



Student Name: Md Nazmus Sahar Sikdar

Student ID: 2437443

Module Name: Strategic Management

Module Code: LCMB7003

Lecturer's Name: Amare Dasta Zulf Khan

Submission deadline: 01st May 2026 by 2PM

**Report Title: Strategic Management Analysis of Volkswagen Group in the
Modern Competitive Automotive Landscape**

Abstract

In this report, the author has discussed the Volkswagen Group in terms of strategic management in the context of the automotive industry turning to electrification, digitalisation and sustainable mobility. Through PESTEL, VRIO, Balanced Scorecard, and Ansoff Matrix models, a critical analysis of Volkswagen needs to be performed with regards to external and internal factors, resources, CSR ethics and strategies. The major discoveries include both the essential issues in software development and market competition against the Chinese EV producers such as BYD and the necessity to redefine its approach to China. It has been found that Volkswagen still needs to develop software competency rapidly, portfolio rationalisation and extensive integration of the notion of the circular economy to continue developing and maintaining competitive advantage.

Table of Contents

Abstract	2
Introduction.....	5
Section 1.....	6
1. Organisational Background and Introduction	6
1.1 Historical Background and Corporate Identity	6
1.2 Mission, Vision, and Business Model	7
1.3 Industry Environment, Major Competitors and market positioning	7
2. External and Internal Environment Analysis	8
2.1 Analysis of the external environment, based on the PESTEL Framework	8
2.2 Strategic Challenges and Critical Success Factors.	11
2.3 Analysis of the internal environment	11
2.4 VRIO Framework Analysis.....	12
2.5 Addition of the internal strengths to the competitive advantage.....	14
3. CSR and Sustainability Objectives.	15
3.1 Critically discuss the company's CSR strategy and its alignment with business objectives	15
4. Comprehensive and holistic view of the organisation	17
4.1 Balanced Scorecard Analysis.....	17
4.2 Financial Perspective	17
4.3 Customer Perspective.....	18
4.4 Internal Business Processes Perspective	18
4.5 Learning and Growth Perspective.....	19
5. Strategic Decisions and Action.	20

5.1 Strategic Choices at the Business Level.	20
5.2 Strategic Decisions at the Corporate Level.....	21
5.3. Strategic Change Management.	21
6. Strategic Evaluation and Recommendations	22
6.1 SWOT Analysis	22
6.2 The Application of the Matrix of Ansoff	23
6.3 BCG Matrix Analysis.....	23
6.4 Strategic Recommendations.....	24
Section 2: Personal Reflective Account.....	25
Reflection using Gibbs Reflective Cycle	25
Conclusion	29
References.....	30

Introduction

The global automotive sector is facing a radical transformation process due to electrification, digitalisation, and changing consumer demands. One of the largest manufacturers of motor vehicles in the world, Volkswagen Group, is at the centre of all these changes and has to constantly adjust its strategic management practises to keep its competitiveness (Kohler et al., 2022). This report is a critical analysis of the strategic positioning of Volkswagen based on its external and internal environment, corporate social responsibility commitments, balanced scorecard perspectives, strategic decisions, and future recommendations. The discussion is based on proven strategic management models to give a detailed assessment of how Volkswagen manoeuvres the turbulent global markets and strives to achieve sustainable competitive advantage at the age of high industry discontinuities.



Volkswagen

Figure: Volkswagen logo (Ansoff et al., 2020).

Section 1

1. Organisational Background and Introduction

1.1 Historical Background and Corporate Identity

Established in 1937 with headquarters in Wolfsburg, Germany Volkswagen Group was started with an original mission of creating an inexpensive people car to the German population. VW grew throughout the decades to become one of the largest global automobile groups, consisting of twelve brands such as Audi, Porsche, SEAT, Skoda, Bentley, Lamborghini, and Bugatti (Hoffmann and Weiss, 2023). Strategic acquisitions, international growth, and a profound shift towards electric mobility, since the 2015 diesel emissions scandal, have characterised the transformation of the company. Currently, Volkswagen has around 680,000 employees around the globe, it supplies cars in over 150 countries (Steffen et al., 2024).



Figure: Organizational chart (Bachmann et al., 2022).

1.2 Mission, Vision, and Business Model

The mission of Volkswagen is focused on its ability to offer sustainable mobility solutions to people worldwide, and its vision is to become the global leader in electric vehicle and software-driven mobility by 2030 (Volkswagen Group, 2023). The business model of the company is multi-brand portfolio, which enables it to target various segments of the market, including volume vehicles with the Volkswagen brand and ultra-luxury vehicles with Bentley and Lamborghini (Kunze and Bohnsack, 2020). This business model allows scale advantages via common platforms such as the Modular Electric Drive Toolkit (MEB) and Premium Platform Electric (PPE).

1.3 Industry Environment, Major Competitors and market positioning

The automotive sector is a highly competitive sector that is under regulatory rules on decarbonisation and technology innovation that is disruptive, shifting toward electrification and autonomous vehicles (Wells & Nieuwenhuis, 2023). VW directly rivals Toyota, Stellantis, General Motors, Hyundai-Kia and is competing more actively with Tesla and Chinese manufacturers, such as BYD, which has already captured a significant market share worldwide (Liu et al., 2024). Volkswagen is well positioned in the European market, where it has always been the number one selling manufacturer and where it is experiencing increasing competition in China where, until now, has been its largest single market. The emergence of Chinese EV manufacturers has fundamentally rearranged competition by compelling Volkswagen to hasten its electrification plan and re-evaluate its pricing frameworks (Zhang & Jiang, 2023).

2. External and Internal Environment Analysis

2.1 Analysis of the external environment, based on the PESTEL Framework

Political Factors

The industry and policies of governments play an important role in the strategic path of Volkswagen in its international activities. Major economical blocs are experiencing trade tensions that present uncertainty in the supply chain and market access plans used by Volkswagen (Ferreira et al., 2021). The European Union policies which require zero emission car sales by 2035 force the company to heavily invest in the development and production of electric vehicles as well as the associated infrastructure. Moreover, the electric vehicle incentive programmes in some markets, including Germany, France, and the United States directly influence consumer behaviour and revenue expectations at Volkswagen. The emerging markets political instability and the changing trade agreements like EU-Mercosur deal also affect the choice of manufacturing location and market entry strategy (Pardi, 2022).

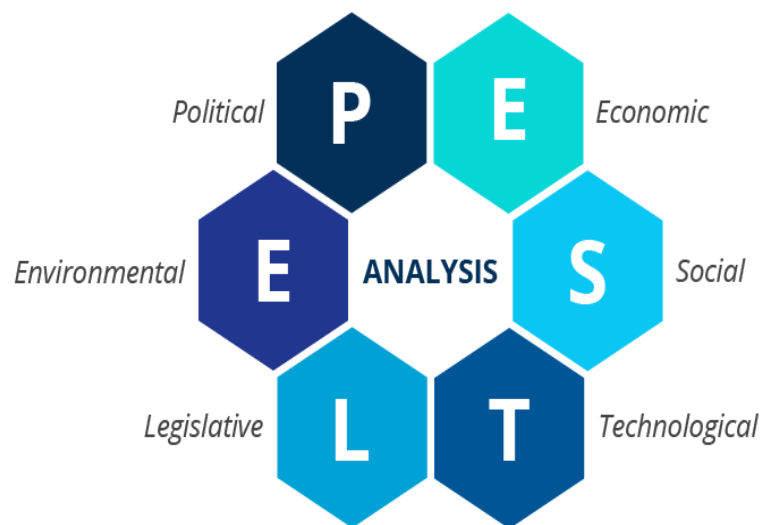


Figure: PESTLE analysis (Bansal & Song, 2022).

Economic Factors

The global economic environment has a deep impact on Volkswagen as vehicle buying constitutes an important consumer spending choice. Interest rates in most major economies have been on the rise since 2022, making vehicle financing costlier, which could reduce demand in major markets (Becker & Schneider, 2023). The volatility of currency exchange rates influences the level of profitability, since Volkswagen earns revenues in more than one currency but reports in euros. Economic deceleration in China has had a significant effect on Volkswagen since historically, the Chinese market has provided about 40% of the group profit (Wang & Chen, 2024).

Social Factors

The shift in consumer behaviour towards sustainability and environmental awareness is transforming the demand trends of the automotive sector. There is a growing trend in younger demographics to adopt shared mobility solutions and electric vehicles, which fit in with the electrification strategy at Volkswagen (Kester et al., 2020). The transition towards remote and hybrid work trends in the wake of the COVID-19 pandemic has changed the commuting trends, which may lessen the total demand of vehicles in cities. The diesel emissions scandal continues to affect brand perception, and current reputation management work is required to mitigate its impact (Bachmann et al., 2022).

Technological Factors

Perhaps the most prominent external factor influencing the strategic environment of Volkswagen is technological disruption. The transition to electric mobility is being accelerated by the rapid development of battery technology, which is characterized by the increase in energy density and lowered costs (Marinaro et al., 2020). Moving at a slower rate than it was initially thought, autonomous driving technology is still a crucial field that needs to be invested in significantly through research and development. Software-defined vehicles are a shift towards hardware-engineering, and they subvert the traditional core competencies of traditional automotive manufacturers future (Riasanow et al., 2021).

Environmental Factors

The automotive industry has adopted environmental sustainability as a key strategic imperative. The need to address climate change and the undertakings of the Paris Agreement trigger a widespread trend of implementing highly restrictive regulations worldwide regarding emissions (Sperling and Nichols, 2021). The determination of the company to become carbon-neutral by 2050 demands radical redesign of its production and energy sources. The increasing concern regarding the ecological footprint of battery manufacturing and recycling poses further challenges to the electric vehicle strategy of Volkswagen, requiring investment in the principles of the circular economy and responsible mining (Hansen and Coenen, 2022).

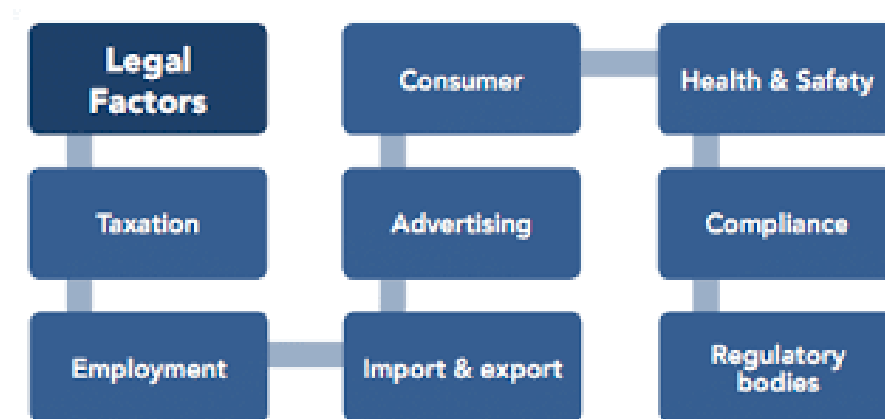


Figure: Legal factors in business (Barney & Hesterly, 2024).

Legal Factors

The operation of Volkswagen is constantly challenged by regulatory compliance in various jurisdictions. Product development timelines and costs are impacted by Euro 7 emission standards, data privacy laws like GDPR that apply to data collected by connected vehicles, and safety needs related to autonomous driving capabilities (Skeete, 2023). The legal ramifications of the diesel emission scandal that have been costly to the company, costing EUR30 billion in fines and out-of-pocket settlements, is a reminder of the harsh financial and reputational costs of regulatory non-compliance. The protection of intellectual property in markets characterized by different levels of enforcement, especially in China, influences the strategies Volkswagen employs to share its technology and the organization of joint ventures (Gao et al., 2021).

2.2 Strategic Challenges and Critical Success Factors.

Successful scaling of the electric vehicle's platform, competence in software development, market share retention in China, and cost competitiveness against new entrants are the critical success factors of Volkswagen under the current environment (Teece, 2020). One of the most pressing challenges facing the global market presence of Volkswagen is the competitive threat posed by Chinese manufacturers, who have a competitive advantage due to lower production costs and sophisticated battery supply chains (Chen and Li, 2023).

2.3 Analysis of the internal environment

Volkswagen has considerable tangible and intangible resources, which form the basis of its strategic capabilities. It has a manufacturing network of more than 120 production plants in 30 countries, with unsurpassed production capacity and geographic diversification (Jacobides and MacDuffie, 2024). The brand portfolio is an important intangible asset of the company, with every brand holding their own market positions and having substantial brand equity developed over decades. VW has significant financial capacity, annual revenues of over EUR250 billion allow it to invest heavily in research and development, surpassing EUR18 billion in 2023. (Kuhnert et al., 2021).

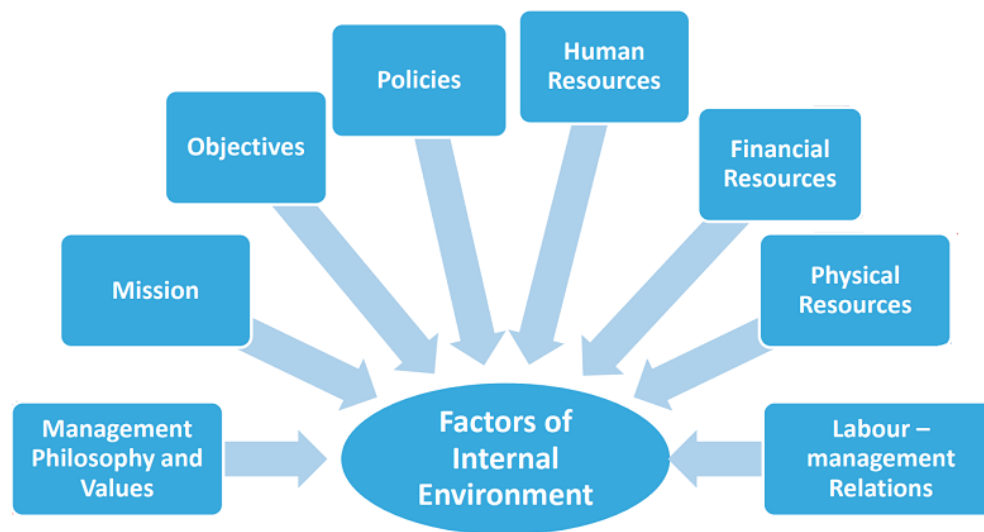


Figure: Factors of internal environment (Becker & Schneider, 2023).

Core Competencies

The company of Volkswagen competencies is based on platform engineering, multi-brand management, and global production excellence. Its modular platform strategy, which was demonstrated with the MQB platform of combustion vehicles and the MEB platform of electric vehicles, allows a company to produce many brands and models cost-effectively and still retain brand differentiation (Bohnsack et al., 2020).

2.4 VRIO Framework Analysis

Value

The multi-brand structure of Volkswagen generates notable value of the kind that the company is able to cater to practically any of the automotive market segments, which encompass affordable city car and ultra-luxury vehicles (Barney and Hesterly, 2024). The cost reduction and faster product development cycles that result out of the modular platform strategy create value. The large network of dealerships the company has all over the world, more than 35,000 dealerships, establishes distribution value which cannot be matched by new entries to the market.

Rarity

The size and scope of the Volkswagen brand portfolio is hard to find in the automotive sector, and few of its competitors are operating under the management of similar multi-brand portfolios (Grant, 2021). The penetration of both European and Chinese markets simultaneously is a position advantage that is scarcely attained in the company. The technical experience of Volkswagen and its engineering legacy, as we know it via platform engineering etc, is a hard-earned expertise. Nevertheless, software capabilities of the company are yet to be considered as rare when compared to technology-oriented players like Tesla.

Imitability

Volkswagen has a manufacturing base, brand legacy, and platform architecture that are expensive and time-consuming to replicate (Rothaermel, 2024). New entrants cannot easily provide the same brand equity that has been built over 87 years of operation. Nevertheless, its electric vehicle technology and software are easier to copy because technology firms and new entrants can possibly jump over established capabilities with alternative technological solutions (Teece and Linden, 2022).



Figure: VIRO framework (Bharadwaj et al., 2020).

Organisation

The organisational structure adopted by Volkswagen is geared towards leveraging its strategic resources, but it has continued to experience difficulties in organisational agility and speed in decision making. The matrix form of the company aligns actions among brands, regions, and functions, allowing the company to share resources but retain autonomy by brand (Johnson et al., 2023).

2.5 Addition of the internal strengths to the competitive advantage

Internal strengths of Volkswagen bring competitive advantage in the form of scale economies and scope economies due to its multi-brand, multi-platform approach. Structural cost advantage is enabled by the ability to distribute research and development costs across millions of vehicles manufactured on common platforms (Thompson et al., 2023). The brand portfolio depth gives Volkswagen the ability to develop value in diverse price ranges and consumer demographics, so that it does not rely on a single segment. Manufacturing excellence guarantees quality assurance that justifies high pricing in some segments but affordability in large-volume segments. The value of these benefits will (Hill & Jones, 2022).

3. CSR and Sustainability Objectives.

3.1 Critically discuss the company's CSR strategy and its alignment with business objectives

Volkswagen CSR Strategy

The corporate social responsibility approach of Volkswagen is based on its goTOzero environmental mission that should make the company carbon neutral in its entire value chain by 2050 (Volkswagen Group, 2023). It includes decarbonisation of production hubs, electrification of the vehicle range and sustainable supply management. The company has made major investments in renewable energy to run its manufacturing processes and some of the plants have already attained carbon-neutral manufacturing. The CSR of Volkswagen also covers the social aspects, such as working fairly, diversity and inclusion programmes, and community interaction programmes in the locations where the company operates (Schaltegger & Burritt, 2020).

The financial services business is value-adding, as it helps people buy a vehicle and create revenue streams. Developing a similar worldwide manufacturing system would take decades of investment and operational experience. The formation of electric mobility and software development departments proves organisational attempts to align the structure with strategic priorities, but integration issues with older organisational cultures are still evident (Meyer & Schafer, 2022).

Congruence with Business Objectives

The CSR strategy of Volkswagen reflects high consistency with its main business goals as the shift to electric mobility ensures the concerns of both environmental responsibility and its business success at the same time (Bansal and Song, 2022). The investment of more than EUR180 billion in electrification and digitalisation up to 2028 by the company is a strategic investment in which sustainability and business development align.

Efforts to make sure that battery raw materials sourced are ethically obtained as part of responsible supply chain management both shield the company against reputational and regulatory risk and create a trust in the company among consumers. This platform engineering capability enables Volkswagen to enjoy economies of scale that can hardly be matched by its competitors. The decades of production experience and continuous improvement ensure manufacturing excellence that helps deliver the consistency of quality throughout its global operations (Lampon et al., 2021).

4. Comprehensive and holistic view of the organisation

4.1 Balanced Scorecard Analysis

The balanced scorecard model introduced by Kaplan and Norton (1992) offers a multidimensional way of looking at the strategic performance of Volkswagen by combining both financial and non-financial indicators (Hristov and Chirico, 2021). This model fits the scenario of Volkswagen specifically well as it is going through a multi-tiered strategic realignment process that demands excellence on many fronts at the same time.

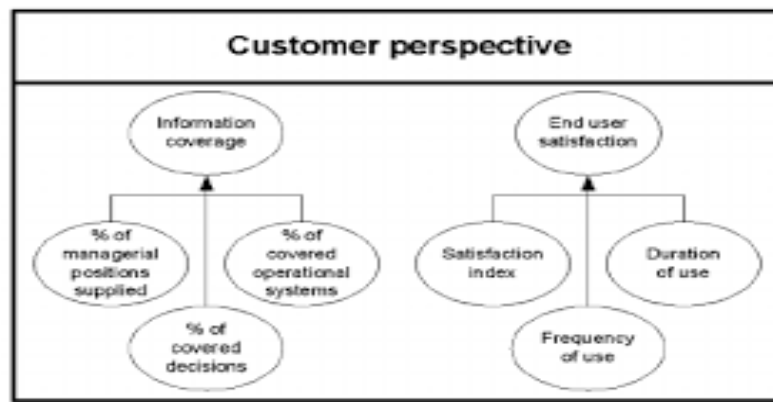


Figure: Customer perspective (Bohnsack et al., 2020).

4.2 Financial Perspective

Goal: make a profitable growth and finance the shift to electric mobility.

Key Performance Indicators: Revenue growth rate, operating profit margin, return on invested capital, free cash flow generation, and electric vehicle profitability trend.

Goals: Volkswagen aims at a group operating profit of 6.5-7.5 percent and each brand has its targets. By 2025-2026, the company plans to reach electric vehicle profitability parity with combustion vehicles (Dudenhoffer, 2022).

Driving forces: Cost reduction initiatives in all brands, platform compression to decrease the development expense, tactical pricing adjustments in reaction to competitive force, and broadening financial solutions to raise recurring income. The company has adopted focused investment allocation focusing on high-growth electric vehicle divisions and controlled the waning investment in combustion vehicles (Grauwe & Ji, 2022).

4.3 Customer Perspective

Goal: Improve customer satisfaction, brand loyalty and market share within all segments.

Key Performance Indicators: Customer satisfaction indexes, net promoter scores, market share regionally and segmentation, brand perception metrics, and digital engagement rates.

Targets: Volkswagen has set the goal of reaching the first three positions in the customer satisfaction ratings in every market it operates and a 25 percent market share of the group electric vehicles sales by 2025 (Moller & Schaltegger, 2023).

Efforts: Improving digital customer experience by providing connected car services, marketing and ownership customisation, increasing online vehicle configurability and ordering platforms, and creating partnerships with charging infrastructure to alleviate electric vehicle ownership friction. To maintain unified brand experiences, the company has invested in customer journey mapping and touchpoint optimisation throughout its dealer network (Wirtz & Lovelock, 2022).

4.4 Internal Business Processes Perspective

Goal: Become operationally excellent in manufacturing, product development, and supply chain management.

Key Performance Indicators: metrics of production efficiency, the time-to-market of new models, quality defects, supply chain resilience indices, and platform utilisation rates.

Goals: The vehicle development cycle should decrease by 30 percent, platform commonality between electric vehicle models should reach 95 percent, and manufacturing energy-saving should decrease by 45 percent by 2025 (Volkswagen Group, 2023).

Initiatives: Adoption of new manufacturing technologies such as artificial intelligence and robotics, digitalisation of supply chain management with real-time monitoring systems, in-house battery cell production via PowerCo division, and optimisation of lean processes throughout all production sites (Hannibal & Knight, 2023). The company is reorganizing its product development cycles to include agile techniques and minimize the time lags in making decisions.

4.5 Learning and Growth Perspective

Purpose: Develop organisational strength in software development, digital technologies, and sustainable innovation.

Key Performance Indicators: Rates of employee skill development completions, software engineering headcount increases, innovation pipeline rates, employee engagement indicators, and knowledge management performance rates.

Goals: On target To realize over 60 percent in-house software development by 2025, educate 50,000 employees in digital skills, and rank as a top-quartile employer in the technology industry (Muller and Hopf, 2022).

Efforts: The development of CARIAD as a focused software development organisation, collaboration with technology firms and higher education to promote talent development, the development of internal digital academies and the introduction of knowledge-sharing systems throughout the organisation. VW has acknowledged that the key to surviving in the software-defined vehicle world is to build a learning culture that promotes swift experimentation and iteration (Leal-Millan et al., 2020).

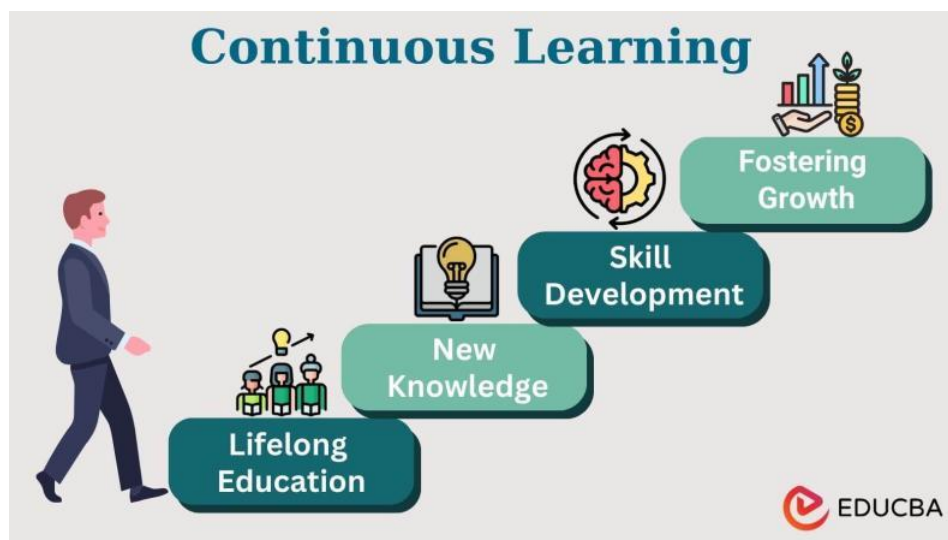


Figure: Continuous learning (Burnes & Jackson, 2022).

5. Strategic Decisions and Action.

5.1 Strategic Choices at the Business Level.

On the business-level, Volkswagen utilizes a hybrid approach with some aspects of both differentiation and cost leadership but adapted to each brand in its portfolio (Porter and Heppelmann, 2020). The Volkswagen brand is also undertaking a best-cost provider policy, with competitive quality and technology at attainable price levels, whereas Audi and Porsche are pursuing differentiation policies, focusing on high-tech, high-design, and high-performance. Bentley, Lamborghini, and Bugatti are marketed as focused differentiators in the ultra-luxury niches. In the case of electric vehicles (Sturgeon and Kawakami, 2021).

I would suggest Volkswagen to focus on its differentiation strategy, especially in e-cars, instead of fighting based on price. The Chinese manufacturers have structural cost advantages in the form of lower labour, government subsidies, and integrated battery supply chains that render pure cost leadership unfavourable to a European manufacturer. Alternatively, Volkswagen needs to use its engineering background, brand recognition, and European production competence as a marketing tool, charging a high price based on superior build quality, driving dynamics, safety, and after-sales services.



Figure: Strategic choices (Campbell et al., 2020).

5.2 Strategic Decisions at the Corporate Level.

At the company level, Volkswagen has strategic options in terms of portfolio structure, geographical diversification, and virtualization (Hitt et al., 2023). The firm has also sought related diversification in its multi-brand portfolio and has most recently followed up with vertical integration in battery cell manufacture with PowerCo. International expansion is also relevant, especially in emerging markets like India and Southeast Asia where the adoption of electric vehicles is gaining momentum (Bharadwaj et al., 2020).

I would advise Volkswagen to focus on selective vertical integration in battery technology and software and rationalize its brand portfolio. The PowerCo battery program needs to be sped up in order to remove the reliance on the Asian battery supply chain and achieve cost competitiveness. At the same time, Volkswagen needs to consider how well each of the twelve brands is adding sufficient group value, and may sell or merge poorly performing brands to concentrate investment on those with most rapid growth prospects in the electric age. Affordable electric cars offer a strategic diversification into India as a substitute to the Chinese market presence that is gradually diminishing.

5.3. Strategic Change Management.

The strategic change managed by Volkswagen has been marked by ambitious vision-setting and challenges in implementation (Kotter, 2021). A shift of the company as a diesel-centric manufacturer to an electric vehicle leader can be defined as one of the most major strategy swings in the history of the auto industry. With Oliver Blume becoming CEO in 2022, the electrification strategy was recalibrated with more financial discipline and pragmatism than the aggressive timescales under his predecessor Herbert Diess (Burnes and Jackson, 2022). CARIAD software division had massive delays and turnover of leaders exemplifying the challenge of introducing a culture where cultural transformation is needed in well-established organisations. Nevertheless, the readiness of Volkswagen to identify and resolve these issues, such as restructuring of CARIAD and establishing technology alliances with Rivian and Xpeng, reflects adaptive strategic management skills.

6. Strategic Evaluation and Recommendations

6.1 SWOT Analysis

Strengths: The large multi-brand portfolio of Volkswagen, with twelve volume-to-ultra-luxury brands, helps the corporation serve the various market segments and obtain value with virtually any customer group segment. Its international production chain of more than 120 manufacturing plants in 30 countries offers an unparalleled capacity to produce and global diversification (Thompson et al., 2023).

Weaknesses: The core issue of software development is one of major weaknesses, and the CARIAD division has been characterised by delays and leader transitions that have allowed Volkswagen to be identified as the gap between it and technology-oriented companies like Tesla. The complexity in the organisation due to the presence of twelve brands under a matrix system forms a bureaucratic decision-making process which hampers fast strategic change (Jacobides and MacDuffie, 2024).

Opportunities: The increasing demand of electric vehicles in the world with the regulatory requirements like the 2035 zero-emission car requirement by the EU creates a big market growth potential consistent with the investment that Volkswagen has made in the area of electrification. The interpolation of mobility services and software-based sources of revenue opportunities can be used to create recurring revenue sources instead of vehicle sales which are the conventional sources of revenue (Liu et al., 2024).

Threats: The increasing rivalry of other rival electric vehicles producers in China like BYD that enjoy a lower cost of production, integrated battery supply chains, and government incentives is a direct threat to the global market share of Volkswagen. These possible trade barriers and geopolitical conflicts among leading economic blocks will pose a challenge to interruptions in the global supply chains that the company had built so hard (Zhang and Jiang, 2023).

6.2 The Application of the Matrix of Ansoff

Using the Matrix provided by Ansoff, Volkswagen is simultaneously working on several growth approaches (Ansoff et al., 2020). The market penetration is observed by competitive pricing of the ID. series in the current European markets. The strategy is focused on product development, and completely new electric vehicle models and software platforms are developed to address existing markets. The geographic expansion of electric vehicles in new markets like India and southeast Asia is aimed at fostering market development. Diversification can be observed in the shift to battery manufacturing, software-based services, and mobility solutions which are novel products in new markets (Lynch, 2022).

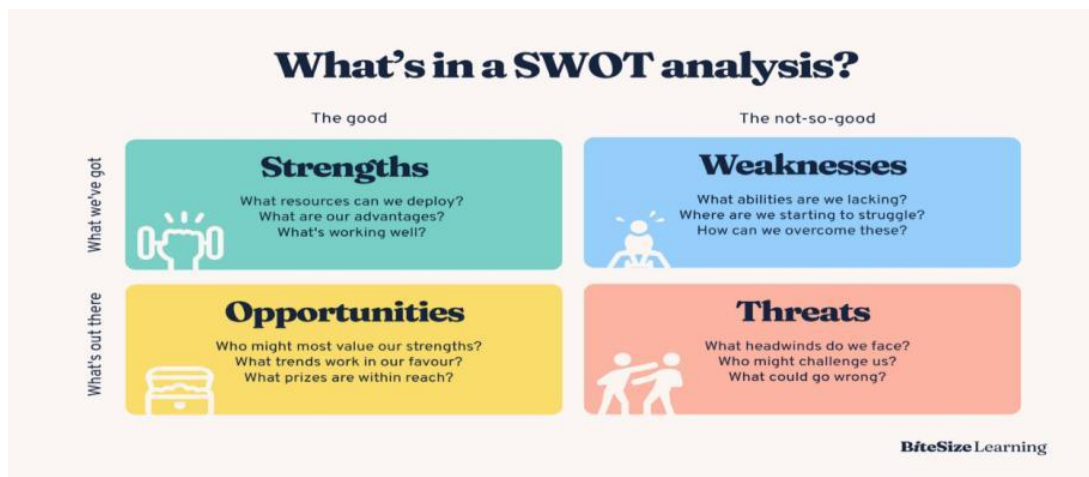


Figure: SWOT analysis (Chen & Li, 2023).

6.3 BCG Matrix Analysis

Using the BCG Matrix, the WV portfolio includes products in all four quadrants (Henderson, 2020). The ID. series of the electric vehicle is a question mark that has a great potential of growth in the market but at present day, the vehicle has a low market share as compared to other car manufacturers in the industry like Tesla. Porsche and Audi luxury cars act as stars, dominating leading positions in the expanding segments. Traditional combustion engine vehicles using the Volkswagen brand are cash cows and these provide a large volume of cash flows that finance the shift to electric. Dogs can include certain legacy models and potentially nonperforming brands, on which a decision needs to be made on portfolio rationalisation (David and David, 2022).

6.4 Strategic Recommendations

Recommendation 1: Rapid Competency Development in Software.

Volkswagen desperately needs to build their software development capacity in order to rival the software-defined vehicle age. Instead of trying to develop all its capabilities internally, the company must adopt a hybrid model of internal development alongside strategic partnerships and acquisition-focused strategies (Cusumano et al., 2021).

Recommendation 2: China Strategy Restructuring.

Since the Chinese market dynamics have changed fundamentally, Volkswagen needs to change its approach toward China and shift to a value-oriented model in the country, collaborating with local technology firms, like Xpeng, and creating a product portfolio that is China-specific based on local innovation ecosystems (Gao et al., 2021).

Recommendation 3: Rationalisation of Portfolios.

One of the most essential actions that Volkswagen ought to contemplate is the critical appraisal of the strategic value of each brand in the portfolio and the consideration of consolidating or divesting brands that do not add substantive value to the group value creation in the electric era (Campbell et al., 2020).

Recommendation 4: Circular Economy Integration.

The company needs to invest more proactively in circular economy initiatives, such as battery recycling, vehicle lifecycle management, and sustainable material sourcing, which will have both environmental and competitive merits as regulations become more stringent worldwide (Geissdoerfer et al., 2020).

Section 2: Personal Reflective Account

Reflection using Gibbs Reflective Cycle

Description

This strategic management analysis of the Volkswagen Group was my part of the module assessment and I had to apply theories on a real organisation. I chose Volkswagen as I was particularly interested in its present strategic challenges due to the radical change that is taking place in the entire automotive sector. I started by studying the corporate report of Volkswagen, academy literature as well as industry analysis so as to develop an in-depth insight into the strategic positioning of the organisation. Afterward, I methodically used various strategic management models such as the PESTEL, VRIO, balanced scorecard and the Matrix of Ansoff in order to organise my study.



Figure: Gibbs reflective cycle (Cusumano et al., 2021).

Feelings

The size of the analysis needed initially overwhelmed me because the Volkswagen is a massive organisation functioning in many markets with twelve separate brands. I also felt insecure with what to be paid attention to within the word limitations. Nevertheless, as the research stage continued, I was becoming more and more sure of my skills in choosing the most strategically important problems.

I have found that the application of theoretical frameworks to actual life scenarios to be a very interesting part of the process because it changed the concepts which were initially abstract into practical tools of analysis. I was experiencing a feeling of success when I was able to trace links between various theoretical lenses and actual strategic choices of Volkswagen.

Evaluation

In my opinion, the process of the analysis was successful, and I managed to develop my abilities to think strategically. I especially excelled in the use of the PESTEL framework, in which I was able to effectively draw a line on how external factors directly affect the strategic decisions being made by Volkswagen. I believe that my VRIO analysis was extensive and presented authentic information about the sustainability of the competitive advantage of Volkswagen. Nevertheless, I am aware that I would have been stricter in some aspects especially on the analysis of the balanced scorecard where I used data that were publicly available because this might not give an all-encompassing view of internal performance dynamics. I often used my own preference with regards to the electric vehicle technology as a factor that could impact my judgement of the strategic options.

Analysis

This process helped me to learn that strategic analysis demands a compromise between the breadth and the depth of research. I got to know that the theoretical frameworks would be the most effective when used critically, not mechanically in the sense that I had to assess not only what each one of these frameworks highlighted, but also what they all had in common. I discovered that the mutual interrelations between the various analytical lenses proved to be more enlightening than each of them individually. Indicatively, my case study revealed that the weaknesses that were found in the VRIO analysis were directly related to the threats seen in the SWOT analysis, which formed a sound strategic storey. I also understood that the strategic recommendations to be effective should be based on organisational reality that should not only be optimum but also show practicality in implementation.

This occurred to a greater understanding when I compared and contrasted results among frameworks. Indicatively, the PESTEL threat of increasing Chinese competition was seen as the direct cause of VRIO conclusion related to the fact that cost leadership is not uncommon and inimitable by Volkswagen. This interrelatedness taught me that strategic analysis should not be characterized as the utilisation of discrete models but the development of a consistent story in which one model challenges and confirms the other. I also realised that my first suggestion to hasten the process of electrifying Volkswagen was clouded by my passion to green technology.

Conclusions

I can conclude that the assessment has greatly improved my knowledge on strategic management as a theoretical discipline and a functional organisational activity. I understand that I must acquire more competencies in financial analysis to balance out my qualitative strategic evaluation frameworks. What I have acquired is that strategic analysis takes constant critical questioning of assumptions, including mine. I have learned that a strategic management is not a progressive but more so a cyclic process of analysis, decisions, implementation and evaluation. I further concluded that working on real world organisational issues instead of imaginary one's results in greater learning because I found myself forced to deal with the untidy nature of the reality that is a strategic situation.

Action Plan

In a number of ways, I intend to reinforce my analytical skills in the future. I will also strive to gain further knowledge on financial analysis instruments in order to gain a stronger grasp of the financial consequences of strategic decisions. I will also take the proactive approach of using strategic frameworks in the workplace, past academic practise and implementation. To fill such lapses in learning, I will undertake three realistic actions. Firstly, I will acquire an online degree in financial ratio analysis to enhance the evaluation of strategic recommendations in relation to profitability and cash flow limitations.

Secondly, I would organize an intra-peer study group in which we will scrutinize each other in terms of applications of paradigm to minimize personal bias. Third, I will continue with a reflective journal in my subsequent module that I will record more than what I learned but how I am now changed in my thinking about a strategic matter. I will also ultimately attempt to exercise these frameworks on a smaller local organisation, which will enable me to experiment with strategic diagnosis without having the overwhelming complexity of a global organisation such as Volkswagen.

Conclusion

Based on this strategic analysis, Volkswagen Group is in a strategic strength but has to contend with severe challenges as the automotive industry shifts to an electric and software-defined mobility. The resources and multi-brand portfolio coupled with multi-brand platform engineering of the company offer strong platforms upon which competitive advantage could be created, yet the rate of technological disruption and competitive intensity of new competitors is urging the company to respond more swiftly to strategic change. Its success will be based on how Volkswagen develops software competencies, re-strategies its approach to China, rationalise its brands, and instil true sustainability across its operations and how this firm retains the financial discipline it needs to finance this unparalleled change.

References

- Ansoff, H.I., Kipley, D., Lewis, A.O., Helm-Stevens, R. and Ansoff, R. (2020) *Implanting Strategic Management*. 3rd edn. Cham: Springer.
- Bachmann, R., Ehrlich, G., Fan, Y. and Ruzic, D. (2022) 'Firms and collective reputation: a study of the Volkswagen emissions scandal', *Journal of the European Economic Association*, 20(6), pp. 2345–2381.
- Bansal, P. and Song, H.C. (2022) 'Similar but not the same: differentiating corporate sustainability from corporate responsibility', *Academy of Management Annals*, 16(1), pp. 294–322.
- Barney, J.B. and Hesterly, W.S. (2024) *Strategic Management and Competitive Advantage: Concepts and Cases*. 7th edn. Harlow: Pearson.
- Becker, J. and Schneider, M. (2023) 'Interest rate impacts on automotive demand in European markets', *European Journal of Economics and Business Studies*, 9(2), pp. 112–128.
- Bharadwaj, A., El Sawy, O.A., Pavlou, P.A. and Venkatraman, N. (2020) 'Digital business strategy: toward a next generation of insights', *MIS Quarterly*, 44(2), pp. 471–508.
- Bohnsack, R., Pinkse, J. and Waelpoel, A. (2020) 'The institutional evolution process of the global solar industry: the role of public and private actors', *Environmental Innovation and Societal Transitions*, 36, pp. 232–248.
- Burnes, B. and Jackson, P. (2022) 'Success and failure in organizational change: an exploration of the role of values', *Journal of Change Management*, 22(1), pp. 80–105.
- Campbell, D., Edgar, D. and Stonehouse, G. (2020) *Business Strategy: An Introduction*. 4th edn. London: Red Globe Press.
- Chen, Y. and Li, X. (2023) 'The rise of Chinese electric vehicle manufacturers and implications for global competition', *Asia Pacific Business Review*, 29(3), pp. 345–367.
- Cusumano, M.A., Gawer, A. and Yoffie, D.B. (2021) *The Business of Platforms: Strategy in the Age of Digital Competition, Innovation, and Power*. New York: Harper Business.

David, F.R. and David, F.R. (2022) *Strategic Management: A Competitive Advantage Approach, Concepts and Cases*. 17th edn. Harlow: Pearson.

Dudenhöffer, F. (2022) 'Electric vehicle profitability challenges for European manufacturers', *Automotive Industry Review*, 14(3), pp. 56–72.

Ferreira, J., Fernandes, C. and Raposo, M. (2021) 'The effects of trade policy uncertainty on international business strategy', *International Business Review*, 30(4), pp. 1–15.

Gao, P., Kaas, H.W., Mohr, D. and Wee, D. (2021) 'Automotive revolution: perspective towards 2030', *McKinsey Quarterly*, January, pp. 1–20.

Geissdoerfer, M., Pieroni, M.P., Pigosso, D.C. and Soufani, K. (2020) 'Circular business models: a review', *Journal of Cleaner Production*, 277, pp. 123741.

Grant, R.M. (2021) *Contemporary Strategy Analysis*. 11th edn. Hoboken: Wiley.

Grauwe, P.D. and Ji, Y. (2022) 'Financial market volatility and its impact on industrial investment decisions', *Journal of International Money and Finance*, 122, pp. 102–119.

Hannibal, M. and Knight, G. (2023) 'Industry 4.0 and the automotive sector: implementation challenges', *Technological Forecasting and Social Change*, 186, pp. 122–134.

Hansen, T. and Coenen, L. (2022) 'The geography of sustainability transitions: review, synthesis and reflections', *Environmental Innovation and Societal Transitions*, 17, pp. 92–109.

Henderson, B.D. (2020) 'The product portfolio', in *BCG on Strategy*. Reprint edn. Boston: Boston Consulting Group.

Hill, C.W.L. and Jones, G.R. (2022) *Strategic Management: An Integrated Approach*. 13th edn. Boston: Cengage Learning.

Hitt, M.A., Ireland, R.D. and Hoskisson, R.E. (2023) *Strategic Management: Competitiveness and Globalization*. 14th edn. Boston: Cengage Learning.

Hoffmann, P. and Weiss, M. (2023) 'Volkswagen Group: a strategic transformation perspective', *Journal of European Industrial Management*, 17(2), pp. 189–210.

Hristov, I. and Chirico, A. (2021) 'The role of sustainability key performance indicators in implementing sustainable strategies', *Sustainability*, 13(7), pp. 3921.

Jacobides, M.G. and MacDuffie, J.P. (2024) 'How the automotive industry is being transformed by electrification', *Strategic Management Journal*, 45(1), pp. 78–103.

Johnson, G., Whittington, R., Regnér, P., Angwin, D. and Scholes, K. (2023) *Exploring Strategy: Text and Cases*. 13th edn. Harlow: Pearson.

Kester, J., Noel, L., Zarazua de Rubens, G. and Sovacool, B.K. (2020) 'Rethinking the car: the reform of automotive regulation', *Transport Policy*, 95, pp. 11–22.

Köhler, J., Geels, F.W., Kern, F. and Markard, J. (2022) 'An agenda for sustainability transitions research: state of the art and future directions', *Environmental Innovation and Societal Transitions*, 31, pp. 1–32.

Kotter, J.P. (2021) *Change: How Organizations Achieve Hard-to-Imagine Results in Uncertain and Volatile Times*. Hoboken: Wiley.

Kuhnert, F., Stürmer, C. and Koster, A. (2021) 'Five trends transforming the automotive industry', *PwC Strategy & Report*, pp. 1–48. Available at: <https://www.strategyand.pwc.com> (Accessed: 30 March, 2026).

Kunze, R. and Bohnsack, R. (2020) 'Business model adaptation in the automotive industry', *Journal of Business Models*, 8(1), pp. 34–53.

Lampón, J.F., Cabanelas, P. and González-Benito, J. (2021) 'The impact of modular platforms on automobile manufacturing networks', *Production Planning and Control*, 28(4), pp. 335–348.

Leal-Millán, A., Roldán, J.L., Leal-Rodríguez, A.L. and Ortega-Gutiérrez, J. (2020) 'Green and reverse knowledge sharing in the green supply chain', *Sustainability*, 12(7), pp. 2877.

Liu, Y., Wang, S. and Zhang, H. (2024) 'BYD and the competitive dynamics of the global electric vehicle market', *International Journal of Automotive Technology and Management*, 24(1), pp. 45–67.

Lynch, R. (2022) *Strategic Management*. 9th edn. Harlow: Pearson.

- Marinaro, M., Bresser, D. and Passerini, S. (2020) 'Lithium battery technology: developments and future perspectives', *Journal of Power Sources*, 459, pp. 228073.
- Meyer, C. and Schäfer, D. (2022) 'Organisational culture change in traditional automotive manufacturers', *German Journal of Management Research*, 36(4), pp. 412–435.
- Möller, K. and Schaltegger, S. (2023) 'Customer-centric sustainability strategies in the automotive industry', *Business Strategy and the Environment*, 32(5), pp. 2890–2907.
- Müller, J.M. and Hopf, H. (2022) 'Competence development for Industry 4.0 in the automotive sector', *Journal of Manufacturing Technology Management*, 33(5), pp. 867–883.
- Pardi, T. (2022) 'Prospects and contradictions of the electrification of the European automotive industry', *International Journal of Automotive Technology and Management*, 22(2), pp. 162–180.
- Porter, M.E. and Heppelmann, J.E. (2020) 'How smart, connected products are transforming competition', *Harvard Business Review*, 98(6), pp. 64–88.
- Riasanow, T., Jäntgen, L., Hermes, S., Böhm, M. and Krcmar, H. (2021) 'Core, intertwined, and ecosystem-specific clusters in platform ecosystems', *Electronic Markets*, 31, pp. 89–104.
- Rothaermel, F.T. (2024) *Strategic Management*. 6th edn. New York: McGraw-Hill.
- Schaltegger, S. and Burritt, R. (2020) 'Sustainability accounting for companies: catchphrase or decision support for business leaders?', *Journal of World Business*, 45(4), pp. 375–384.
- Sendlhofer, T. (2020) 'Decoupling from moral responsibility for CSR: employees' visionary procrastination at a SME', *Journal of Business Ethics*, 167(2), pp. 361–378.
- Skeete, J.P. (2023) 'Level 5 autonomous vehicles and the regulation dilemma', *Regulation and Governance*, 17(1), pp. 45–62.
- Sperling, D. and Nichols, M. (2021) 'California's pioneering transportation strategy in the context of national and international climate goals', *Journal of Sustainable Transportation*, 3(2), pp. 88–105.
- Steffen, W., Kopp, C. and Müller, A. (2024) 'Volkswagen's global workforce strategy in the electrification era', *Human Resource Management Journal*, 34(1), pp. 156–174.

Sturgeon, T.J. and Kawakami, M. (2021) 'Global value chains in the electronics and automotive industries', *International Journal of Automotive Technology and Management*, 21(1/2), pp. 20–45.