Strategic role of HR at Harley Davidson, still the study suffers from certain limitation.

1. Due to the constraint of not revealing the company’s policy, the organization was reluctant in sharing their information for the fulfillment of the study.
2. As the employees were so busy, it was too difficult for them give some time for the study and some working employees hesitated to give their own opinions.
3. There was time constraint.
4. Sample for survey was not enough.

**Harley-Davidson: an overview**

Harley-Davidson Inc formerly known as HD is H-D in abbreviation or Harley is an American motorcycle manufacturer. Founded in Milwaukee, Wisconsin, during the first decade of the 20th century, it was one of two major American motorcycle manufacturers to survive the Great Depression. Harley-Davidson also survived a period of poor quality control and competition from the Japanese manufacturers.

In brief

- In 1909, the First V-twin powered bikes, it became most enduring icons of Harley Davidson history in 1917.
- 1/3rd of the bikes were sold to the U.S military, at last 20,000 HD bikes were used in World War I (1918).
- In 1922 HD dealerships spread across 74 countries. In 1933 there was an art deco “Eagle” is printed on tanks this starts the graphic design on HD.
• 1953 saw the new attractive logo was created for 50th anniversary with caption “50 years-American made”.

• Between the years 1983-1986, H-D entered into American & New York stock exchanges.

• In 1997 two big plants were constructed in Milwaukee & Kansas cities.

• In 2002 there was an “Open Road Tour” debuted in Atlanta to celebrating 100th Anniversary.

• The demand for heavy weight motor cycle in U.S surged by 17% compared to IGR of 10%. In 2003 there were more than 950,000 bikes were sold in U.S & 28 million worldwide expected to grow 5% every year. HD thus recorded its 19th consecutive year of record earnings in 2004. Harley is known to be the only major American Manufacturer of heavy weight motor cycle having more than 15,000 employees.

• In August 2009, Harley-Davidson planned to enter the market in India, and started selling motorcycles there in 2010. The company established a subsidiary, Harley-Davidson India, in Gurgaon, near Delhi, in 2011, and created an Indian dealer network

• The main features Harley Davidson is Softail Family for example narrow seats, tombstone tail lights, full length floor boards Harley Davidson Sportster Family e.g.: low-rise handlebars, bullet style head light. Harley Davidson Touring (Dressers) Family large windshield & have a full front fairing, leather saddlebags, optional sidecar, & option to customize, engines Big V-twins, Small V-twins and the Revolution engine

• The Main figures in 2009 is HD’s share of the U.S. heavyweight (651+cc) market was 53% &12% in Europe. (app.) Capital Expenditures were $116.7 million in 2009 & $1.0 billion in the last 5 years. $100 invested in Harley-Davidson at the end of 1986 would be worth approximately $9,000 at the end of 2009 The Company incurred R&D expenses of $143.1 million, $163.5 million and $185.5 million during 2009, 2008 & 2007 respectively.

• **Values of HD: Values** are the heart of HD business, they guide our action and serve as the framework for the decisions and contribution of our employees make
at every level of the company.” Tell the truth Be fair Keep your promises Respect the individual Encourage Intellectual curiosity “.

- **Product extensions**: Motor Cycles Bike accessories Buell motor cycles: wholly owned subsidiary of Harley by 2003 which is closed now

- Brand extensions Merchandise Helmet Clothes (Jackets…) Mugs Collectibles…. Beer Bars

**ANALYSIS OF THE VARIABLES:**

From the above discussion a study was conducted for the employees of Harley Davidson by an online questionnaire regarding the work culture helping in the company's growth, recognition of the employee's by the Top Management and involvement of Management for the innovation of new products. Some of the variables are analyzed as follows:

1. **Prevailing working environment in the organization:**

   **Table -1: Friendly Working Environment**

<table>
<thead>
<tr>
<th>Existence of friendly Working Environment</th>
<th>Number</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly agree</td>
<td>118</td>
<td>84.89</td>
</tr>
<tr>
<td>Agree</td>
<td>15</td>
<td>10.79</td>
</tr>
<tr>
<td>Neutral</td>
<td>3</td>
<td>2.15</td>
</tr>
<tr>
<td>Disagree</td>
<td>2</td>
<td>1.43</td>
</tr>
<tr>
<td>Strongly disagree</td>
<td>1</td>
<td>0.71</td>
</tr>
</tbody>
</table>

   **Sources:** Compiled from collected data

   **Chart-1: Friendly Working Environment**

[Chart showing the distribution of responses: strongly agree, agree, neutral, disagree, strongly disagree]
Interpretation: According to the sample selected we can deduce from the above pie chart that the majority of employees at Harley Davidson comprising of 84.89% found the working environment to be very friendly.

2. Prevailing environment is a challenging place to work:

<table>
<thead>
<tr>
<th>Challenging Environment</th>
<th>Number</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly agree</td>
<td>111</td>
<td>79.85</td>
</tr>
<tr>
<td>Agree</td>
<td>20</td>
<td>14.38</td>
</tr>
<tr>
<td>Neutral</td>
<td>5</td>
<td>3.59</td>
</tr>
<tr>
<td>Disagree</td>
<td>2</td>
<td>1.43</td>
</tr>
<tr>
<td>Strongly disagree</td>
<td>1</td>
<td>0.71</td>
</tr>
</tbody>
</table>

Sources: Compiled from collected data

Interpretation: According to the sample studied 79.85% of the employees feel that the environment is a challenging place to work.
3. Liking towards the company whether it is a great place to work:

<table>
<thead>
<tr>
<th>Company is a great place to work</th>
<th>Number</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly agree</td>
<td>120</td>
<td>86.33</td>
</tr>
<tr>
<td>Agree</td>
<td>14</td>
<td>10.07</td>
</tr>
<tr>
<td>Neutral</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Disagree</td>
<td>3</td>
<td>2.15</td>
</tr>
<tr>
<td>Strongly disagree</td>
<td>2</td>
<td>1.03</td>
</tr>
</tbody>
</table>

Sources: Compiled from collected data

**Chart-3: Company is a great place to work**

**Interpretation:** According to the sample selected 86.33% of the employees find the company as a great place to work in.

4. Quality of work/life balance:

<table>
<thead>
<tr>
<th>Work /Life Balance</th>
<th>Number</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly agree</td>
<td>76</td>
<td>54.67</td>
</tr>
<tr>
<td>Agree</td>
<td>44</td>
<td>31.64</td>
</tr>
<tr>
<td>Neutral</td>
<td>6</td>
<td>4.31</td>
</tr>
<tr>
<td>Disagree</td>
<td>8</td>
<td>5.75</td>
</tr>
<tr>
<td>Strongly disagree</td>
<td>5</td>
<td>3.59</td>
</tr>
</tbody>
</table>

Sources: Compiled from collected data
**Interpretation:** According to the sample studied 54.67% of the employees find good work/life balance.

5. **Acknowledgement good work by top management:**

**Table-5: Acknowledgement for good work**

<table>
<thead>
<tr>
<th>Acknowledgement for good work from top management</th>
<th>Number</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly agree</td>
<td>2</td>
<td>1.43</td>
</tr>
<tr>
<td>Agree</td>
<td>3</td>
<td>2.15</td>
</tr>
<tr>
<td>Neutral</td>
<td>2</td>
<td>1.43</td>
</tr>
<tr>
<td>Disagree</td>
<td>54</td>
<td>38.84</td>
</tr>
<tr>
<td>Strongly disagree</td>
<td>78</td>
<td>56.11</td>
</tr>
</tbody>
</table>

*Sources: Compiled from collected data*

**Chart-5: Acknowledgement for good work from top management**
Interpretation: According to the sample only 1.43% of the people completely agree that the supervisor acknowledges their good work and a majority i.e. 56.11% strongly disagree the acknowledgement of the good work done by their supervisors.

6. Opportunities for career growth:

<table>
<thead>
<tr>
<th>Career Prospects</th>
<th>Number</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly agree</td>
<td>67</td>
<td>48.20</td>
</tr>
<tr>
<td>Agree</td>
<td>57</td>
<td>41.00</td>
</tr>
<tr>
<td>Neutral</td>
<td>5</td>
<td>3.59</td>
</tr>
<tr>
<td>Disagree</td>
<td>7</td>
<td>5.0</td>
</tr>
<tr>
<td>Strongly disagree</td>
<td>3</td>
<td>2.15</td>
</tr>
</tbody>
</table>

Sources: Compiled from collected data

Interpretation: According to the sample 48.2% of the employees strongly agree that the organization provides opportunities for career growth.

7. The factors which motivates most for working at H-D.

<table>
<thead>
<tr>
<th>Motivators at work</th>
<th>Number</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salary Increase</td>
<td>46</td>
<td>33.09</td>
</tr>
<tr>
<td>Promotion</td>
<td>29</td>
<td>20.86</td>
</tr>
<tr>
<td>Benefits</td>
<td>60</td>
<td>43.16</td>
</tr>
<tr>
<td>Recognition</td>
<td>4</td>
<td>2.87</td>
</tr>
</tbody>
</table>

Sources: Compiled from collected data
Chart-7: Factors which motivates me most for work

Interpretation: According to the sample studied 43.16% of the employees say that mostly the benefit provided by the company motivates them for work at H-D.

8. Employees Satisfied at Harley Davidson?

Table-8: Satisfaction as an employee at HD

<table>
<thead>
<tr>
<th>Satisfied as employee</th>
<th>Number</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Highly satisfied</td>
<td>113</td>
<td>81.29</td>
</tr>
<tr>
<td>Average</td>
<td>12</td>
<td>8.63</td>
</tr>
<tr>
<td>Neutral</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Dissatisfied</td>
<td>9</td>
<td>6.47</td>
</tr>
<tr>
<td>Highly Dissatisfied</td>
<td>5</td>
<td>3.59</td>
</tr>
</tbody>
</table>

Sources: Compiled from collected data

Chart-8: satisfaction as an employee of HD

Interpretation: According to the sample studied 81.29% of the employees of H-D are satisfied to work at H-D.
9. Recommend this company to friends and relatives:

Table-9: Recommending the company to family and friends

<table>
<thead>
<tr>
<th>Recommending the company</th>
<th>Number</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>75</td>
<td>53.9</td>
</tr>
<tr>
<td>No</td>
<td>64</td>
<td>46.0</td>
</tr>
</tbody>
</table>

Sources: Compiled from collected data

Interpretation: According to the sample 53.9% of the employees would recommend the company to their family and friends.

10. Accepting the present CEO of H.D.

Table-10: Accepting the present CEO

<table>
<thead>
<tr>
<th>Accepting CEO</th>
<th>Number</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly agree</td>
<td>78</td>
<td>56.11</td>
</tr>
<tr>
<td>Agree</td>
<td>26</td>
<td>18.7</td>
</tr>
<tr>
<td>Neutral</td>
<td>6</td>
<td>4.3</td>
</tr>
<tr>
<td>Disagree</td>
<td>23</td>
<td>16.5</td>
</tr>
<tr>
<td>Strongly disagree</td>
<td>6</td>
<td>4.31</td>
</tr>
</tbody>
</table>

Sources: Compiled from collected data

Chart-10: Accepting the present CEO
**Interpretation:** According to the sample 56.11% of the employees recommend Keith Wendell as the CEO of the company.

**Findings and Suggestions**

From the primary and the secondary data I came up with the pros and cons of the company. The findings highlighted the work/life balance, culture/values, compensation and benefits program, senior management and career opportunities at Harley Davidson Company.

**The pros of the company found are:-**

- Good infrastructure
- flexibility to choose from projects
- Good work culture
- Good Benefits
- Exciting product and brand
- Casual wear is no problem (can wear jeans to work!)
- Relaxed atmosphere to work.
- Long term Incentive Program

**The Cons of the company found are:-**

- unfavorable union management relation
- increase in use of latest technology is lacking
- Too much focus on budget and cutting cost, with little thought in regards to employee's needs
- Some of the selected candidates whose interviews performance was well are not qualified for the job,
- favoritism at work
- Recruit international candidates
- There is no re-investment in the company according to some employees
- The employees were not appraised for their work by the management
- Extravagant expenditure on computers and latest machinery.
- Unable to control the unpredictable decline in the market shares
- Unable to cope with the threat of foreign market
Finally I would like to put forth the strategies which would help to re-revive and keep up to the standard, quality, work culture, market competitiveness and better relationships with the upper management

**Advice to Management**-

- Management should engage the employee for being the catalyst to drive the new culture shift and take employees views in some matters
- Departments should be more organized for proper functioning
- Management must strive to improve in quality and efficiency continuously.
- Management must help their employees to grow professionally and rationally as good human beings and thus be given proper training.
- Management must be committed to Employee Involvement program and should have mutual trust among themselves and the management,
- Employees should be comprehensively trained in specific problem-solving methods
- The current customers are mainly comprised of the Baby Boomers. Harley-Davidson Inc. may benefit from recruiting younger customers to possibly build lifetime customer loyalty that can be passed down to younger generations. Women are also a great market segment to target because research shows that the number of female riders has risen significantly over the past few years.
- Need for good leaders to inspire the company for growth
- Management should recruit trained workers and train the new employees by spec
- The management should be focused on employee engagement and product innovation and providing customer with outstanding product services and experiences.
- There is need for concentric diversification, strategic alliances and joint ventures enable entry into foreign markets, knowledge of local conditions, sharing of costs, resources, and assets.

Although, the company is facing a recession the costs of Harley-Davidson products and services should not be reduced, but rather competitively priced so that quality is not sacrificed.
References

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