

Name: Duta Andreea Cristina

Student ID: 1921953

Strategic Management **and Sustainability**

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INTRODUCTION

The success of the business depends upon the strategies and policies which are made to formulate and complete the business activities. To achieve success with fair trade practices, use of sustainable approach is very important as it enable the future generation to enjoy the benefits of the natural resources to complete certain business activities. The use of sustainable approach in operations can contribute in the making of world a better place and along with this it also helps in cutting the costs and improving public image. The following report is the brief explanation of the mentioned concepts with the use of Volkswagen company.

MAIN BODY

Overview of the company

Volkswagen Group is a German multinational corporation which is founded 28 May, 1937 and headquartered in Wolfsburg, Germany. This organisation is working and serving worldwide and have 100 production facilities across 27 countries with 667,647 employees (Berman, Evans and Chatterjee, 2018). The profitability of this company is increasing day-by-day and the revenue was calculated as €250.200 billion. The products in which the selected corporation is dealing with are auto-mobiles, commercial vehicles, internal combustion engines, motorcycles and turbo-machinery.

Business strategies used by the company

The effective and intense strategies help the corporation in standing strong in front of the competitors (Brown, Bessant and Jia, 2018). These framework and models are briefly explained as follows:

Porter's Generic Strategy

It is a framework which was provided by Porter which help the company to classify its behaviour and also in improving it to attract consumer and profitability for the particular company (Brozovic, 2018). The areas are briefly explained as follows:

- **Cost leadership strategy:** It refers to the strategy in which the employees and business mainly focuses on the reducing the cost of products and services delivered to the customers. .
- **Differentiation Strategy:** This strategy works for keeping the company stronger in front the competitors and other similar businesses. (Bukar and Tan, 2019).
- **Cost Focus strategy:** This strategy is revised version of cost leadership strategy which states that the focus should be managing the cost of the products and services. It also

includes the shifting of focus on the particular and targeted area of the market in terms of geography and delivering of services.

- **Differentiation focus strategy:** This strategy refers to targeting the market which is important and suitable for the type of business the company is involved in. Under this, the products are improved and changed according to the expectations and need of the consumers (Burgelman, 2020) (Chernev, 2018).

Volkswagen has used cost leadership strategy in its past five years through which it uses installation of cheating devices in its vehicles which are cheap and of less cost. The mentioned enterprise was also involved in emitting of 40 times more of legally permitted amount of nitrogen dioxide. All these trail of reducing the cost of production results in the unethical use of practices and operations.

Analyse the resources and capabilities to company's business strategy

The extent of resources and capabilities which are aligned by Volkswagen to its business strategies are explained with the help of certain models and frameworks which are briefly discussed as follows:

VRIO Analysis

This model or framework helps the company to identify the important resources and factors that help the chosen organisation to enjoy the competitive advantage. Following is the brief description about the mentioned corporation:

VALUABLE

It refers to the valuable resources and factors which are used by the organisation to perform its business activities. When the chosen company is taken into consideration, it can be said that the human resource which is selected by Volkswagen are trained to become highly skilled and efficient which leads to better results and outputs from the employees (Henry, 2021).

- **RARE**

It refers to the differentiation of the products and services from the other competitors which make them unique and help the organisation in deriving the focus and attention of the customers. The rarest product and thing which is used by this firm are the patents which are not easily available. The patent right is not possessed by the other competitors which increased the value and image of Volkswagen in the eyes of people and within the industry. (Kerzner, 2019).

IMITABLE

The employees or the human resources is easily imitable as the other competitors in the market can easily copy the benefits and the remuneration provided by the chosen corporation. The other companies also can train their employees like Volkswagen and hire skilled and expert man-force direct from the mentioned company by providing them better salary, benefits and other growth opportunities. (Millar, Groth and Mahon, 2018).

ORGANISATION

The distributional channels which are used by this company are well and systematically organised. This can be seen through the increasing customer range and base of this corporation. This distribution channel stands out to be very useful and favourable for this organisation as it is providing the benefits of competitive advantage that helps it in standing out different among the others..

SAF Criteria

It refers to the framework or model in which the right and useful strategy is chosen that is perfect fit for the growth of the organisation. For determining and analysing this, there are three segments which are described as follows:

- **Suitability:** It is certainly a most important factor of this analysis that help in determining that if a particular strategy is suitable in the specific environment of the business. The strategy which is used by this organisation was suitable for the working environment as it helps in making a lot of profit and income with the use of that policy.
- **Acceptability:** When talking about the acceptance in terms of financial strategy, the selected company has earned a lot of money but because of the use of unethical approach which was hurting the environment as well as the health of the people, the society and the legislations of the selected corporation does not allow and accept this kind of approach (Rosenbaum-Elliott, 2020).
- **Feasibility:** The selected company was popular and profitable in the industry and valuable in terms of money and resources which help this corporation for doing such fraud. Fraud which was done by this firm help this corporation to earn a lot of money through unethical means.

This analysis helps to understand that the strategies which were opted by the mentioned organisation was unethical and immoral which was a threat for the people of the society.

Analysation of the current business strategies used by the company to align its resources and capabilities

After the fraud and the illegal practices which were done by the company, its immoral activities were caught by the legislations due to which this corporation has to face many issues and problems. For improving the condition of Volkswagen, many changes and improvements are done in the strategies and alignment of the resources and the capabilities which are analysed with the help of certain models that are explained as follows:

Porter's Five Forces

This model helps in understanding the forces which impact the competitive level and position of the selected company which are explained as follows:

- **The rivalry against competitors:** There are many companies which are working in the auto mobile industry and are very popular. That's why it is very important for the company to make intense strategies to maintain its position within the industry.
- **The bargaining power of suppliers:** As number of auto mobile companies are increasing, it gives rise to the number suppliers that supply the raw materials that are used. Due to the large number of suppliers, the mentioned organisation has multiple options to choose the affordable one which makes this force weak for this company.
- **The bargaining power of the customers:** After regaining the trust of the people, this company has finally makes its place in the heart of people. This increase in the numbers of customers, provide the power to influence price which makes this force more impactful and strong.
- **Threat of substitutes:** There are large number of substitutes which are there in this industry, because of which the risk of losing the customers is always there. It makes the force of this factor powerful for Volkswagen.
- **Threat of new entrants:** For making space and position in this industry, there is a need of huge investment and capital which makes it expensive. That's why this force has low impact on the chosen corporation.

Life-Cycle of automotive industry

Life cycle of an industry consists of some stages which are described as follows:

- **Introduction Stage:** Under this stage, the new product that is launched by the selected corporation is considered in which the product faces review from its customers in its initial stage. At this time of period, the selected company has low revenue and the profit is not earned.

- **Growth Stage:** In this stage the consumers understand the need and benefit of the launched product. At this point of time, the demand increases and the chosen organisation grows faster. This growth leads to more profits and more customers which ultimately helps in improving the image.
- **Maturity Stage:** In this stage, the shake-out period occurs which is responsible for lowering of the speed of growth. In this point of time, the expenses reduced and the values of the launched product decreases as the focus of the customers shift on the price of the commodities.
- **Decline Stage:** in this stage, the growth and the profitability of the selected corporation is negatively impacted. The customer's base decreases and it leads to less profitability in the chosen company.

Evaluation of how Volkswagen can implement environmental sustainability

As the impact of the business activities is sometimes faced by the environment which are degrading it, it becomes important for the chosen organisation to follow some sustainable approaches and strategies in order to improve its image in the industry. There is a need of reducing carbon emissions in the manufacturing of the vehicles which is very helpful for the environment and the climate.

The selected firm can opt green strategy option to reduce the harmful activities and that will facilitate the company to launch eco-friendly products and vehicles. Along with that, the chosen organisation can focus on the CSR activities which are the duty of every company that is performing the business activities. These activities concern about making the world a better place for growth and survival.(Stone, Cox and Gavin, 2020).

CONCLUSION

The above report concerns about the strategies which are very important in order to earn profit and become successful in the market. This report covers the unethical practices which were performed by Volkswagen and the analysis of its business activities over past five years. Along with this, the report focuses on the allocation of the resources and capabilities by this corporation over past years. Apart from this, the report includes the current business strategies which help it in surviving in the competition. In the end, it discusses about the sustainability that can be used by the selected organisation in its strategies with the use of green solutions, CSR activities and business ethics.

RECOMMENDATIONS

It has been recommended to the company need to develop its strategy in a way by which they can eliminate the legal issues and increase the business, Volkswagen strengthen its recruiting process by which they can select potential candidates and this will assist the brand in executing their plans in a more effective way. To maintain the sustainable growth company, need to focus more on electric vehicles and develop more futuristic cars and this strategy should also consider environment as an essential asset and perform their activities without doing any harm to it.

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APPENDIX

SWOT Analysis

STRENGTH • intense brand image. • diversification of products.	WEAKNESSES • legal issues • negative publicity
THREAT • restriction of the government • high competition	OPPORTUNITY • use of sustainable approach. • high demand of auto mobiles(Hannah and Eisenhardt, 2018).

PESTEL Analysis

This models helps to determine the impact of the business environment through certain factors which are briefly discussed as follows:

- **Political Factors:** These factors refer to the changes in government stability as well as its rules and policies that might have an impact on the selected company. With context of the chosen corporation, it can be said that the major political issues that has to be faced by this organisation is the increase of trade tariffs which ultimately results in the increase of the prices of vehicles in which it is dealing.
- **Economic Factors:** This element talks about the economic condition of the country in the selected company is established. When talking about the selected firm, it has positive and favourable impact of this factor as the spending nature and the habits of people are continuously increasing. This increment of purchasing habits is resulting in the increase of profitability of this corporation.
- **Social Factors:** This refers to the interaction of the company with people and taking this organisation into consideration the unethical practices results in the decrease in the loyalty of these two factors for which the corporation has to make some efforts.
- **Technological Factors:** It refers to the use of technology in the selected organisation, for which it can said that the chosen firm is already established in a country where there is a facility of advance technology. Hence, this factor is also a win-win for the selected company.
- **Ecological Factors;** Under this, the impact of the operations on the environment is concerned for which the company has faced a lot of issues in it past years. But now this

factor, is in favour as the company is taking measures to cop-up with the environment and the mother nature.

- **Legal Factors:** In the past five years of this corporation, it has faced a lot of legal problems because of its unethical approach. The selected organisation is now tackling legalities by paying all the fines and compensations which were charged against it.
legalities by paying all the fines and compensations which were charged against it.