

**AN INTERNATIONAL BUSINESS REPORT ON HONDA OF CANADA MANUFACTURING,
A SUBSIDIARY OF HONDA GLOBAL MOTOR COMPANY, LTD.**



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Introduction

The global market has been met with unprecedented change causing key players to make changes in the way business is conducted. Some of these changes include new technological innovations as well as changes in production and consumption patterns (Amone, 2016). International interactions have also been on a drastic rise in the last three decades; from financial transactions to information dissemination, the mass migration of people either as tourist or migrant workers. This in its entirety led some social scientists to term these cross-border movement as globalization (De Sousa Santos, 2006).

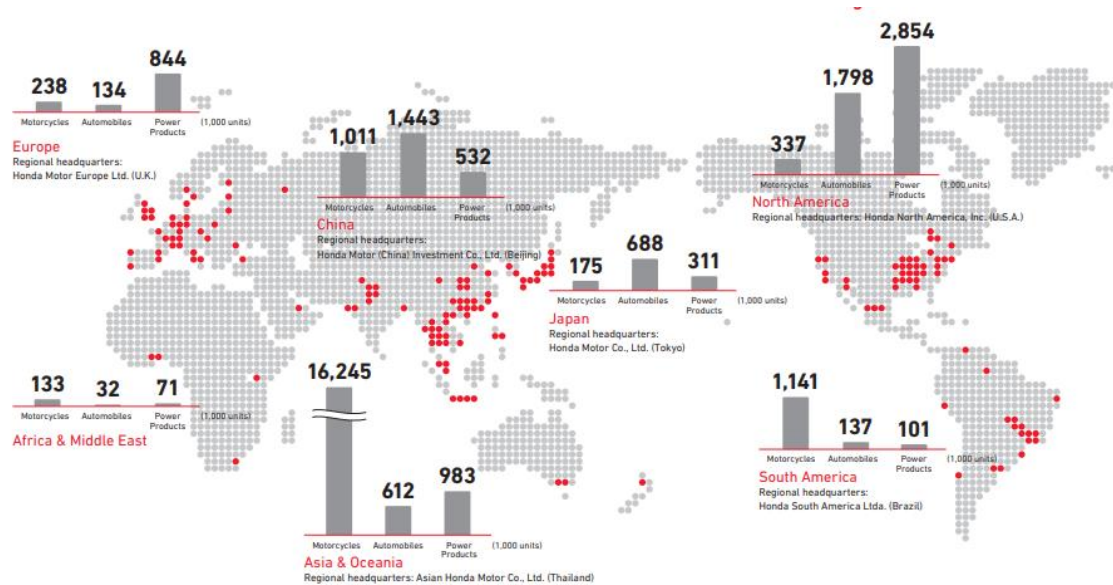
According to Daniels et al (2018), globalization can be explained as the deepening of interdependent relationships amongst people from different countries. This can also be seen as the removal of barriers restricting the international movement of people, technology, goods and services that influence the integration of global economies. Fernando (2020) further adds that globalization can be seen as a political, cultural, legal and social phenomenon. From a social perspective, it had led to wider interactions amongst people from different nationalities; culturally, it can be seen as an exchange of values and ideas amongst peoples and cultures; it has also given intergovernmental multinationals like the World Trade Organization (WTO) more attention politically and legally, it has changed the creation and execution of international law.

This report will focus on Honda Manufacturing, a Japanese automobile multinational and its operations in Canada. The report will use different academic theories and frameworks such as PESTLE, SWOT analysis amongst others to analyse the international business and operation of Honda in the Canada. It can be said that Honda Canada has an overall good business outlook based on the analysis as they operate using a decentralized approach. An area of focus for improvement of the subject matter can be more empirical research on its human resource to understand the internal work dynamics and if this may need improvement in order to increase the overall brand value of Honda.

Background of Honda

The Honda dream started far back in 1946 when Soichiro Honda, a young Japanese man who was fascinated with bicycles developed a concept that used generator engines to power up bicycles. He redesigned these bicycles and sold them. People loved the idea and that spurred Soichiro into action by developing an original engine. The A-type engine which had Honda engraved on it was completed in 1947. This was the beginning of greatness as the brand grew stronger as they diversified into automobiles and other related products (Honda Global, 2021). The Honda Motor car company is one of the global transportation manufacturers. Honda Motor Co., Ltd. also produces generators, aircraft and jet engines, snow throwers, outboard engines amongst other type of electronics. Besides this, they have ventured into robotics and advanced technology in hopes of using this innovative technology to help people who are keen on the environment as well as sustainability. The company is also invested in sporting activities such as Formula 1,

MotoGP amongst others. Honda operates in different geographical locations: the Americas, Europe, Middle East and Africa Asia and Oceania. The global headquarters is in Tokyo, Japan. (Marketline, 2021).

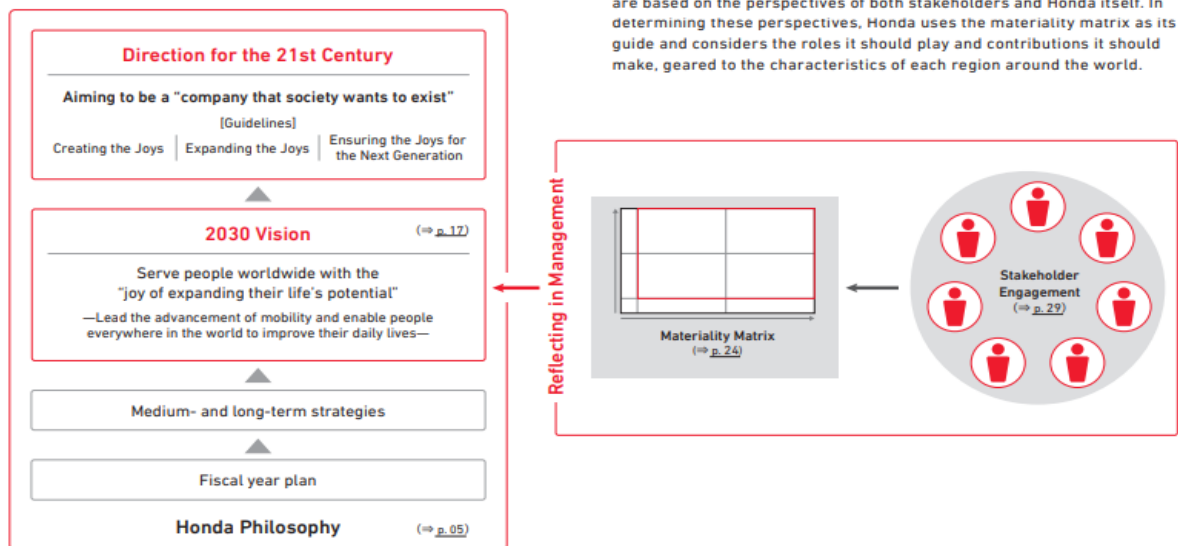


Overview of Honda: Unit sales and principal operational bases (Honda SR, 2020a)

Honda philosophy

The philosophy of Honda focuses on the values all Honda group companies and associates share. It is also the foundation for the corporate activities, associates' behaviour and decision-making of Honda. In order to create better growth opportunities for the organization as well as a sustainable society, they have a mantra which is: 'to be a company that society wants to exist' as their focus for the 21st century. Besides this, they are also improving existing initiatives like the 'Creating the Joys, Expanding the joys and Ensuring the joys for the next generation' (Honda SR, 2020:16).

Another important aspect is to abide by their corporate social responsibility by considering how they impact on the environment and society, as well as partake in the resolution of social issues through their various business activities. To achieve the above mentioned, Honda creates medium and long-term strategies based on the perspectives of their company and stakeholders. Honda makes use of the materiality matrix as a guide to ascertain these perspectives; they also use it to consider the roles they need to play and the contributions they need to make specifically suited to each region of the world they operate within (Honda SR, 2020c).



Honda Philosophy

Honda SR, 2020.

Country specifications

Japan

The island of Japan is located off the eastern seaboard of the Eurasian continent within the northern hemisphere. The islands have formed a crescent-shaped archipelago which stretches from the northeast to the southwest, parallel to the continental coastline with the Sea of Japan separating both (Statistics Bureau, 2020). Japan can be described as a gateway to Asia and can be easily accessed from all parts of the world. Their domestic transportation system characterised by their high-speed rail network is advanced and reliable (Japan Government, 2021).



Direct air transportation services from Tokyo to other parts of the world

(Japan Government, 2021)

Japan government (2021) further states that their country has the highest regard for the rule of law and they are working to harmonize rules and regulations across borders through multilateral free trade agreements. Japan is dependent on imports to meet their raw material and energy needs, due to their limited natural resources. They are also one of the largest producers of fishing products in the world. The agricultural sector of Japan is small and this is due to the fact that they have about 11% of land surface that is suitable enough for cultivation. This further means that the agricultural sector is protected and highly subsidised. Rice and tea are the biggest crops the country produces and agriculture contributes about 1.2% to the country's GDP (Nordea Trade, 2021).

The industrial sector of Japan is quite varied as they manufacture different products from, steel and paper to highly sophisticated technology. They have taken over the renewable energy, biotechnology, automobile, nanotechnology and robotics sectors. Many electronic products from the largest manufacturers in the world have also emanated from Japan as the industrial sector of the nation has been linked with technological sophistication. They are the third largest producers of cars and the second biggest of ships in the world. Their industrial sector has a percentage of 29.1% within their GDP (Nordea Trade, 2021).

Breakdown of Economic Activity By Sector	Agriculture	Industry	Services
Employment By Sector <i>(in % of Total Employment)</i>	3.4	24.1	72.6
Value Added <i>(in % of GDP)</i>	1.2	29.1	69.3
Value Added <i>(Annual % Change)</i>	1.5	1.2	0.4

Japan's economic activity by sector

(Nordea Trade, 2021).

Canada

Canada has been described as the second biggest country in the world. It is bordered by the United States of America on the South and the US state of Alaska on the North-West. It is also next to the Arctic, Atlantic and Pacific oceans (Commonwealth, 2021). Canada is a federation of previous British colonies and their pattern of parliamentary democracy is same as Britain. It is also one of the global trading nations as well as one of the richest. Besides having a dominant service sector, they have vast oil reserves and is a major exporter of energy, minerals and food (BBC, 2019).

Canada is the second biggest automotive market situated in North America. There is also an agreement called the United States-Mexico-Canada agreement (USMCA) which links the country to Mexico and the United States. It is also said that imports amount to about three quarters of the market and there are a number of global automobile manufacturers

situated in Canada. Some of them include: Honda, Ford, General Motors, Toyota amongst others. The yearly revenue generated by the automotive industry has been estimated to be around \$19 billion (ITA, 2020).

Canada has been recognised as one of the most resilient economies globally. They also support foreign investment due to the lifting off of many restrictions originally put in place. Other business regulations have been made easier with free-trade agreements, and they have various laws that protect investors, consumers as well as the environment. To encourage businesses, the tax system has been reviewed; and important economic sectors such as transportation, communication, financial services have been deregulated as well as the privatization of a number of government-owned organizations (Fasken, 2019).

Comparative PESTLE analysis of Canada and Japan

According to Gupta (2013) PESTLE analysis is an acronym for political, economic, social, technological, legal and environmental. It is usually used to analyse the external business environment. Perera (2017) further states that this framework helps to identify potential opportunities and threats, as well as focusing on key aspects of the external business environment to understand certain characteristics such as: market potential, industry performance amongst other parameters.

	Canada	Japan
Political factors Strengths	Strong international relations	Powerful bi-lateral relationship with USA
	Firm democratic setup	Strong democratic setup
Challenges	Relatively high terrorism threats	Weak relationship with China
		Public disagreement over new security bills
Economic factors Strengths	Strong infrastructure development program	High per capita GDP
	Improving fiscal scenerio	Modern infrastructure
Challenges	Growing deficit resulting from COVID-19	Less economic gains due to the Olympics and COVID-19
	Global oil price crash	Increasing ageing population
Social factors Strengths	Flexible employment protection	High HDI index
	High HDI	Good healthcare
Challenges	Uneven economic growth in all provinces	Ageing population

		Rising inequality
Technological factors Strengths	Strong innovative capacity	Highly educated labour force
		Huge research and development expenditure
Challenges	Reduced spend on research and development	Poor government funding of Business research and development
Legal factors Strengths	Comprehensive legal and regulatory framework for businesses	Good economic freedom
	Good tax rates and incentives for potential investors	Significant reduction in crime rates
Environmental factors Strengths	Strong environmental policy	Increased investments in renewable energy
		Highly ranked environmental performance index
Challenges	Strong reliance on non-renewable energy resources	Reduced environmental taxes
		Nuclear radioactive pollution

Comparative PESTLE analysis of Japan and Canada

(MarketLine, 2020)

(MarketLine 2021)

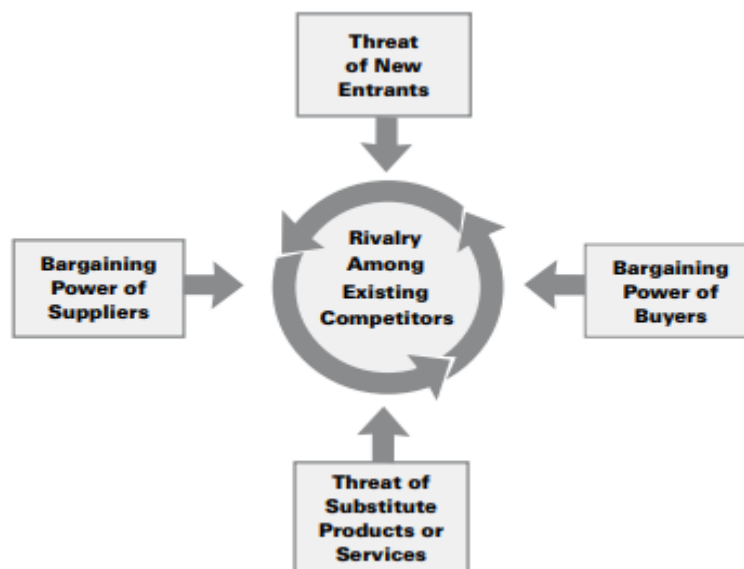
Analysis of the comparative PESTLE analysis of Japan and Canada

Japan and Canada have similar economic outlook; both countries have good infrastructure which helps the trade industry. They also have good environmental policies which indicate that they are conscious about their localities and ensuring activities done do not harm the environment. However, whilst Canada has a vibrant young population with only about 18% of their population being 65 years and older (Canada statistics, 2020), Japan is dealing with an ageing population and this indirectly affects the economic output of the nation. More than 65% of the Japanese population is over 65 years of age and it has been estimated that by 2030, there will be one in five people who will be over the age of 75. The international Monetary Fund also mentioned that this ageing population is shrinking their labour force and further hampering economic growth (Walia, 2019).

The coronavirus pandemic has affected business globally. Whilst the pandemic seriously affected the manufacturing sector in Canada, the over reliance on the workforce in this industry as well as a complex supply chain further created production restrictions, forcing some manufacturers to shutdown (BDO Canada, 2021). Japan is not left out of the effects of the pandemic as the country as a whole is considering pulling out of hosting the 2021 Olympics due to the newly incurred costs of ensuring the safety of attendees (France 24, 2021).

Canada automobile Industry Five Forces Analysis

The industry five forces were created by Michael Porter in 1979 and this framework focuses on the perception that an organizational strategy should encounter opportunities and threats within their external setting (Bruiji, 2018). These forces identified by Porter are significant in shaping markets and industries as they measure attractiveness, profitability and competition (Scott, 2020). Being able to harness these competitive forces and what causes them helps an organization to know their profitability whilst also creating a framework that can anticipate and influence competition (Porter, 2008).



Porters five forces model

Harvard Business Review (2008)

Threat of new entrants

Canada has dominating automobile brands such as Honda and Fiat Chrysler motors. These powerful brands will make it difficult for new players to gain a successful entry. These new companies also lack the skill and high costs of design to also compete with the above-mentioned brands. Economies of scale is another advantage Honda and Fiat Chrysler have over any new entrant as well as financial prowess. The capital

requirements to build a manufacturing facility of feasible scale are also quite high (MarketLine, 2021). It can be concluded that the threats of new automobile entrants in Canada is low.

Bargaining power of buyers

In Canada, automobile dealerships who are the major buyers act as middle men between the manufacturers and consumers. However, some of these dealers tend to sign contractual agreements with particular manufacturers. This gives the manufacturer an increased bargaining power over the buyer. This would mean that the power buyers have decreases due to the fact that the contracts signed which they can decide to find ways to terminate the contract or wait for it elapses. It is also quite expensive to change mid-way to another manufacturer due to the cost of rebranding as well as restocking (MarketLine, 2021). Based on the above, it can be said that the bargaining power of buyers in Canada is low.

Threat of substitutes

It can be said that the major substitute that can affect the automobile manufacturing industry in Canada is used vehicles. The coronavirus pandemic has already led some countries into a recession and there are also other uncertain times ahead. Automobile dealers who sell new and used motors may likely have sold more used vehicles in the last one year. There is also a possibility that some dealers may accept sales opportunities from rival brands. Another matter to consider is the increase in fuel price. This has led some people to patronise public transportation more and this may continue if appropriate measures are not put in place to curb the effects of fuel increase (MarketLine, 2021). It can be said that the threat of substitute is medium.

Bargaining power of suppliers

Supplier power is reduced as a result of the previous suppliers within the automobile industry in Canada. A vehicle is made up of many parts and different services are also involved for effective functionality. The cost of these inputs can impact profitability which may further lead to high barriers to entry. Therefore, these suppliers need to match up needs with the manufacturers and this can reduce their power. A number of these inputs can be produced by the manufacturers thereby cutting off suppliers who produce related products. In addition, the fact that there are numerous suppliers in this industry also means that industry players have lots of alternatives and this can potentially lead to a price war (MarketLine, 2021). The above-mentioned points show that the bargaining power suppliers have is medium.

Rivalry amongst existing competitors

Competition is on the rise within the automobile industry as different automobile brands have distinctive features that stand their brands out in order to attract customers to their products. The barriers of exit for these industry players are also high, which drives up competition as well as among it difficult to exit. If a product is bound to fail, the various investments done on research and development and the design of the automobile poses difficult to completely halt production or change to another product. This makes it hard for the manufacturer to opt-out as there are rival brands ready to take on their market share should they do so (MarketLine, 2021). Therefore, the competitive rivalry is high.

Canada Car Market Analysis

Market analysis can be described as an in-depth analysis of a market in a specific industry. It has a number of advantages such as making better business decisions and reducing business risks. Some of the elements a market analysis focuses on are:

- Who are the prospective clients?
- What are their buying habits?
- What is the size of my target market?
- Who are my rivals?
- What are my rivals' strengths and weaknesses?

(Kuligowski, 2020).



A market analysis framework

(Slideteam, 2021).

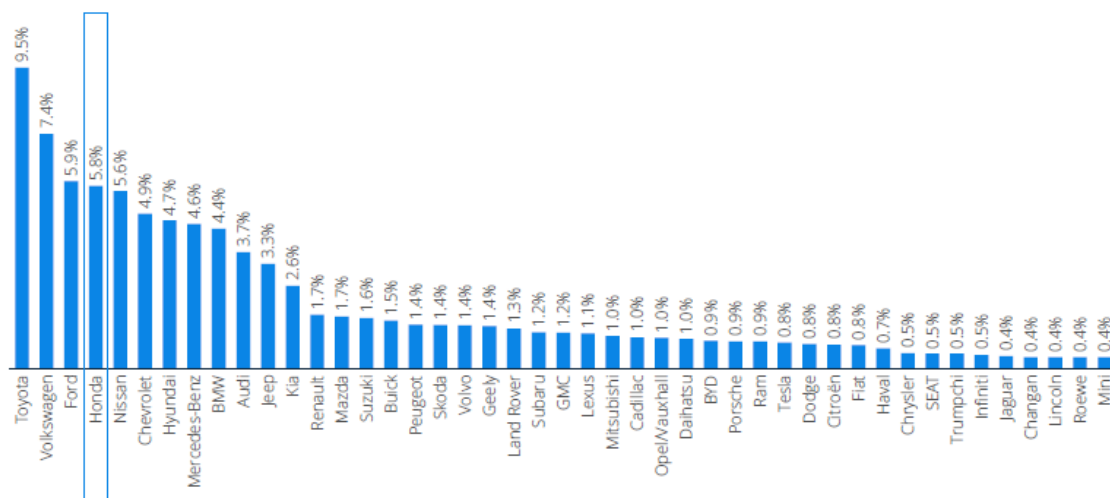
Market analysis has some advantages and disadvantages. Magusara (2019) states one of the advantages to be the ability to measure brand perception. This means that a business can be aware of how their customers perceive their brand and this helps to make positive changes if needed. A disadvantage of market analysis is that it does not guarantee a precise diagnosis of the market. This is because the analysis focuses on a section of the market required in its research and this cannot be representative of the whole market (West, 2021).

Honda competitors

The author opines that the automobile industry is highly competitive as there are many cars which appeal to various target markets. Some of Honda's competition include: Toyota motor company founded in Japan with a revenue of \$248.6 billion and market cap of \$183.3 billion, Volkswagen AG based in Germany with a revenue of \$247.4 billion and market cap of \$95.8 billion, Daimler AG located in Germany with revenues up to \$174.6 billion and market cap of \$58.7 billion and Ford motors, a multinational automotive manufacturer with revenue of \$130.4 billion and market cap of \$27.7 billion (Johnston, 2020).

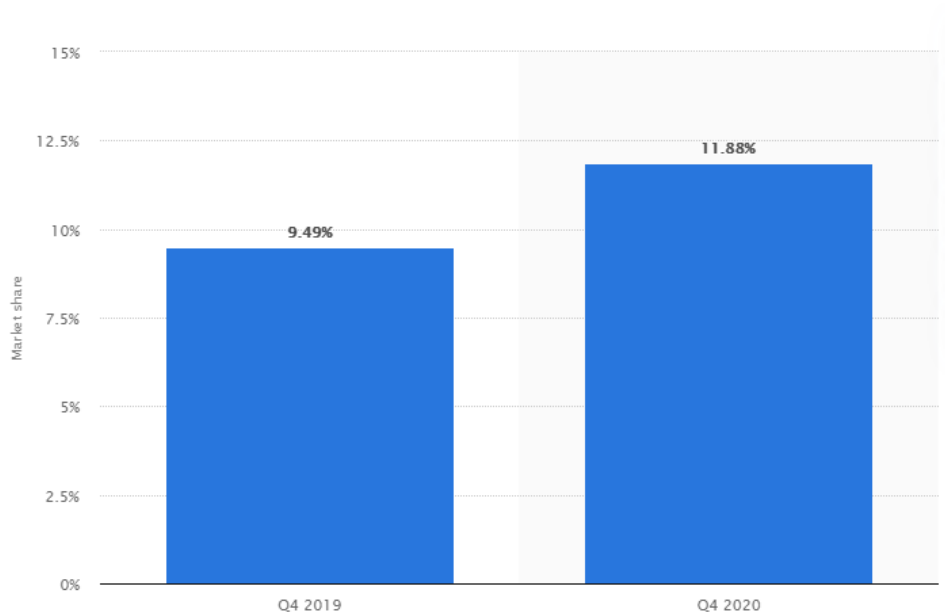
Honda's market share

In 2019, Honda had a 5.78% market share, with rivals like Ford motors having 5.9%, Volkswagen with 7.4% and Toyota with 9.5%. In Canada, Honda's market share grew from 9.49% in Q4 2019 to 11.88% in Q4 2020. (Statistica, 2020).



Global automobile market share in 2019

(Statistica, 2020)



Honda market share in Canada

(Statistica, 2021)

Honda's key success factors

Key success factors are the very important factors that lead to maximum result or impact in achieving business goals and objectives. It also focuses on how a business can produce better results and performance from the same set of activities, using the same capital and human resource. It's also about identifying, modifying and taking full advantage of the ignored, hidden and underperforming opportunities that are existent within a business venture (Hans, 2019). These key success factors can be grouped into the following:

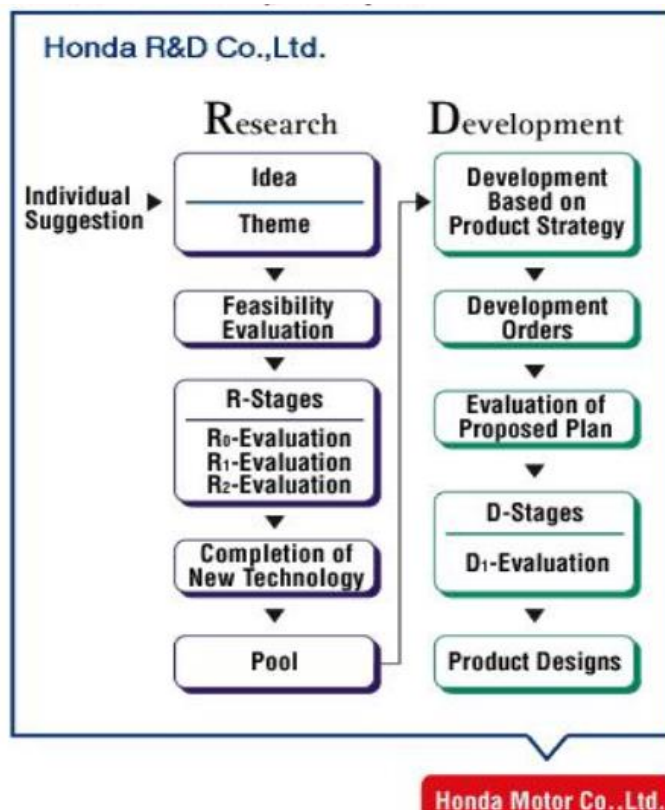
- Strategic Focus (Leadership, Management, Planning)
- People (Personnel, Staff, Learning, Development)
- Operations (Processes, Work)
- Marketing (Customer Relations, Sales, Responsiveness)
- Finances (Assets, Facilities, Equipment)

(Lawrimore, 2015).

Research and development

One of the key success factors that stands Honda out is their process and product innovation. Their new vehicle models are designed innovatively and each model has a new technique added to it making the automotive much better than the previous ones (Rothfeder, 2014). The brand also invests heavily in research and development as they

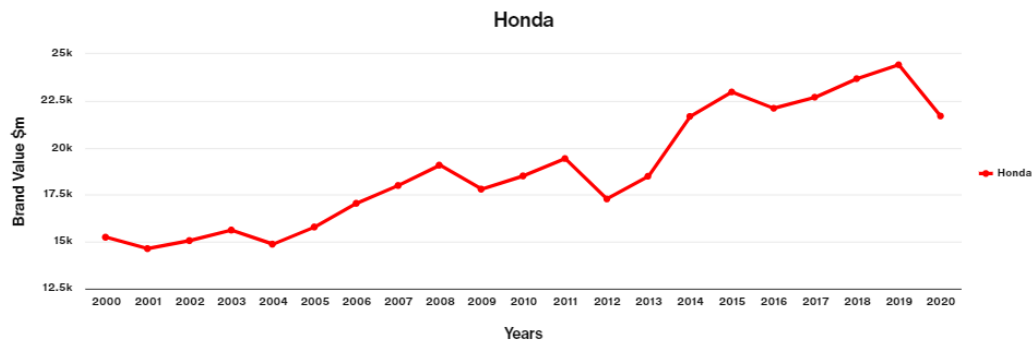
believe they can contribute to generations unborn, planet and society new cutting-edge technological development and research based on previous research and technology obtained over the years (Honda Global 2021b).



Honda's research and development system
(Honda Global, 2021b).

Brand value

Honda has been able to increase its product and brand value amongst its competition over the years. It has also been said that buyers get more value for the cars they purchase over the amount they pay to purchase the car (Simpson, 2018). In year 2020, Honda was selected for the sixth time as America's best value brand due to the quality, durability, reliability and resale value of the automobile brand (Honda auto news, 2020).



Honda brand value over the years

(Interbrand, 2021).

Diversification

When Honda was originally founded in 1948, it was a manufacturer of motorbike parts. However, over the years it added the manufacturing of automobiles to its portfolio. They later added a luxury line called Acura to their portfolio and other parts like speed boat and jet engines. The brand also ventured into other industries and started to manufacture robots and jets. Therefore, it can be said that their diversification gave them a competitive advantage over their rivals (Jurevicius, 2016).



Honda's range of products

(Honda website, 2021).

Diamond of national advantage

The diamond of national advantage is a framework created to understand the competitive advantage that countries have because of certain factors available to them; this model also explains how the government of nations can act as catalysts to improve a country's position within the worldwide competitive economic environment. There are

organizations located in countries that are constantly being innovative, chasing improvements as well as finding different ways to increase their competitive advantage. This is due to the fact that countries have four major characteristics which provides a level playing field for business operations within. These attributes make up the diamond of national advantage and they are:

- Factor conditions
- Demand conditions
- Related and supporting industries
- Firm, strategy, structure and rivalry

(Porters, 1990).



Porter's diamond of national advantage

(Daniels et al, 2019)

Factor conditions

The fact that Canada is one of the biggest nations in the world helps it when it's doing businesses locally and internationally. This is due to the fact that Canada has a well-developed transportation network system and refined infrastructure. Goods within the nation can be transported through the numerous commercial seaports. They also have about 26 local airports and 726 certified airports, combined with a good road and railway network. Canada is also a part of the NAFTA (North American Free Trade Agreement) which is co-signed with Mexico and the United States. This partnership has been regarded as the biggest free trade area which allows for good transportation and ease of trade amongst the three nations (Midy et al, 2021). Canada also has stable political and legal institutions which have given rise to low inflation rates, low interest rates and favourable taxation policies. (Porter and Martin, 2000).

Demand conditions

Globally, not many nations have a functional economy due to many reasons, one of which is the global recession. Canada has an economic action plan which aims to implement tax reductions so as to create and sustain jobs within the economy. This further means that the individual spending gain rises and eventually helps to stabilize demand conditions (Midy et al, 2021). The economic outlook for Canada has also improved due to a demand in the real estate market, residential investments and household consumption. This growth within the household investment is as a result of the labour market strength as the Canadian economy created about 350,000 jobs in 2019. This automatically led to a reduction in unemployment rates across the nation (Cleroux, 2020).

Related and supporting industries

In Canada, one of its biggest industries is telecoms. This industry has now been shared into small, medium and multinational enterprises. Within the multinational businesses, there is fierce competition due to the fact that these industries have many product portfolios to compete against. A huge number of these enterprises are mergers and acquisitions, so organizations with focus on data networks merge with traditional telephone vendors to increase their competitive advantage within the market. The smaller businesses within the telecom industry have more to gain by fostering relationships with these other companies. These relationships help the smaller businesses exchange complementary skills and products amongst themselves as well as getting set up in various locations in Canada. the combination of high skills and knowledge from these related enterprises helps the industry benefit from their clustering effects in several regions of Canada (Midy et al, 2021).

Firm strategy, Structure and Rivalry

Organizations in Canada are focusing on defensive competitive strategies which reduces the cost structure and differentiating various products and services. This they believe will allow them retain customers rather than creating ways of targeting expansion or longer-term competitiveness. Organizations that are also entrepreneurial by way of bringing together capital and labour have greater innovative results as well as the ability to increase their competitive stand in relation to the best global practices (Rennison et al, 2014).

Business Risks in Canada

Different rules across provinces

Business owners who are planning on expanding in Canada need to understand that each province has a different rule regarding the setting up or execution of businesses. This means that besides the general federal laws, business owners need to consider rules and regulations set up within individual provinces. Labour laws also differ by province and this can affect the nature of employee contracts. One of the distinctions observed in Quebec which is a French speaking province; they operate a civil law system as against the common law system. This further means that all forms and filings must be done in French and local workers must understand French. Taxwise, Quebec has what is called the sales tax which must be paid by organisations in Quebec. This is in addition to the standard Goods and Services Tax (GST) that is paid to the federal government (Kluwer, 2019).

Cybercrime

In recent times, Canada has been a target for cybercrime. It was reported by the Federal agency that there was an increase in cybercrime of approximately 150% between 2015 and 2016. However, the government has a robust budget of about \$500m to combat this vice and improve the digital security of the nation (Hokkanen, 2018). Another 76% of businesses reported cybersecurity breaches in 2018. The national cybersecurity agency made mention of the fact that there was a possibility that individuals who participated in the 2019 federal elections may have been met with some foreign cyber influence (WEF, 2019).

Industry restrictions

Some industry sectors in Canada have restricted access to imports. Therefore, businesses within this sector have to evaluate available sales channels and the rules and regulations that come with them. Also, individuals who are seeking to start businesses within this sector must ensure they abide with the custom laws and bilingual packaging and labelling requirements required by the Canadian Consumer Packaging and Labelling Act (Kluwer, 2019).

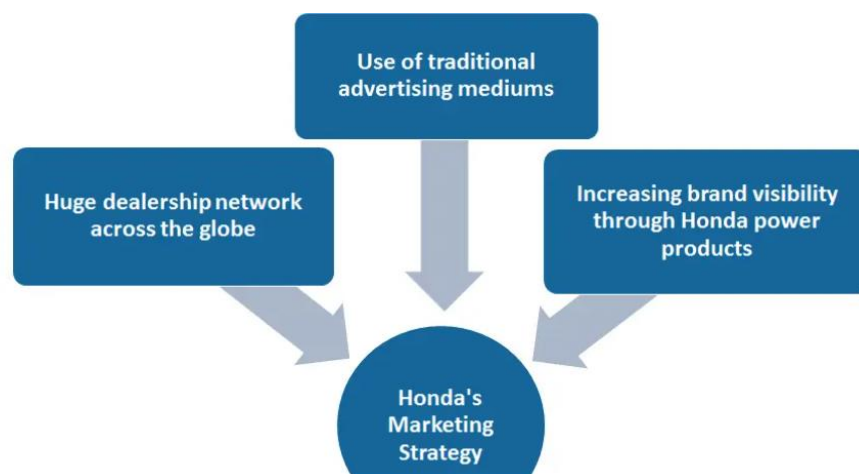
Global value chain

This can be described as a process where the production of a product is broken down into segments and tasks which are executed in different countries (Seric and Tong, 2019). With global value chains, nations do not just trade and exchange products, but knowledge as well as making things together (World bank, 2020).

Global production

Honda is present in 150 countries in the world. They manufacture different products and automobile brands in different countries. They have plants across the 6 continents; they have various automobile plants in Japan as well as other plants that produce motorcycle and power products. They also have automobile plants in Canada, United States, Mexico, Brazil, Turkey, Nigeria, China, India, Indonesia amongst other nations (Honda global, 2021c).

Global marketing



Honda's marketing strategy

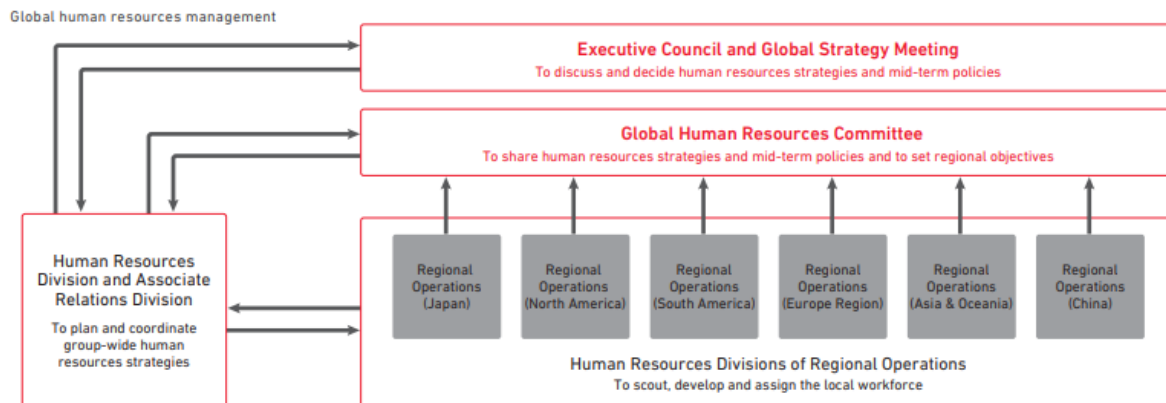
(Parashar, 2016).

Honda has a global extensive sales and dealership network in Canada alone, they have over 200 dealers and they have a responsibility of marketing the brand. They also make use of traditional media platforms – print, broadcast and outdoor media as well as digital media to give their products visibility in their respective locations (Parashar, 2016).

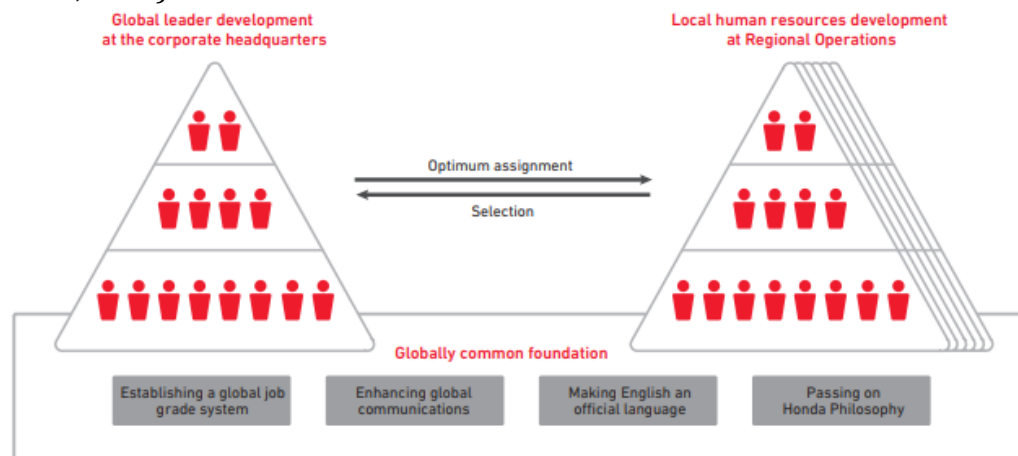
International Human Resource Management

This can be explained as the way in which international organizations create their own human resource systems; it also focuses on how these companies manage their employees within different cultural, legal and institutional circumstances (Barrachina, 2019). Honda's human resources team located in Tokyo create the global human resources strategies from mid to long-term perspectives and this is done with operations located in other regions. These strategies are later discussed during its yearly global strategy committee meeting with key members of management. The resulting actions from this meeting is then broken down into themes and extensively discussed within the global human resources committee - this meeting also happens annually with all associated involved in human resources across all six regions. Once the strategies become

concrete plans, they are converted to activities which are then launched throughout the company (Honda, Global, 2019d).



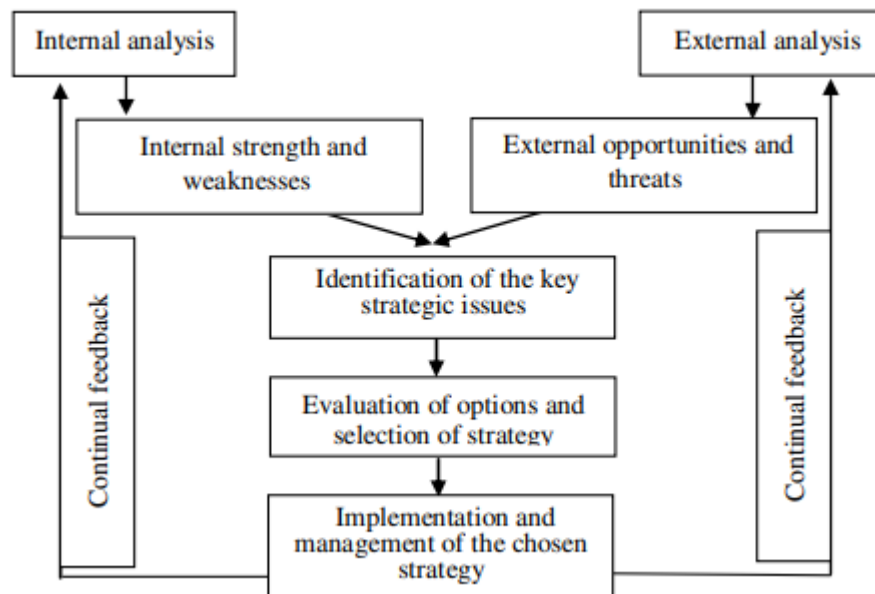
Human resource structure of Honda (Honda Global, 2021).



Honda Global HR approaches (Honda SR, 2020).

SWOT analysis

SWOT analysis is a framework that is mostly used for strategic planning and management within organizations (Gurel and Tat, 2017). SWOT is an acronym for strengths, weaknesses, opportunities and threats; it further helps to analyse what businesses can and would not be able to do, as well as surrounding opportunities or threats. Making use of a SWOT analysis involves taking information gotten from an environmental analysis and separating it into internal (strengths and weaknesses) and external (opportunities and threats) issues (Ommani, 2011).



The SWOT analysis process

(Ommani, 2011).

Strength - Extensive production and sales network

The operation of Honda's business is via its massive production and sales network. They have different plants that produce different products even in its home country. They also have plants scattered across the globe: Argentina, Brazil, Vietnam, Kenya, India, Canada amongst other countries. All products are distributed through their various global networks of retailers. The biggest regional markets for Honda automobiles are North America and Asia. The brand's wide production base helps in achieving economies of scale as well as its strong distribution network which gives them a wider reach hereby increasing revenue (MarketLine, 2021).

Weakness - Financial performance

In recent years, there has been a reduction in the revenue of Honda and this has negatively affected the brand's ability to allocate funds for growth and expansion. Revenue dropped slightly from JPY15,888,617 million in 2019 to JPY14,931,009 million in 2020. This meant that their overall annual growth that period as 6%. Its operating margin in 2019 was 4.6% which dropped a little in 2020 to 4.2%. Their net margin also dropped from 3.8% in 2019 to 3.1% in 2020 (MarketLine, 2021). The author hereby argues that the drop could have been as a result of the coronavirus pandemic which especially affected the global manufacturing industry.

Opportunities - Growth and expansion

Honda is taking different strategic initiatives to improve on their growth, strengthen their operations and yield increased returns. Honda formed a strategic alliance with a technology brand called Amperex Technology in 2020 to create and develop batteries for their new energy automobiles. They also entered into a partnership with one of their major competitors, General Motors and this will see GM developing electric motors for Honda. All these initiatives will empower Honda to improve their product portfolio, grow their customer base and increase their geographic presence (MarketLine, 2021).

Threats - Environmental and governmental regulations

In a bid to reduce the CO₂ carbon emissions stemming from the global climate change talks, the automobile industries are subject to environmental scrutiny as well as similar government regulations around reduction of carbon footprints. Honda has been upgrading their automobiles so as to increase efficiency and ensure their all their products comply with environmental laws. One of their plans regarding this is to electrify about 2/3rd of their vehicles by 2030; this further means that they have to comply with diverse environmental guidelines from different government agencies where they operate. These guidelines could appear costly as it is hard for Honda to design their motors specifically for a country in order to abide by their emission laws (MarketLine, 2021).

Internationalization strategy

Internationalization can be defined as the process of creating products to meet the needs of customers located in various countries; these products are designed in an easily modifiable way in order to satisfy customer needs. A firm can also be intentional about expanding their market share to other nations thereby creating other outlets in international markets (Hayes, 2021).

'Honda is a decentralized operation. You have to be willing to let the guy who's building the factory in the United States dictate to Japan that this is how we're going to build the factory. So every time Honda does something, like build a factory, they're building from scratch. Again, it's on the ground: Go look at what we've been doing. Learn from it. Then build something else. Almost by definition, if you follow that approach, you're going to have a much more flexible factory each time you build one' (Johnson, 2014).

A book was written in 90s called: The Machine That Changed The World and in this was the fact that Honda's localization strategy has made it stand out even amongst its competitors (Rothfeder, 2014). Honda has manufacturing facilities in USA, Canada, Mexico, Brazil, Argentina, the UK, Turkey, China, Thailand, India and Vietnam. The founder believed that a successful global organization is one which has decentralized

processes. This made him empower all regions the brand is present in with the ability of decision-making (Honda UK, 2021).

Entry modes

Entry modes can be explained as the various ways an organization decides to execute their business activities as well as level of engagement in a foreign market. This can be achieved by exporting, joint ventures, or establishing subsidiaries (Shen et al, 2017). There are different ways a business can enter a foreign market. Some of them are: licensing and franchising, partnering and strategic alliances, greenfield ventures amongst others (Mariadoss, 2019). Honda used the greenfield approach to enter Canada. Greenfield is a variation of foreign direct investment (FDI) which allows a parent company establish a subsidiary within another nation and grow its operations from scratch (Chen, 2020). Honda opened the first automobile manufacturing plant owned by a Japanese company in Ontario, Canada in 1986 and the first vehicle built was a Honda accord (Honda Canada, 2021a).

Honda Corporate Social Responsibility

Corporate social responsibility (CSR) can be defined as a self-regulating model that ensures an organization is socially accountable to themselves, their stakeholders and the general public. The constant practice of CSR ensures companies are aware of the level and type of influence they wield in the society (Fernando, 2021). Honda Canada has a number of CSR activities they are involved in to keep them accountable to their immediate community.



The Honda community

(Honda Canada, 2021).

Some of these initiatives include: Make-A-Wish Canada. Here, donations from the Honda Canada Foundation help put smiles on the faces of children who have been diagnosed with life-threatening sicknesses. Another one is called Earth Rangers which educates young

people across Canada on biodiversity. Honda Canada also actively supports more than 13 local charities as well as community programs (Honda Canada, 2021b).

Environmental sustainability

'This could be defined as a condition of balance, resilience, and interconnectedness that allows human society to satisfy its needs while neither exceeding the capacity of its supporting ecosystems to continue to regenerate the services necessary to meet those needs nor by our actions diminishing biological diversity' (Morelli, 2011:5). It can also be seen as the concern of ensuring environmental resources are guarded and maintained for future generations (Pettinger, 2018). At Honda Canada, one of its green strategies is to reduce emissions from their products and manufacturing so as to minimise environmental impact (Honda Canada, 2021b).



Honda environmental sustainability plan

(Honda Canada, 2021).

Honda Canada is committed to creating a greener future with the use of technology which will assist in the mitigation of environmental impacts. Honda Canada has a partnership with Forest Recovery Canada where they planted over 170,000 trees throughout the nation. Besides this, automobiles manufactured in Canada have maintained a 90% design recyclability since 2014. Honda is also working on ensuring their main plant in Alliston reduces greenhouse gas emissions by 44% and they are one of the first automobile manufacturers in North America to receive an ISO 14001 certification in 1998 (Honda Canada, 2021b). ISO 14001 is an environmental management system that sets out a framework that an organization can use to create an efficient environmental system (ISO, 2007).

Conclusion

This report set out to analyse Honda Canada's international business operations, a subsidiary of Honda Global using various analytical frameworks. The report showed that the Honda brand uses a decentralised approach in ensuring the success of their multiple offices across the globe. Whilst the brand name is quite recognisable across the globe, they have had a decline in recent times in their financial performance, a part to blame for this is the recent pandemic the world is currently facing. Honda Canada is also very environmental conscious as they partner with environmental charities. They are also committed to ensuring the environment they operate in is conducive for living and the products they make are not harming the environment. It is safe to say that Honda Canada has an overall good business output based on the various indicators noted within this report. An area that can be looked into for future research can be the feedback from various human resource within the organization. This is because a company is non-existent without its human capital and it would be a welcome development to understand how their feelings regarding their jobs and what they think can be done in order to make them more endeared to their jobs and conversely improve the overall business outlook for the brand as a whole.

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