

STRATEGIC MANAGEMENT AND SUSTAINABILITY

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INTRODUCTION

The strategic management in an organization is concerned with managing the resources of the organisation in such a way that goals and objectives of the business can be attained effectively (Chen and et.al., 2020). This report will comprehensively evaluate a range of different strategic management concepts to explore the case study in detail. At first the key business strategies of the Volkswagen will be elaborated in detail. Further, resources and capabilities of VW during last 5 years will be explored to illustrate the extent which company has aligned the resources and capabilities with the current business strategies and plans. Here models for analysing the business environment will be used. A detailed evaluation of how VW has put efforts to become highly competitive while considering the sustainability and environment factors in the business. At last, a range of different recommendations will be stated which can help the business gain competitive advantage in the market place in future. overall, the report will be highly informative and in detail which will explore dynamics of the strategic business management.

MAIN BODY

1) key business strategies

Volkswagen is a large scale automotive manufacturer operating internationally in more than 153 countries (*Volkswagen Group- mobility for generations to come*, 2023). It is a Germany based automotive seller which is very popular. Organizations key competitive strategy is to run full fledge research and development which uplifts the innovation and creativity in the business resulting in manufacturing of some of the most valued and unique car designs. Company has an expertise in designing high end and medium range cars which are specialised and built on some of the latest technology (Urbinati, Franzò and Chiaroni, 2021). Key business strategy is to develop the most innovative and tech backed products for the customers in the market place. Under VW group there are different brands like Bentley, Porsche, Audi, Skoda etc. all these cars are very unique and high end. Company believes in being the market leaders when it comes to developing the status symbol cars for its clients. It invests more than half of its budget every year on research and development of the new features and models which can rapidly gain the large share of market and help securing great profitability in the market place.

In order to remain highly competitive in last 5 years organisation has promised to reposition itself as the most sustainable and energy efficient brand in the automotive industry.

For the same until now it has launched many models under both high end and medium range cars. It has adapted the strategy to rapidly support the innovation which can unleash some of the most exciting features in the car making industry. In past 2 years it has supplied 23% electric vehicles which has been successfully launched in the market place (Dai and et.al., 2019). Another such key strategy is the adapting the market trends of manufacturing such vehicles which are highly sustainable and energy efficient. Company is duly undertaking the fast approach when it comes to adapt the market trends. VW believes in constantly keeping an update of its business environment where different factors such as political, social, economic, environment and technological factors are duly undertaken. As it operates on an international level, it closely observes the external business environment so that it can incorporate the same in its business and gain the competitive edge in the market place.

In the recent times it faced several backlashes for betraying its customers with selling sustainable cars which emits 40 times more pollutants that is crossing permissible limit which has wreaked havoc on the brand image of the organisation. In order to eliminate the same in future VW is committed to work its policies and strategies which are highly focused on grabbing the market share which has been lost due to the scandals happened. Strategic are highly focused to enhance the emission issue of the cars and launch such highly impactful cars which has no negative impact on the environment (Raut and et.al., 2020). Overall, VW is emphasising on its research and development facilities to come up with the energy efficient solutions and keep the customer satisfaction a priority before everything else. The buyback policy and settlements that company has gone under have already messed up the profitability and goodwill value of the organisation, hence currently almost all its strategies are emphasising on upliftment of the issues which has created the negative impact in the past.

2) resources and capability of VW in last 5 years and how it aligned the same

VW is a big brand name and has years of reputation serving in the market place with most unique features and models. Company has many resources which it is using as edge to gain even more popularity and profitability among its competitors. Some of the most important assets and resources of the company can be considered its high profitability, capital, human resources, employees, innovation driven structure, leadership, global operations, high end production etc. the workforce in the organisation is very efficient and highly innovative in offering business competitive edge in the market place. VW has several brands under its name such as Bentley,

Porsche and Audi which is a classic development of the business ideas given by the employees and their abilities to make the organisational aspirations come true. Further, company deals with the high end range of cars where it earns massive amount of money which has made the finances of the organisation significantly strong. In 2015, When organisation had to deal with the laws suits and settlements it did not face any shortage of fund which was able to save organisation the cost of court cases etc. (Giampieri and et.al., 2020). Financial resources in the organisation are very significant. Further, the research and development department in the organisation is very strong which is able to understand the market trends very significantly faster and accommodate the same in the business in order to offer business an edge in the market. Its customer base is another such resource which company has as customers are extremely loyal to the brand as it has the ability to offer them unique cars and services. Often business undertakes its resources in such a manner that it builds a solid competitive place in the market place. In last five years it has strengthened all its resources such as financials, work force, goodwill, customer base innovation etc.

VW has also undertaken all these resources and capabilities and aligned the same with its strategies so that it can inculcate the strengths of the organisation in operating its business. Majorly the financial resources of the organisation are highly dedicated towards the research and development where extremely professional and competent teams are working to create unbeatable features and models of the automotive. VW carries a very strong brand name in the market place that when the scandal happened it immediately tried to compensate the damage done, by taking the due responsibility of the same (Goswami and et.al., 2020). In last 5 years organisation has utilised its resources and used the same to fuel the strategy of expansion worldwide. There are more than 153 nations that organization operates in and in each nation, it ensures that it meets the demand of the customers and offers them a unique experience when they ride the cars of the VW. The engine making and powerful features are one of the signature resources of the company which are patented and organisation uses this in all its car manufacturing as it is backing the operations on a large level. Hence overall, it can be said that VW is utilising its resources to their optimum capacity in order to strengthen its strategies and support the fast pace growth of the business (Chakrabarti and et.al., 2019).

3) how VW has tried to be competitive while undertaking environment and sustainability

VW is already very popular and successful in the market place as it offers the best engine, model, and features in its automobiles. Yet, in 2015 when the scandal erupted which darkened the future of the organisation due to its legally putting itself in the jeopardised position, it suffered downfall. Ever since then company has used its research and development facilities to inculcate the best sustainable and efficient cars which have non negative impact on the environment (Zhang, Atwal and Kaiser, 2021). As business VW closely believes in observing the external environment of the business, it understands the climate change and its responsibility towards the environment by producing such automotive which are efficient in nature and have non negative impact on the environment. This factor is also capable of offering the competitive edge in the market place as customer preference has shifted to buying such cars and vehicles which are sustainable in nature and have non negative impact on environment as whole. Organisation is trying to drive its business on the edge of sustainability where it has planned to launch more than 43% of its production under the EV vehicles. These vehicles will be backed by batteries and batteries will be recyclable with very minimal cost. This will be a buying point for customers as the cost of EV cars and fuel based cars will have no difference if one considered the life time value of the cars and maintenance cost (Henry, 2021). Also, it has been claimed by the organization that customers have the offer to try these vehicles for 1 month of trial basis period where they can effectively try and observe the emission of the car. This is its repositioning strategy which is offering the edge in the market. Sustainability is the need of the hour as future is fuel efficient and energy efficient where electric or battery backed vehicles will be only way automotive industries will be keeping the businesses afloat (Virmani, Bera and Kumar, 2021). Those who are lacking the importance of incorporating the sustainable features will lose the business to those who are adapting the changes in the market place. Majorly company is trying to keep the competitive pace it has gained in the market stick as every day it is creating unique models and design for its automotive which delivers unbeatable experience to all the customer, customer satisfaction is one of the most important aspects for business as in the absence of the same markets are will be lost significantly (Ketchen Jr and Craighead, 2020). In countries like UK and other European nations, VW has offered the free trial for its energy saving cars which are still in its trial phase, this is to create the awareness that soon company will be launching its energy saver cars in the market. Overall, it can be precisely said that VW has a very significant

position in the market place and it is constantly adapting the market trends and sustainability which is prime to remain competitive and relatable in the market place.

4) Recommendations

There are numerous sustainable practices which automotive industry can undertake in order to make the business environment friendly as organisations undertake a lot of resources from the nature, environment and society they have the responsibility to create wave of change by developing effective policies and strategies. VW must offer right training of its vision to create the sustainability in its cars and vehicles which can bring innovative ideas from employees resulting in the business becoming highly sustainable.

Very first is the production of energy efficient cars and EV vehicles which are green in nature at fast pace. These green cars variants should be offered under each and every line of the brand and models of the car. Such as the high end cars like Bentley and Porsche should also have EV variant which offers customer facility to opt for these cars. VW can also offer the discount when customers chose EV vehicle over the flue backed vehicles. This way company can sale more cars and earn great competitive edge in the market place under the EV vehicle segment.

Second is the VW can pit meets in its cars and vehicles which shows the emission of the pollutant which are released in the environment from the vehicles. This meter will allow the business to re-establish the trust which has it has lost due to scandal. As the sheer promise and words will not be enough to rebuild the image of highly environmental concerns brand in the market. Customer will be only trusting the brand when they are themselves able to check the emission of the gases from the vehicles. This is an impactful way where transparency in the sustainability will be build.

The third such suggestion for the organisation is to replace the use of plastic in the organisation in any forms starting from the one time used plastic, organisation must work on its research and development which can come up with the replacement of the plastic in the organisation. Green strategies should be build where customers are made aware of different ways to operate and ride the vehicles which can help them save the fuel, energy and batteries effectively. Organization can also launch in the affordable car segment where it only sells EV cars and no fuel based cars. This will be a very unique yet most effective way to attract the customers towards the brand (Fuertes and et.al., 2020).

The last one is towards being careful about the carbon emission, engine efficiency, low power mode, frequency of servicing of the vehicles, impact on drive in roads, regenerative energy systems and replacing the seat covers of leather and plastic to more form or fibre based which can make the car more sustainable in nature. A combination of all these aspects together will be able to create a wave of change towards sustainability in the organization.

CONCLUSION

The above report of strategic management has evaluated VW's case study where it faced several issues which harmed its image and position in the marketplace. This report highlighted the impact its business environment has on the company and how it been impacted in the past years. Primary strategies of the business have been explored and reason why it changed has been elaborated. Further available resources and capabilities of the company has been evaluated. And how business is trying to be competitive by driving on the factors of sustainability and environment has been stated. At last suggestion to improve the competitive edge in the market place has been elaborated.

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