The Problem With The Honda Motor Company Essay, Research Paper

The problem with the Honda Motor Company is the issue of whether or not to integrate two very different cultures, American and Japanese. In order for Honda to be competitive and successful in the global market, the Japanese division needs to adjust their current management style. If they should decide to model their operations after their successful American division, they will face many conflicting cultural differences that will make the transition difficult. By adopting some of the American business culture into their business operations, the Japanese division will once again become successful.

Factors of the Case-Analysis The Honda Motor Company has come to the realization that it can no longer try to operate in a fully democratic manner in relation to its increase in size. This became apparent to them when their sales dropped from a third place tie with Mitsubishi to a fourth place finish behind their competitors in the Japanese market. In comparison with that, the United States operations of Honda began showing positive sales increases and had moved into the fourth position in the market, behind the Big Three U.S. automakers. Honda of Japan must develop a strategy that will enable to begin selling more cars. This plan must take into account Honda?s competitors, it must reconcile the different management styles of its two divisions, and ultimately it must increase the profits of the company. The different management styles of the divisions must be addressed in any action plan. The U.S. division has shown a new flexibility in responding to changing markets. This came from its shift to a policy of localization. This was a four-part process involving products, production, profits, and management. The management worked hard to blend the rapid decision making style of the traditional American corporation with the democratic management style of the Japanese corporation. The end result was structured around a team concept where all members of the team shared tasks. Management was expected to learn both cultures with the basic concept of reinvesting profits not only in the plant, but also into the community and society.Honda of America was successful in its blending of management styles. The question is whether or not the Japanese division will be able to handle these changes, or whether they should even attempt them?

Alternative Solutions The first solution that Honda of Japan may want to try is to take the successful American/ Japanese blending present in the American division and transplant that success to Japan. By being able to make more rapid decisions, Honda of Japan will be able to react more swiftly to the changing markets, and ultimately sell more automobiles. The different management styles that are present in the two divisions would be brought into line. This would cut back on communication and cultural problems between divisions, and would allow for the two to trade successful programs across the Pacific. The only question is whether or not the Japanese division would be able to accept these changes. In the end, it is clear that they will. The bottom line is profits, and to increase profits Honda needs to sell more cars. The Japanese division is losing ground in sales, and it needs something to jumpstart change. Honda of America showed that the blended style could work. Another solution would be to leave the Honda of Japan division alone. Instead of bringing in a blended style of management, allow it to focus on what it always has done, and find Japanese ways to get competitive again. With an increased focus on research and development, and a renewed sense of national pride, Honda may be able to recover on its own. There would be no disruption when two different cultures were thrown together in the offices of Honda.

Evaluation and Choice If the two management styles were blended, Honda of Japan would find itself better poised to recover lost sales in the marketplace. Management would be swift to react to important decisions for the company. In addition, both Honda of America and Honda of Japan would find themselves better able to communicate. With similar styles, strategies could be more easily shared and implemented. Leaving Honda of Japan alone would rely on Japanese management to come up with plans to sell more cars. However, the Japanese style is to build consensus before action. Consensus by definition is never a swift or radical new way of doing things. Market stagnation would continue for Honda of Japan. It is therefore our recommendation that Honda of Japan work to implement the blended style that has worked so well for Honda of America.

Implementation To successfully implement this solution, Honda should go about the transition of its Japanese division slowly. The best way to go about this would be to first send the Japanese managers who were working in America back to Japan to start educating their colleagues on American business culture and culture in general. This could be accomplished through workshops and seminars. Once the Japanese have been educated on the American practices, the integration could continue further by making the small, easy to adjust changes. Overall, by blending the two cultures in the Japanese divisions it will promote a return to the entrepreneurial spirit and individualism that Soichiro Honda, the founder, believed so strongly in.

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