

Article

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Business Strategy and Finance Research of Honda Motor Company, Ltd

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Abstract: This article presents a comprehensive analysis of Honda Motor Company, Ltd, examining its business segments, financial performance, and strategic positioning to identify key areas for improvement. It highlights the automobile segment as the main revenue driver and employs Porter's Five Forces and the 9Ms model to assess Honda's competitive strengths and resources. The article also categorizes stakeholders using the Mendelow matrix and explores strategic options with Ansoff's matrix and the Boston Consulting Group model. A financial comparison with Toyota from 2018 to 2020 reveals areas where Honda's profitability and liquidity could be enhanced. The article concludes with recommendations to reduce operational costs, optimize asset investments, improve inventory turnover, extend payable terms, mitigate losses in the power products segment, and increase investment in new power vehicles, all while emphasizing corporate social responsibility. Despite existing weaknesses, the article confirms Honda's strategic direction and competitive strength in the global automotive market.

Keywords: Honda Motor Company; business analysis; financial performance competitive assessment

1. Introduction

Honda Motor Company, Ltd (Honda) is one of the most famous and successful Japanese manufacturer of motorcycles, modern automobiles and also other new power vehicles and equipment (Chen, 2010). There are four main segments inside Honda: the motorcycle business segment, the automobile segment, the financial services segment and the power product and other businesses segment, however, the financial services segment will not be included in this consultant report. According to the segment information from Honda's official global website, from 2008 to 2018, each year the automobile business segment was the segment who provided the most income for the company followed by the motorcycle business segment, nevertheless, the power product and other businesses segment tended to provide the least income for the company from 2008 to 2018. Therefore, this report will conduct a detailed analysis of Honda Corporation and propose some relevant suggestions aimed at resolving the various issues exposed by the company.

2. The Mission of Honda

The current mission of Honda is to "maintaining a global viewpoint, dedicating to supplying products of the highest quality, yet at a reasonable price for worldwide customer satisfaction." This mission statement has its advantages and disadvantages. In

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terms of the advantages, Honda's mission statement is relatively practical and perspicuous which indicates that the company tends to sell high-quality products with comparatively low prices to the customers. Therefore, this brief mission statement may seem to be very attractive to the customers and investors. Besides, this mission statement may also help the staffs and managers in the company to create the sense of congruence which could hopefully unite the managers and staffs together because the mission gives them a common goal to pursue: manufacturing products with the highest quality and selling these products with relatively low prices to the clients.

3. Honda External Environment Analysis

The Porter's Five Forces model contains five elements which can help the researchers to analyze the competitive environment of Honda. Firstly, Honda does not have any large government orders from any countries according to its financial report, thus the main business of Honda is the retail of vehicles in markets. Therefore, a single customer's power is relatively low because a single customer can not significantly influence the business of Honda and there is no powerful consumer union which can impose sanctions on Honda. Secondly, according to the relevant materials, the main suppliers of Honda are mainly middle or large steel companies, technology companies and software companies, for example, the Alpha Omega, the Brando, the Data Linkage Software and the GDA of Naples. Considering the size and the purchasing power of Honda, probably it could be considered that Honda is a significant buyer of the products of those suppliers which means that these suppliers will lose significant revenue and profit if they lose Honda as an essential customer. Therefore, there is no evidence which shows that Honda's main suppliers have strong power when facing Honda. Thirdly, today there is an increasing number of brands or even local brands of vehicles which have entered the markets, especially the markets of electric and new power vehicles. Therefore, Honda should seriously consider the threat of new entrants if it attempts to maintain its market shares in some of its main markets. Fourthly, in terms of the substitutes, today public transports exist almost in every countries and many countries have replaced their traditional public transports with clean power public transports, such as electric buses or natural gas buses. Therefore, it might be advisable for Honda to keep reducing its costs to lower the prices of its vehicle so as to encourage people to buy vehicles rather than use public transports everyday. Lastly, the competitive rivalries should be considered as one of the most powerful threat for Honda. For example, Toyota is the vehicle retailer who has the highest sales volume in the world and Nissan has just produced its first high-tech electric car and is preparing to sell this electric car to Chinese market and American market (Smith and Stuart, 2010). Besides, the global economic situation is also difficult to forecast and sometimes there will be restrictions or limitations carried out by the governments which may have negative impact on Honda's business.

4. Honda Internal Environment Analysis

The resource audits can help the researchers to obtain a list of potentially useful resources of Honda which may help the researchers to decide on the appropriate strategies for the company (Shrivastava & Paul, 2013). According to the 9 Ms model and Honda's annual financial report, the cash of Honda has grown from 2,256,488 million Yen to 2,494,121 million Yen from 2017 to 2018 and from 2,494,121 million Yen to 2,672,353 million Yen from 2018 to 2019. These figures show that Honda has sufficient cash and its cash is growing year by year which means that the company should not have liquidity problems. Besides, another significant resource that owned by Honda is its strong reputation as one of the world's most successful and reliable automobile and motorcycle manufacturer. Customers always tend to believe in the quality of the products produced by those famous companies who have already prove themselves in the market and investors also tend to choose those reliable companies who have mature corporate governance systems

that can bring them the dividends which they pursue. Thus, this established and strong reputation could help Honda to attract customers, cooperation partners and investors. Moreover, according to the 9 Ms model and the company’s annual statement prepared for the investors, manpower is another crucial resource for Honda. In 2018 and 2019, Honda began its collaboration with four new high-tech companies in the USA which means it has obtained a considerable number of high-tech professionals who will work for Honda in the coming years. Lastly, market should also be considered as a crucial resource for Honda according to the 9 Ms model. Based on the statement of Honda, vehicles and motorcycles manufactured by Honda are sold in more than 160 countries around the world and Honda has its branch companies and co-partnership companies in China, USA, Europe and Southeast Asia.

5. Honda Stakeholder Analysis

According to Freeman (1984), stakeholders can be defined as any group or individual who can affect or is affected by the achievement of the organization's objectives. The Mendelow’s matrix can be used to analyze the stakeholders of Honda Table 1:

Table 1. Mendelow’s matrix.

		Level of interest	
		Low	High
Power	Low	Category A Minimal effort	Category B Keep informed
	High	Category C Keep satisfied	Category D Keep player

The Mendelow’s matrix can help the investigators to categorize the stakeholders of a certain company according to their powers and their levels of interest. Based on the table above, stakeholders of Honda in category A (low level of interest and low power) could be customers. Honda should not pay much attention to single customers because they are not interested in the company’s strategies and do not have much power as individuals. Stakeholders of Honda in category B (high level of interest but low power) could be the staffs and employees of Honda because they are highly interested in the company’s strategies which may influence their salaries or future, however, they do not have high power as individuals in the company. Thus, Honda should just keep them informed with company’s new strategies or policy changes, however, they should not be the most important part to consider when determining company’s strategies. Stakeholders of Honda in category C (low level of interest but high power) could be the local governments because they are not interested in Honda’s specific strategies but they do have high power in regulating Honda’s corporate behavior or punishing Honda for misconducts. Therefore, Honda should try to keep the local governments satisfied with its corporate behavior in order to avoid being fined or sanctioned. Stakeholders of Honda in category D (high level of interest and high power) should be the shareholders of the company because they have invested in the company and they do have high power within the company. Thus, Honda should put its shareholders in the most important position when determining company’s strategies and their voices and demands should be the top priorities of the company.

6. Honda strategies Analysis

Honda’s current strategy options could be explained by Ansoff’s matrix and the Boston Consulting Group model. The Ansoff’s matrix could be illustrated as follows Table 2:

Table 2. Ansoff’s matrix.

	Current market	New market
Current product	Market penetration	Market development
New product	Product development	diversification

The Ansoff’s matrix can help the investigators to understand the combinations of the products and the markets and thus can help the company to carry out appropriate strategies for its products (Taylor & Edward, 2012). According to Ansoff’s matrix, Honda’s strategy for its traditional petrol vehicles and motorcycles is market penetration (current products in current markets) which means that Honda will focus on maintaining its current market shares and then try to expand its markets. However, Honda’s strategy for its new power vehicles is product development which means that Honda will focus on researching and innovating high-tech new power vehicles and try to sell these new vehicles in the current markets.

The Boston Consulting Group model could be illustrated as follows Table 3:

Table 3. Boston Consulting Group model.

	High	Low	
High	Stars	Question mark	Growth
Low	Cash cow Shares	Dogs Shares	Growth

The Boston Consulting Group model can help the investigators to categorize a company’s different products and carry out different strategies for different products respectively (Vignali & Medarac, 2010). For the traditional petrol vehicles, Honda takes the strategy of stars because Honda has relatively high shares in the global petrol vehicle and motorcycle markets and these markets are still growing with high speed in many regions or countries such as in Southeast Asia and Middle East. However, Honda has just started its new power vehicle projects a few years ago and thus the markets shares of Honda’s new power vehicles are relatively low compared with Toyota, Nissan or Volkswagen. Nevertheless, the growth of the markets of new power vehicles is high for Honda because of the trend to use new power vehicles around the world, especially in developed countries.

7. Honda Financial Analysis

This chapter will focus on analyzing Honda’s financial ratios from 2018 to 2020 and comparing these ratios with Toyota’s ratios. Financial analysis of Honda’s individual segments will also be provided.

Firstly, ratios concerning the profitability of Honda will be investigated which contain the return on capital employed, net asset turnover, gross profit margin and operating profit margin Table 4.

Table 4. profitability ratios of Honda and Toyota.

Firm	Honda	Honda	Honda	Toyota	Toyota	Toyota
Fiscal year	2018	2019	2020	2018	2019	2020
Return on capital Employed (ROCE)	5.54%	4.57%	4.02%	6.19%	6.14%	5.92%
Net asset turnover (times)	1.02 times	1.00 times	0.95 times	0.76 times	0.75 times	0.72 times
Gross profit margin (%)	22%	21%	21%	19%	18%	18%
Operating profit margin (%)	5.4%	4.6%	4.2%	8.2%	8.2%	8.2%

The return on capital employed (ROCE) measures the ability of a company to generate returns from its shareholders’ capital, the higher the ratio the better the ability. Ac-

According to the table above, unfortunately the ROCE of both Honda and Toyota has declined from 2018 to 2020. However, the ROCE of Honda were lower than the ROCE of Toyota which means that the ability of Honda to generate return from shareholders' capital was probably lower than Toyota in this time period. This phenomenon may be explained by the following ratios.

The net asset turnover measures the ability of a company to generate revenue from its assets, the higher the ratio the better the ability. Unfortunately, the net asset turnover of both Honda and Toyota has declined from 2018 to 2020. However, Honda's net asset turnover were higher than Toyota's net asset turnover which means that perhaps Honda had a better ability to generate revenue from its assets than Toyota in this time period.

The gross profit margin measures the ability of a company to generate gross profit from its sales revenue, the higher the ratio the better the ability. The gross profit margins of both Honda and Toyota were relatively stable between 2018 and 2020. The gross profit margins of Honda were just slightly higher than the gross profit margins of Toyota which indicates that the abilities of Honda and Toyota to generate gross profit from sales revenue were close in this time period.

The operating profit margin measures the ability of a company to generate operating profit from its sales revenue, the higher the ratio the better the ability. Honda's operating profit margins have declined from 2018 to 2020 while Toyota's operating profit margins were very stable between 2018 and 2020 (8.2%). Meanwhile, Honda's operating profit margins were much lower than Toyota's operating profit margins. Therefore, Honda's ability to generate operating profit from its sales revenue was much lower than Toyota in this time period.

Next, the ratios concerning the liquidity of Honda and Toyota will be focused which contains the current ratio and the quick ratio. The calculated ratios are in the following table 5.

Table 5. liquidity ratios of Honda and Toyota.

Firm	Honda	Honda	Honda	Toyota	Toyota	Toyota
Fiscal year	2018	2019	2020	2018	2019	2020
Current ratio	1.23	1.23	1.26	1.02	1.04	1.04
Quick ratio	0.96	0.96	0.99	0.88	0.89	0.91

The current ratio measures a company's cash flow status by calculating the company's ability to pay off its short term liabilities with its current assets. A favorable current ratio should be between 1.5 to 2. If not, the higher the ratio the better the cash flow status. The current ratios of both Honda and Toyota from 2018 to 2020 were relatively stable but lower than 1.5 which means that the liquidity of both companies were not in the best condition. The current ratios of Honda were slightly higher than the current ratios of Toyota which indicates that Honda's liquidity status was probably slightly better than Toyota's liquidity status in this time period.

The quick ratio also measures a company's cash flow status but it excludes the influence of inventory by subtracting the inventory from current assets. A favorable quick ratio should be bigger than 1. If not, the higher the ratio the better the cash flow status. The quick ratios of both Honda and Toyota from 2018 to 2020 were relatively stable but lower than 1 which means that the liquidity of both companies were not in the best condition (which has already been pointed out by the current ratios mentioned above). Honda's quick ratios were higher than Toyota's quick ratios which indicates that Honda's liquidity seems to be better than Toyota's liquidity in this time period.

There are four more ratios here which could be used to analyze Honda's company liquidity: the inventory turnover, the trade receivable collection, the trade payable payments and most importantly, the working capital cycle. The calculated ratios are in the following table 6.

Table 6. other liquidity ratios of Honda and Toyota.

Firm	Honda	Honda	Honda	Toyota	Toyota	Toyota
Fiscal year	2018	2019	2020	2018	2019	2020
Inventory turnover (days)	46.34 days	46.04 days	48.06 days	38.81 days	39.12 days	36.24 days
Trade Receivable collection (days)	62.76 days	63.06 days	61.41 days	112.52 days	115.79 days	113.10 days
Trade payable payments (days)	51.19 days	49.64 days	44.72 days	110.03 days	107.40 days	98.22 days
Working capital cycle (inventory turnover + trade receivable collection – trade payable payments)	57.91 days	59.46 days	64.75 days	41.30 days	47.51 days	51.12 days

The inventory turnover represents the possibility of the occurrence of unsold inventory. The higher the ratio the higher the possibility. A company who can sell its inventory quickly tends to obtain more cash and have better liquidity within a certain time period. According to the table above, the inventory turnover of both Honda and Toyota were relatively stable between 2018 and 2020, however, Honda’s inventory turnover were apparently higher than Toyota’s inventory turnover which means that Honda had a higher possibility to encounter unsold inventory than Toyota in this time period.

The trade receivable collection measures a company’s ability to regain its trade receivables from its clients. A company who can regain its trade receivables from clients quickly tends to have more cash and better liquidity. According to the table above, the trade receivable collection of both Honda and Toyota were relatively stable between 2018 and 2020, nevertheless, Honda’s trade receivable collection were much lower than Toyota’s trade receivable collection which means that Honda tended to regain its trade receivables from clients faster than Toyota on average in this time period. One of the potential reasons for Honda’s lower trade receivable collection is that Honda’s sales revenues were relatively low compared with Toyota which means that perhaps it is easier for Honda to regain its trade receivables than Toyota to some extent.

The trade payable payments measures a firm’s average repayment time for its trade payable. Firms tend to prefer a higher trade payable payment because more days means a longer repayment time. However, the trade payable payments (the average repayment time) should not exceed the deadline for repaying payable which is given by the supplier in order not to damage the firm’s reputation. According to the table above, the trade payable payments of both Honda and Toyota had decreased from 2018 to 2020 and the trade payable payments of Toyota had decreased more rapidly (from 110.03 days to 98.22 days) than the trade payable payments of Honda. However, Toyota’s trade payable payments were still much higher than Honda’s trade payable payments which indicates that Toyota was able to enjoy a far more longer repayment time when repaying trade payable than Honda in this time period. The working capital cycle could be considered as the summary of all the three ratios mentioned above. A company who has a shorter working capital cycle tends to have more sufficient cash, better liquidity and a lower possibility of cash shortage. According to the table above, the working capital cycles of both Honda and Toyota had increased from 2018 to 2020 which should not be considered as a favorable sign for the companies. However, Honda’s working capital cycles were much longer than

Toyota’s working capital cycles which means that the liquidity status of Toyota was likely to be more favorable than the liquidity status of Honda in this time period. The main reasons for the longer working capital cycles of Honda between 2018 and 2020 were that Honda had higher inventory turnover and much lower trade payable payments compared with Toyota in this time period.

8. Honda Investment Performance

Firstly, the Treynor ratio measures the excess return earned from enduring one unit of systematic risk. Therefore, investors tend to prefer higher Treynor ratios in most cases. The Treynor ratio was born out of the idea that the unsystematic risk can be eliminated by diversification but the systematic risk can not be eliminated, therefore, the performance measurement of a stock should be based on the unit systematic risk (Jackson, 2009; Hubner, 2005). The computational formula of Treynor ratio is as follows:

$$T = (R_s - R_f) / \beta_s \tag{1}$$

R_s is the daily average (expected) return of the stock, R_f is the average risk-free return rate and β_s is the stock systematic risk.

The daily average returns of Honda’s stock and Toyota’s stock for the recent three years can be calculated by the SPSS and excel. The calculated Treynor ratios for Honda and Toyota are in the table 7 below:

Table 7. Treynor ratios of Honda’s and Toyota’s stocks for the recent 3 years.

Firm	Daily average return for the recent three years	Risk free return rate	Beta (systematic risk)	Treynor ratio
Honda	0.0001731	0.00274%	1.08	0.0001349
Toyota	0.0004361	0.00274%	0.80	0.0005109

The figures in the table above indicated that Toyota had a much higher Treynor ratio than Honda in the recent three years which means that an investor may obtain more excess return from enduring one unit of systematic risk with Toyota’s stocks than with Honda’s stocks.

Secondly, the Jensen’s alpha can be used to determine the abnormal return of a certain stock or portfolio over the theoretical expected return, therefore, the Jensen’s alpha could be positive figures or negative figures (Tu and Duan, 2005). A Jensen’s alpha which is bigger than 0 means that the stock or portfolio’s performance is better than the expected market return, the bigger the Jensen’s alpha the better the performance of the relevant stocks of portfolios. However, a Jensen’s alpha which is smaller than 0 means that the stock or portfolio’s performance is worse than the expected market return, the smaller the Jensen’s alpha the worse the performance of the relevant stocks or portfolios (Zhang, 2003). The computational formula of Jensen’s alpha is as follows:

$$\text{Jensen's alpha} = R_i - (R_f + \text{BiM} * (R_m - R_f))$$

R_i is the expected (average) return of the stock, R_f is the risk free return rate, BiM is the systematic risk of the stock and R_m is the market return (Nikke225 for Japanese companies).

The daily expected (average) returns of Honda’s stock and Toyota’s stock for the recent three years and the market return of Nikke225 for the recent three years can be calculated by the SPSS and excel. The calculated Jensen’s alpha for Honda and Toyota are in the table 8 below:

Table 8. Jensen’s alpha of Honda’s and Toyota’s stocks for the recent 3 years.

Firm	Daily expected return for the recent three years	Risk free return rate	Beta (systematic risk)	Market return (Nikke225)	Jensen's alpha
Honda	0.0001731	0.00274%	1.08	0.0003052	-0.0001543
Toyota	0.0004361	0.00274%	0.80	0.0003052	0.0001865

The figures in the table above shown than Honda’s Jensen’s alpha was smaller than 0 (-0.0001543) for the recent three years which means that Honda’s stock performance was worse than the average market return (Nikke225) for the recent three years. However, Toyota’s Jensen’s alpha was bigger than 0 (0.0001865) for the recent three years which means that Toyota’s stock performance was better than the average market return (Nikke225) for the recent three years. The positive Jensen’s alpha is a favorable sign for Toyota’s investors and could hopefully help Toyota to attract new investors to some extent. In conclusion, according to the analysis above, it could probably be argued that the Jensen’s alpha figures above had also shown that Toyota’s stock prices had a better performance than Honda’s stock prices in the recent three years.

Thirdly, the T-squared metric can be used to measure the excess return of a certain stock or portfolio over the average market return. Therefore, inventors always prefer a higher T-squared metric since a higher T-squared metric means a higher excess return of the stock or portfolio over the average market return (Chen & Knez, 2006). Accordingly, the formula of T-squared metric is simply the adjusted return of the stock or portfolio minus the average market return (Zhang, 2003). The specific formula of T-squared metric is as follows:

$$T\text{-squared} = \text{adj.Ri} - R_m \tag{2}$$

$$\text{adj.Ri} = R_f + ((R_i - R_f) / B_i * B_m) \tag{3}$$

The adj.Ri is the adjusted return of the stock or portfolio, R_m is the average market return (Nikke225 for Japanese companies), R_f is the risk free return rate, R_i is the average return of the stock or portfolio, B_i is the systematic risk of the stock or portfolio and B_m is the beta of the market which is always 1.

The average returns of Honda’s stock and Toyota’s stock for the recent three years and the market return of Nikke225 for the recent three years can be calculated by the SPSS and excel. The calculated T-squared metrics for Honda and Toyota are in the table 9 below:

Table 9. T-squared metrics of Honda’s and Toyota’s stocks for the recent 3 years.

Firm	Risk free return rate	Average return of the stock for the recent three years	Systematic risk of the stock (beta)	Market’s beta	Adjusted average return of the stock	Average market Return (Nikke225)	T-squared metric
Honda	0.00274	0.0001731	1.08	1	0.0001623	0.0003052	-0.0001429
Toyota	0.00274	0.0004361	0.80	1	0.0005383	0.0003052	0.0002331

The figures in the table above shown that Honda’s stocks had a T-squared metric which was negative (-0.0001429) for the recent three years and this means that the return of Honda’s stocks was lower than the return of the market on average for the recent three years. However, Toyota’s stocks had a T-squared which was positive (0.0002331) for the recent three years which indicates that the return of Toyota’s stocks was higher than the return of the market on average for the recent three years. This is a favorable figure for Toyota’s investors since the positive T-squared metric means that they had the opportunities to gain excess return from Toyota’s stocks in the past three years. Besides, this positive T-squared metric could also help Toyota to attract new investors to some extent. Conclusively, based on the analysis above, perhaps it could be considered that the T-

squared metrics above had shown that Toyota's stock prices had performed better than Honda's stock prices in the recent three years.

In summary, all the three metrics calculated above (the Treynor ratios, the Jensen's alpha and the T-squared metrics) had reached a same conclusion which could be briefly summarized as Toyota's stock prices had a better performance than Honda's stock prices in the recent three years (from 2017 to 2020). Therefore, perhaps it would be necessary and advisable for Honda to carry out some relevant strategies to improve the performance of its stock prices not only to benefit its existing investors but also to attract more new investors in the future.

9. Conclusion

Based on the entire analysis above, there are several relevant recommendations for Honda which aim at resolving the company's existing problems exposed by the detailed investigations above.

Firstly, Honda should mitigate its overall operating expenses, such as the administrative costs, in order to improve its profitability. If the operating expenses can be decreased effectively, Honda's overall profitability will hopefully be improved to a considerable degree. For instance, in 2019 Honda's overall administrative costs were much higher than Toyota's overall administrative costs on average considering the much higher sales revenue of Toyota. Thus, Honda should comprehensively investigate and identify the factors which had caused the high administrative costs and try to improve the efficiency of using the relevant administrative resources based on the results of the investigation and identification so as to mitigate the company's operating costs.

Secondly, Honda should slightly reduce its investments on the non-current assets in order to improve the overall liquidity of the company. According to the financial analysis, Honda's investments on non-current assets had increased rapidly from 2018 to 2020 which had partly caused the fact that the company's liquidity ratios were out of the best intervals. Hence, considering the necessity of Honda to expand its production and global markets today, it may be advisable for Honda to just slightly mitigate its investments on those non-current assets in order to improve the overall liquidity of the company.

Thirdly, Honda should carry out more strategies to reduce its inventory turnover (to sell the inventory timely) in order to shorten its working capital cycle which can improve the company's liquidity. For example, Honda could provide more discounts on its inventory products or offer the consumers with more credits if they buy the inventory products so as to sell its inventory more efficiently.

Next, Honda should try to negotiate for longer trade payable payment deadlines from its suppliers (longer repayment times for the payable) in order to improve the liquidity of the company. Perhaps it is acceptable for Honda to recruit more negotiation professionals so as to establish a special negotiation team (or hire some external negotiation companies) which could strengthen the negotiation power of Honda to some extent when negotiating for longer trade payable payment deadlines with suppliers.

Moreover, Honda should pay more attention to the losses of the power product and other businesses segment in order to mitigate the losses of the company. Based on the research, one of the most important causes of the losses of the power product and other businesses segment was that many funds which were initially used to research and develop power products were wasted because the research projects or the development projects were canceled or failed. Therefore, Honda should reduce the waste of funds in the power product and other businesses segment by considering and planning each projects more carefully in order to reduce the failures of projects.

In addition, Honda should increase its investments in developing the new power motorcycles and new power automobiles in order to maximize its shares in the new power vehicle market. Therefore, Honda should seize this opportunity and keep up with this fashion to develop and produce high-quality new power vehicles and sell them with fair

prices in order to maximize its shares in the highly competitive new power vehicle market and to increase the company's overall sales revenue.

Lastly, Honda should keep paying attention to the ethical issues and the cooperate social responsibilities so as to enhance company reputation and avoid fines or regulations from the local governments (Dahlsrud, 2010; Amin, 2011; Duncan et al., 2012).. A good reputation can hopefully help a company to attract employees, customers and also investors to a considerable degree (Fombrun & Shanley, 1990; William & Diana, 1997; Porter, 2006; Carroll et al., 2015).

To sum up, Honda does have weaknesses, it is fair to say that the company is still on the right track considering its effective company strategies and its relatively strong competitiveness in the global automobile industry.

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