

Hrm at harley davidson motorcycle company commerce essay



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This assignment was undertaken with the intention of identifying Harley-Davidson's corporate strategy and analysing how the company's values fit into the objectives of its corporate strategy. It will then assess the contributions that human resource has made to Harley-Davidson's success with the aid of the best practice theory through analysis of data researched on the company. A critical evaluation of the human resource practices used by Harley-Davidson will be completed upon which recommendations.

Harley-Davidson was founded in 1903 by William Harley and Walter Davidson & Arthur Davidson and a dealership was subsequently opened in Illinois in 1904, the company thus became incorporated in 1907. Harley-Davidson became the first ever company to export outside of the US to Japan in 1912 and subsequently became a huge supplier of motorcycles to the US allied forces up to 1945.

In 1960 Harley formed Aermacchi Harley-Davidson a European division which focused on the production of small cylinder engines; it then went on to establishing Tomahawk in 1962 which focused in the production of fibreglass. Harley merged with American Machine and Foundry in 1969 but then agreed a buyout in 1981 of Harley-Davidson Motor.

In 1983 a five year tariff was placed on all Japanese motorcycles over 700cc in a bid to stimulate growth for American made motorcycles and it worked, Harley fully acquired Buell in 1998 which is its sports bike division and since 2005 is the bike of choice for the Los Angeles police Department. 2006 saw the partnership with Lehman Trikes to produce three wheel bikes and since have upgraded their famous Softail motorbike, there is also a museum

dedicated to Harley-Davidson which was opened in 2008 and in the same year the company acquired MV Agusta Group in Italy, the company currently employs ten thousand people and is present on a global market (Marketline a, 2009)

Harley-Davidson is classed as being an American icon, it spells freedom to own a Harley and once on the bike you are living a life so far from the one you must live day by day that the owner never wants it to end. This sheer love of the bike is one that has given Harley-Davidson the best marketing scope over most motorcycle manufacturers in the world. Harley's corporate strategy is very focused the quality of the machines but also on innovation throughout the company continually improving and modernizing the motorcycles bearing in mind the necessity to preserve what makes a classic Harley, such as the " trademark V-twin engine, the teardrop gas tanks and oversized speedometer, among other styling details." Harley offers four motorbike categories: The Sportster 883-120cc, DynaGlide Cruiser, Softail and the big touring bikes like the Road King (CorporateDesignFoundation, 2010; Agonist, 2009).

Harley-Davidsons corporate objective is to produce and sell high quality motorcycles to the world-wide market while enhancing the corporate brand of the company and making a profit (ISACA, 2010).

“ Harley-Davidson has an excellent reputation for valuing its relationship with its employees, because the company places a heavy emphasis on the fact that its employees, whether union or salaried, are its first customer and greatest competitive advantage” (Singer & Duvall, 2000).

The above statement solidifies the relationship that Harley-Davidson shares with its employees and only through having this relationship has it been made possible for the company to become the stronger American icon of our time.

Harley-Davidson's values are the basis upon how the company functions, they are a directive for employees as to the daily running of the company and the basis of its moral ethics, and they are: Tell the Truth, Be Fair, and Keep Your Promises, Respect the Individual and Encourage Intellectual Curiosity. These values represent a company that is very open in its nature and pushes for its employees to become more involved with the running of the company and offers an open environment for employees put forward their opinions on how the company should be run (Harley-Davidson USA, 2010).

Best practice or universalism is identified as adopting a set of rules or guideline that best serve the company for which they are tailored for, it can include various guidelines, checks, measurements, appraisals for a best practice approach within the organisation, incentives can be put in place for employees and managers to apply best practices, a best practice model that has been implemented by Harley-Davidson is “ Jeffrey Pfeffer’s seven practices for building profits by putting people first” in which his strategy

focuses on finding brilliant, team-orientated minds in the industry, developing and maintaining their excellence and in doing so strengthens a company's foundation, the seven practices are as follows: employment security, selective hiring, self-managed teams or team working, high paying contingent on company performance, extensive training, reduction of status differences and sharing information (Boxall and Purcell, 2008). Harley-Davidson has adopted this strategy successfully and it is one of the major mechanisms of the company's workplace culture, Harley holds a strong relationship with all of its employees which the company has found can aid in the progress of new business strategies, as employees who fully understands the meaning and profound values behind their roles in which they hold towards the whole company will be in a better position to aid the company in change thus reducing costs and stress as relates to the whole company, this is why Harley-Davidson company values play a huge part in the companies daily activity and principles with employees, such as: tell the truth, be fair, keep your promises, respect the individual, and encourage intellectual curiosity, in order for these values to be implemented successfully management in the company had to also be fully committed to the company values which they were and that shows Harleys dedication to its employees and in turn the respect each employee holds for Harley-Davidson (Harley-Davidson case study).

Harley possess a strong partnership with its workers unions which is something most companies fail to gain whilst others try and remove unions completely from their organisations if possible, not Harley as the close relationship it held with the unions helped with worker performance and with

workers feeling a sense of security within their roles whilst unions kept a close eye on employees work, Harley believes that “ good business starts with respecting workers” (Freeman, 2005) and that by appreciating the talent and expertise employees brought to Harley it further added to the companies strength in the market as workers have an input into every part of the business in order to assist in positively affecting output. Workers unions also have a lot of control as regards what work is outsourced from the business, adopting a technique of in-sourcing as much work as possible in times of low productivity so as to forgo any possible redundancies in times of a downturn and would outsource in times of high production to save on costs, in doing this the union is creating job security for all employees, this close working relationship with the union further enabled Harley to place more responsibility into the hands of their workers by setting up high-performance work organization (HPWO) through self-manager teams, a HPWO is “ intended to utilize the talents, energy, and creativity of all employees in order to reduce operating costs, improve quality, and generate innovative new products” (Lawler et al, 1998) this was instigated through careful introduction of team building and team orientated tasks. No line managers are in the company as all employees are encouraged to make the decisions on all levels and this strategy further enables Harley to produce more motorcycles whilst keeping intact the quality and innovation it is renowned for (Singer & Duvall, 2000) open communication was adapted on all levels of management, this is another step in Pfeffer’s scale and further enabled Harley to place a lot more responsibility in their employees and further strengthened the relationship management held with workers thus adding to

the security, worth and want felt by employees (Harley-Davidson case study; Freeman, 2005)

The next step of Pfeffer's scale is regarding extensive training and to tackle this Harley has developed the "Harley-Davidson Learning Centre" which encouraged employees to advancing their skills as it offers employees training and education programmes in which they can better advance themselves, through offering this course the company has become more competitive in possessing a higher skilled/educated work force.

Harley regards its employees as part of the company and not just the cogs that make it work so they are regarded as such with Harley providing profit-sharing programmes and incentives for higher quality output from each employee to produce more quality.

Harley adapt an EI programme as they feel the involvement of management and employees in resolving solutions is key to success and a necessity in the growth of the business, this takes steps 6 and 7 of Pfeffer's scale, which sees a reduction of status differences and sharing of information this also shows the use of one of Harleys values "Encourage Intellectual Curiosity." Through the EI programme Harley have set in place nine guidelines which must be followed to ensure successful inclusion of employee:

Constant improvement in quality and efficiency, management must encourage employee growth and be completely devoted to the EI programme, detailed training for all staff, involvement from all workers must be encouraged in all areas of the business and responsibility but be spread

evenly, individual growth must be helped and involvement from all employees in problem solving is a must.

With the implementation of Pfeffer's seven practices for building profits by putting people first Harley have risen above the rest on the market with \$5,971.3 million profits recorded for 2008 with the USA amounting to 70.2% of this overall number, other markets where it derives revenues from are: Europe 15.2%, Canada 4.7%, Japan 4.7%, Australia 2.8% and others accounting for 2.4%

(Boxall and Purcell, 2008) notes that the implementation of the best practise theory in a company is the best way forward for that company, but it is widely known that what works well in one company will not work in another company giving rise to the criticism that no best practice theory is universally relevant, as critics of the theory (Davis, 2008) shows it offers too many diversified lists for companies to work with such as Pfeffer's stating that his list of seven practices (which began with 16 best practices) are the best in achieving best practise, also Yahoo (2010) identify 34 best practices to be used for speeding up web use, as this shows there are so many best practices to choose from who is right as many theorists argue their way forward is best and must be implements to achieve best practise so the question begs who is right in this situation, the answer is no one is right or wrong as each best practice with many different numbers of best practise can be applied to each company differently in order to achieve best practise.

Due to the current economic recession the author recommends that Harley start to implement more best practises through the introduction of cheaper

motorcycles to appeal to a market that is not as cash rich as previous years, even though this could damage the brand as Harley are renowned for their innovative and quality products so an economical approach may be better advised with the introduction of leaner and greener motorcycle to appeal to the greener side of the biking community with less emissions and more efficient fuel consumption