The Key Success Factor: A Study of Honda Motor

Alvesterlee M Muniandy¹, Daisy Mui Hung Kee², Saiful Izwan³, Muhammad Imran⁴, Al-Amin⁵, Sumit Kumar⁶, Shagun Singh⁷

Universiti Sains Malaysia, Penang, Malaysia¹,²,³,⁴,⁵
ABES Engineering College, India⁶,⁷
Correspondence Email: daisy@usm.my

ABSTRACT

This paper is to study how Honda Motor Company drives the organization towards success to improve their competitiveness with the best performance by its management. Honda is a production company founded by Soichiro Honda in 1946. Initially, it was known as "Honda Engineering Research" in Hamamatsu, Japan, and two years later the company changed to Honda Motor Company. Honda Motor focuses on its mission and vision that lead the advancement of mobility and provide comfort and convenience to people. Honda Motor is a leading manufacturer of motorcycles and a major producer of automobiles for the world market. Honda produces variety of model that meets customer’s preferences and satisfaction. Honda has always been very enthusiastic in innovating technology and challenging boundaries of mobility advancement. Honda Motor provides high quality service center-Honda Authorized Service Centers, where the tools, expertise and parts are tailored for every Honda. Honda promotes its products through mass media such as advertising, article, magazines, website, social media, billboards. The paper presents the key success factors of Honda and concludes with some recommendation.

Keywords: Key success factor, organizational success, Honda, Quality service, Innovation, Technology.

INTRODUCTION

Throughout Honda’s life, Honda’s founder, Soichiro Honda, had an interest in the automobiles. He worked as a mechanic at the Art Shokai garage, where he was tuned cars and entered them in races. In 1937, with finance from his acquaintance Kato Shichiro, Honda founded Tokai Seiki to make piston rings working out of the Art Shokai garage. After the initial failure, Tokai Seiki won a contract to supply the pistol ring to Toyota but lost the contract due to poor product quality. After attending the technical school whereas not graduating and visiting many factories around Japan to better understand the Toyota's quality control processes, by 1941 Honda was able to produce mass piston rings allowable to Toyota, using an automated process that could employ even not skilled wartime laborers.

The first complete motorcycle, with both the frame and engine made by Honda, was the 1949 D-Type and the first Honda Motor to go by the name Dream. Honda Motor Company grew up in a short time to become the world's largest manufacturer of motorcycles by 1964. Honda’s first production car was the T360 mini pickup truck, which was sold in August 1963. Powered by a little 356-CC straight four internal-combustion engines, it was classified under the cheaper Kei Car tax bracket. The first production automotive from Honda was the S500 sports automotive, which followed the T360 into production in October 1963. Its chain-driven rear wheels pointed to Honda's motorbike
origins. Over the next few decades, Honda Motor worked to expand its product line and expanded operations and exports to the numerous countries around the world.

In 1986, Honda Motor introduced the successful Acura brand to the American market to gain ground in the luxury vehicle market. The year 1991 saw the introduction of the Honda NSX supercar, the first all-aluminum monocoque chassis vehicle that incorporated a mid-engine V6 with variable-valve timing. By 2001, they were the second largest car maker from Japan and they are the eighth largest in the world. Honda also focus on the safety factor for their vehicle which they do Research and Development (R&D) from time to time. It is important in order to full filled their customer satisfaction. Honda also provide service center in every country which will help its user to maintain the vehicle.

Product/Service
I. Automobile
Honda Motor global lineup consists of the Fit, Civic, Accord, Insight, CR-V, and Odyssey. An early person of developing the vehicles to cater to all whole totally different wants and markets worldwide, Honda’s lineup varies by country and may feature vehicles exclusive to that region. Moreover, Honda Motor entered Formula One as a constructor for the first time in the 1964 season at the German Grand Prix with Ronnie Bucknum at the wheel. Some of Honda's vehicle models are 2000-2006 Honda Insight with capacity of fuel 4.4 liter can go for 100 km which is most efficient, meanwhile 1986-1987 Honda Civic Coupe HF can go 5.1 Liter for 100 km, 1994-1995 Honda Civic hatchback VX use 5.5 Liter for 100 km and 2006 Honda Civic Hybrid use 5.6 Liter of fuel for 100 km.

II. Motorcycles
Being the largest manufacturer of motorcycle in Japan, Honda Motor started its production in 1955. Honda Motor reached its peak in 1892 for manufacturing almost 3 million motorcycles annually. By 2006, this figure had dropped to about 550,000 but was still higher than its three domestic competitors. Honda Motor also appeared in the Motorsports called Honda Racing Corporation (HRC) in 1982. The company combines participation in motorbike races throughout the planet with the event of high potential sport machines. Its sport activities area unit a crucial supply for the creation of vanguard technologies utilized in the event of Honda motorcycles. Honda sport Corporation (HRC) place along contributes to the advancement of motorbike sports through a range of activities that embody sales of production sport motorcycles, support for satellite teams, and rider education programs. Some of Honda Motorcycles Models are Honda Ex5 Dream, CD 70, CD 100, CG 125, Wave 100 and Honda future. Honda Motorcycle also produced a superbike for people who interested to ride such as CBR1000, X-ADV and CBR500X.

Market Opportunity Analysis
Market opportunity analysis is a kind of business planning that emphasizes on discovering the future Strength, weakness, opportunities, and Threat (SWOT) to evaluate the company's technological, financial and competitive willingness to make use of them.

1. Strengths:
One of the Honda strength is its brand equity. As an automobile business, Honda believes to manage a strong image of its vehicle. The company's focus on technology, customer experience and product innovation has led to strong brand equity. In addition, Honda enjoys full awareness in North America as an Asian and European market. Honda has
set up seven manufacturing and assembly plants in the United States. These are the locations of the plants include Alabama, Ohio, Georgia, North Carolina, South Carolina and India. Other is Honda have a strength market leadership in United States (US). According to market sources in US, Honda’s market share in the U.S. was 9.1% in 2018. The company generated RM 282.98 billion in 2019 in net revenue from the United States.

2. Weakness
For past some years, Honda has been dealing with a very high number of vehicles recalls. Between 2008 and 2017, the company made more than 11 million withdrawals. While vehicle recalls on the one hand signify attention to passenger safety and product quality, on the other hand, the cars made by Honda have also continued to lose shine. All the major problems Honda has dealt with for several years, the severest are its complex organizational structure and red tape. Red tape inside the organization has mostly stopped it from investing in new innovations and latest technologies.

3. Opportunity:
The demand for electric vehicles is growing around the world would become an opportunity for Honda. People want cars that are fuel efficient and free of harmful emissions. Plug-in rates in hybrids and electric cars have grown exponentially. China leads the world as the largest market for electric vehicles. Apart from investing in the growth of its electric vehicle portfolio, Honda should also focus upon growing its manufacturing and sales network in China to achieve superior sales there. The automobile industry is experiencing a slight decline in 2019 but the Chinese market is still full of opportunities and not just China but other Asian markets like India, Malaysia, and Singapore etc. also hold significant growth opportunities for Honda.

4. Threat:
In the U.S., laws are stringent requiring companies to pay special attention to compliance in areas including passenger safety, product quality and labor. With higher regulations, entry and exit barriers are higher and faster growth can be difficult. Incumbent players form an alliance for growth and development around the world.

Political Environment, Economic Environment, Social and Technology Environment (Pest Analysis)
Political environment is the level to what the government interferes in the economy. Specifically, political environment areas such as tax policy, labor law, environmental law, trade restrictions, tariffs, and political stability. Political environment plays a significant role in determining the factors that can impact Honda Motor company long term profitability in a certain country or market. Honda Motor Company is operating in Auto Manufacturers. Major in additional than dozen countries and expose itself to differing types of political setting and social group risks. Achieving success in a dynamic Auto Manufacturer, the key industries in many countries are to diversify their systematic risks into the political environment. The supply disruption caused by china’s restrictions on the export of rare earths in 2010 dissipated a year later which caused by recycling and more efficient use of these metals by initial steps to create new sources or alternative product. This event illustrates that both R&D and innovation is the most important element related to industrial success rather than administrative interventions.
Economic environment has economic growth, interest rates, exchange rates and the inflation rate. These factors have major impacts on how business works and decision making, example, interest rates affect a firm’s cost of capital and therefore it affects the business and how will grow and expand. Honda can use country’s economic factor such
as growth rate, inflation & industry’s economic indicators such as auto manufacturers’
growth rate, consumer spending to forecast the growth trajectory of not only sector but
also that of the organization. Economic factors that Honda should consider while
conducting economic environment analysis are the type of economic system in countries
of operation and how stable it is. Exchange rates & stability of host country currency is
also factor that should be considered for economic environment.
Social factors include demographic and cultural aspects of the external micro
environment. Social factors affect the demand for a company product and how that
company works. Shared beliefs and attitudes of the population play a great role in how
marketers at Honda will understand the customers of a given market and how they
design the marketing message for their consumers. Social factor that leadership of
Honda should analyze are the class structure, hierarchy and power structure in the
society in a country. Certain country may have high gaps between high income group
and low-income group. This may affect the power of purchase because of social structure.
Technological factors will scale back the barriers to enter and scale back minimum
economical production levels and play a big role outsourcing decision. Technological
factors embody technological aspects, automation, technology incentives and the rate of
technological modification. Technology analysis also include the stage of technology of
Honda must one step ahead from their competitors to ensure they lead the market.

Justification Idea
Job Performance
According to mythologist (1990) Job performance suggests that to achieve a goal or set
of goals inside employment, role, or organization, however not the
consequences of the acts performed inside employment. we can see the Honda’s worker get pleasure from
finishing their task with the operating surroundings provided by their company. once
workers happy on what they get, they’re going to response with a positive behavior and
come through the structure goals.

Task Performance
Referring to Borman & Motowidlo, 1993, task performance may be outlined because the
effectiveness with that job incumbents. Perform activities that contribute to the
organization's technical core either directly by implementing a region of its technological
technique, or indirectly by providing it with required materials or services. At Honda, they
manage the staff into some department like style department, sales division and analysis
& Development (R&D). There, Honda use routine task performance wherever is shown
effectiveness and specialization among their workers. With the routine task performance,
workers become professional and additional effectiveness.

Subject Behavior
Barnard, 1938 outlined that subject behavior is that the want for cooperation between
organization members in sharing data to form the organization run swimmingly. in step
with Katz, 1964 this sort of worker stressed serving to and cooperating behaviors as
helpful for structure functioning. At Honda Motor, most of the staff are subject behavior
wherever is their like and luxury with the task. Therefore, the corporate offer rewards for
the staff United Nations agency is voluntary contribute to goals action.

Harmful Behavior
Robinson, 1995, state most of the present scholarship bearing on negative work behavior
happens beneath the harmful work behavior (CWB) or work deviance labels, that each
discuss with worker behavior that violates structure interests and norms and harms the
organization itself and/or coworkers or supervisors. It may be seen in four things like production deviance, property deviance, political deviance and private aggression. we can notice the characteristic of the worker that have personal aggression at Honda service center wherever they act less friendly with the purchasers.

**Structure Commitment**
Organizational commitment is that the bond employees experience with their organization. broadly, workers United Nations agency are committed to their organization usually feel a reference to their organization, feel that they slot in and, feel they perceive the goals of the organization (Jason A. Colquitt, Jeffery A. Lepine J. Wesson, and fifth edition). In Honda Motor, most of the staff are emotive commitment wherever is that they involve and take participates of all activity by the corporate. Besides, they conjointly complete their tasks with positive feeling and pleasant with the facilities offer by the organization.

**Job Satisfaction**
Job satisfaction show that a pleasant emotion ensuing from the appraisal of one’s job or job experiences (Jason A. Colquitt, Jeffery A. Lepine J. Wesson,5th edition) .There are five job characteristics theory to bring workers satisfaction with the work itself like selection, identity, significance, autonomy and feedback. From that, it these characteristics result in positive behaviors during which the disposition to figure, a way of responsibility and information improves the performance and skills of a worker. Thus, it ends up in satisfaction of the performance of the work. By the feedback of the worker, there provide five-star rating for Honda supported their best surroundings of labor place and makes happy for complete the task. Besides, they conjointly pleased with the pay satisfaction.

**Motivation**
According to Mullins (2002), motivation may be a propulsion through which individuals try to attain their goals and fulfill a requirement or uphold worth. Motivation also can be printed as a set of energetic forces that originates every among and outdoors an employee, initiates work-related effort and determines its direction, intensity and persistence

The analysis in Honda Motor shows that Honda use reward to encourage people to cooperate in their goal action. In Honda, the little work cluster and therefore the community are vital intermediaries’ social system between individual and rewards. Recommendations from the study were that body officers ought to increase performance potency by building work motivation, adjusting pay and compensation to current price of living expenses, assign special job to extend talent, 2 ways that communication between employees and supervisors, produce events and activities so as to make relationship among employees, job rotation, and assign job with responsibility that acceptable to talent level.

For example, Honda driven their employees by organizing a recognition award. as an example, Honda can have “The President's Award” that it’s for Honda's highest business honor and is bestowed annually solely to the foremost elite dealerships that systematically demonstrate excellence throughout all areas of their operations, as well as client satisfaction, service, and sales. Honda conjointly provides a reward to encourage their employees like the
"council of excellence awards" for its outstanding money service to their customers, "Customer Service expertise Awards", and "Fixed It Right the primary Time Award".

**Ability**
Ability talk about with the relatively stable capabilities people must be compelled to perform a vary of varied but connected activities (Jason A. Colquitt, Jeffery A. Lepine J. Wesson, fifth edition). the power that Honda (prefer to like better to value additional highly to favor to opt to choose to recruit workers is more to psychological feature ability. Honda have 2 classes of enlisting, specifically new graduate enlisting and career enlisting. For the new graduate enlisting, Honda’s long-run perspective is to grow the talent that company want and become a core pillars within the company, they’re trying forward to receive applications from people that having nonheritable an honest understanding of its business and wish to require a challenge to understand Honda’s dream. For the career enlisting, Honda aim the folks that employed through this program can build immediate contributions and conjointly bring on the information and culture that Honda doesn't have however and introduce the new trend.

**Organizational Culture**
According to Aguinis, 1993, organizational culture knowledge of the behavioral sciences to produce changes in organizations which is regarding the rules, norms and values that shape the attitudes and behaviors of its employees. Honda used diversity culture for manage their employee which make the positive emotional and feeling. Honda believe by providing a good culture will motivate their employee to work hardly and being responsible with the task given. For example, At Honda’s R&D centers and factories, associates wear white work clothes that stain and smudge easily, from the philosophy that “good products come from clean workplaces.” The white outfit also symbolizes the equality of all that work at Honda Motor, including the CEO. White symbolizes Honda Motor philosophy for making products wholeheartedly not only in its Japanese facilities, but all over the world.

**Organizational Structure**
Child, J. 1972 mention that organizational structure is equipping and sequencing of activities in an organization's workflow. It shows how jobs and tasks are divided and coordinated between individuals and groups within the company. Honda design their organization based on business environment, company strategy, technology and company size. Honda has a good horizontal lay out of their organization where is practice the functional and multi-divisional structure in their management. For example, they have the motorcycle operations, automobile operations, power products operations, customer service operations, production operations, purchasing operations, business support operations, and business management operations.

**Leadership: Styles and Behaviors**
According to Silva, A. (2016), leadership is outlined as “The method of interactive influence that happens once, in a given context, when some people accept someone as their leader to achieve common goals”. Beginning with high leader control moving to high follower control, they include autocratic, consultative, facilitate and delegating styles. Leader can use several styles
In Honda, the leader decision making style that need to be applied is consultative style. According to working paper (Casadesus-Masanell, R., & Heilbron, J., 2016), Honda leadership is based on autocratic styles which only the headquarter in japan had the authority to make a decision and they realize that they cannot grow if they continue to
use this type of decision making. Honda realize that they must grow internal and transfer the leadership. So, Honda need to change its style of management to the largely characterized by collective decision making by individual teams. Honda's decision making is characterized by the system, where decisions are passed based on a consensus of all the employees in a department.

RESULTS AND DISCUSSIONS

Idea Application

Job Satisfaction

Job satisfaction or worker satisfaction may be a live of employee’s acceptance with their job, whether they like the job or individual aspects or facets of jobs, such as nature of work or supervision. Job satisfaction can be measured in cognitive (evaluative), affective (or emotional), and behavioral components. Researchers have additionally noted that the task satisfaction lives vary within the extent to that they measure feelings regarding the task (affective job satisfaction) or cognitions regarding the task (cognitive job satisfaction). One of the foremost wide used definitions within the structure analysis is that of (Locke, 1976), who defines job satisfaction as "A pleasurable or positive emotional state resulting from the appraisal of one’s job or job experiences". Others have defined it as simply how content of an individual is with his or her job; whether he or she likes the job or not. It is assessed at the both global level (whether the individual is satisfied with the job overall), or at the facet level (whether the individual is satisfied with different aspects of the job). (Spector, 1997) lists fourteen common facets: Appreciation, Communication, Coworkers, Fringe benefits, Job conditions, Nature of the work, Organization, Personal growth, Policies and procedures, Promotion opportunities, Recognition, Security and Supervision. The working benefits is one most job satisfaction that an employee can have. Working at Honda Motor Company comes with a lot of perks. Honda cherish their employees and taking good care of them just like they are taking good care of the customers. Honda Associates are the most asset and Honda offer a wide range of benefits to meet the needs of their diverse workforce which will bring job satisfaction to all. This what makes Honda one of leading companies that been favored by all. There are few benefits and perks employees working at Honda been received such as high salary, staff discount, flexible work arrangement, annual wage supplement and others. Honda employees has been agreed on getting high salary and secure salary. Not only that, they will get promoting based on their ability and Honda employees get frequent promotions.

Furthermore, benefits are not the only one that can bring job satisfactions. The Work Itself can lead to job satisfaction. The Work Itself technique may be an expedited work session that helps work groups align their individual and team activities with the company’s mission, vision, values, and strategy. This technique encourages the individual worker in a very work team to develop and fulfill the work groups and the organization’s strategic set up. The Work Itself encourages every employee to execute the organizational strategy by eliminating the fake work and focusing on the real work. The Work Itself can make job more intrinsically more enjoyable when work tasks are challenging and fulfilling. Honda is well reputed leading company with their high expectancy from the consumer towards their products and services. This automatically create more challenging task for the employees to be made and it will increase their satisfaction towards their job. Challenging tasks will make jobs less boring and make jobs meaningful so the employees will be moved and be more appreciate towards their work.
However, there are a few issues that bring down job satisfaction. One of the issues are emotions and mood. The workplace was considered emotions and mood free space in universe. The business has nothing to do with emotions and moods, but the people have either positive or negative. Emotions and mood are complicated because it is uncertain. Even the foremost glad workers aren't glad each minute of each day. Satisfaction levels wax and wane as a function of emotions and mood. In Honda, managers can’t predict and assure their employees satisfaction towards their job and this is a problem that hard to be control because it is an individual employee’s problem. There are a few examples that employees that sometimes employees are problematic and one of it are employees do not attend to their work. Attendance is an important thing in Honda who are one of leading companies so there will be no tolerance toward undisciplined employees and the consequences is to dismiss from the company. Other than that, is that employees emotionally exhausted and in unsure mood that lead to socially inept can affect the environment of a workplace. One problematic individual can release some negative energy around the workplace that can affect other person. This kind of situation is not acceptable to Honda image and it will compromise company’s goals. Therefore, Honda Motor Company had come up with better solution for these kinds of employees. The solution that are suitable for the absence employees are the employer must meet with the absentee worker in person and hear what the problem is or motivate the worker then employer can transfer the employee to the new department to allow the employee not to get bored quickly. Next, for the employees who have unpredictable mood can be recovered emotionally by letting them work anywhere anytime in order to change their work lifestyle to improve their condition. Honda is the best at overcoming employee’s complication because the employers overly concerned towards their employees because you don’t keep employees on that long without treating them like family. Job satisfaction has a moderate positive effect on Job Performance and who experience higher levels of job satisfaction tend to have higher levels of Task Performance. That is why Honda take a good care to their employees so that they will be more energized on believing the company’s mission and vision and achieving the organization goals.

Counterproductive Behavior
Honda also does not miss out on having a problematic employee who is disrupting the achievement of organizational goals. This should not be taken lightly or ignored because it is a concern for other employees to follow. To address this problem, Honda management must identify all its employees whether they are in favor of the organization or not. Here, Honda can use the “Force Ranking” technique introduced by Jack Welch where he uses the vitality curve. Through this method, Honda will determine World Health Organization the foremost hopeful (Top twenty ”) workers area unit, World Health Organization follows and is that the backbone of the organization (vital 70”) and World Health Organization is behind the organization (bottom 10 ”). Employees, Honda management can figure out what the rewards and punishment is for their employees. However, if the organization take the action of letting go employees, they will face risk which affecting other employees in terms of behavior. Especially employees who had been terminated may influence others to resign from the company as well.

Motivation
Different employee personalities are also a weakness where not all staff have high levels of motivation. Honda is facing a problem for employees who are less friendly to customers, especially at Honda service centers. High pressures of various types of customers, each requiring a short process or period to maintain their vehicles, while the
employees must do so according to the appointment. In addition, employees are also faced with a variety of vehicle inquiries and complaints from customers. To address this problem, Honda management can provide high motivation to all staff where courses and work skills are provided on a regular basis. Honda can also use the "job rotation" technique whereby all the workers will be doing their work rounds, and this will prevent workers from experiencing the same stress every day. In addition, Honda management can also provide more exclusive and comfortable waiting space for customers who come to maintain their vehicles. This harmonious room can be used to read, watch television or otherwise while waiting for their vehicle to be serviced. When customers are happy, employees will also be happy.

**Ability**

Honda is facing problem with the old employees, which they are less in ability and skill. This will bring impact to the effectiveness of organization, where they are doing task slowly because they do not have the ability. To solve the problem, Honda should send their staff to train rather than recruit the new employee. This will cut the cost of new recruitment, and the employee feel more appreciated. However, there are risk concerning the old employees. Since they have been working for a long time and become aged, the production will decrease, and the employees' health is uncertain.

**Leadership: style and behaviour**

Honda are facing problem in deciding in other countries if they continue using autocratic style because only the headquarter in Japan have the authority to decide of its business. Honda need to apply a consultative style in making a critical decision of Honda. They need to adjust the style and behaviour of work based on the culture and political environment of a countries. Firstly, to apply this decision style a manager needs to present the problem to the employee and make sure all staff understand the problem and current situation of Honda. They need to generate as many ideas as possible and choose the best idea from the employee related to the decision that they want to make. By listen the idea and voice from the employee, manager have more idea and can look more opportunity in make a right decision. Nevertheless, there are few risks of applying the consultative style. One of it is that employees may not cooperate of contributing ideas and feedback to help on organizational decision making. Other than that, employees also not wise to give a rational idea since they lack information.

**CONCLUSIONS**

In order to ensure the success of an organization, Honda needs to focus on the aspect of the workforce where employees are the most important asset in the organization. Workers' rights must be safeguarded to ensure that employee’s loyalty to the organization remains high. Workers welfare factors need to be taken into consideration and considered when employees are happy and protected in the organization. Employee satisfaction guarantees an employee's level of loyalty to stay within the organization. The use of the "reward and punishment" technique is important in shaping an employee's self-esteem which one will feel rewarded for successfully performing a given task or being punished for failing to perform it. Honda need to motivate their employees constantly, so that they will be more encourage in doing their task effectively. Motivation is important for driving the employee in achieving the organization vision, mission and goals. There are few recommendations to encourage employee to perform well in company.
One of the recommendations is provide the safe, harmony and friendly working environment for the employees to work more efficiently and productively. Honda need to build a good relationship among manager and employees that make the employees feel happy, loyal and satisfy with the organization. For that, Honda should organize more activity to strengthen among employee’s relationship. For example, Honda could set up more event like annual dinner, family day, employees’ vacation and others.

Next, Honda need to give a reward to the potential workers in return for completing their task excellently. Honda will have a reward such as “The President's Award” which it is for Honda's highest dealership honor and is presented annually only to the most elite dealerships that consistently demonstrate excellence throughout all areas of their operations, including customer satisfaction, service, and sales. Honda also give a reward such as the “council of excellence awards” for its outstanding financial service to their customers, “Customer Service Experience Awards”, and “Fixed It Right the First Time Award”.

Lastly, manager should ensure that the company has a vision and plan at an employee’s level. Employees who have a path set before them may lead to promotion can work towards a goal. Achievable goals are very helpful as it gives employees to drive to work harder without being asked.

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