

Reneta Sevdalinova Chomezova

Student number:1914973

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Assessment 1

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Introduction

Strategic management is a thorough process that includes setting long-term goals and objectives as well as continually planning, monitoring, analysing, and evaluating progress toward those goals and objectives. (R. Whittington et al.,2020)

Organizations will need to frequently analyse and alter their strategy in order to stay competitive since the business world is in a perpetual state of change. In order to improve its image in the community where its headquarters are located, Volkswagen has made a number of resources available to itself, according to the company's annual report. The firm, which has German roots, has successfully entered international markets by making creative use of a variety of resources. The strategic management process aids organisations in taking stock of their current situations, developing effective answers to the issues they face, implementing those solutions, and evaluating the results of those activities. The main focus of this study is Volkswagen's strategic management.

Company background

Due to its status as an international industry pioneer, Volkswagen enjoys a stellar reputation. The founding of the Volkswagen Corporation took place in 1937. In the nation of Germany, it is one of the most recognisable car brands. Volkswagen not only has the ability to produce 8.09 million cars a year, but it also has a wide range of vehicles available. In 2020, it's expected that Volkswagen will surpass Toyota as the world's most profitable automaker. This firm manufactures a range of additional autos in addition to the unique bodywork, cylinder heads, and steering gears for the caddy, caddy maxi, transporter, and new crafter. The documentation pertaining to the business's finances shows that in 2020, the corporation made \$254.6 billion in sales. The company made \$9.52 billion in profit the year before. Despite having a large staff (662,575) spread across multiple divisions, they are able to provide their clients with consistently high-quality goods (Volkswagen, 2022).

Competitive advantage

According to recent data, Volkswagen is the most admired automaker worldwide. The company owns a total of twelve unique brands. Volkswagen generates more revenue from a broader range of brands, goods, and places than its rivals do. The company can service a wide range of customers and meet their needs since it sells such a large selection of brands. Volkswagen's automotive, shipping, and financial service divisions all contribute to the company's varied revenue stream. Volkswagen's primary business division, "Passenger Cars," generates 74.5 percent of the company's overall sales (Turna, 2022). Commercial vehicles, power engineering, and financial services account for the remaining 12.4%, 1.9%, and 11.2%, respectively. None of the geographical areas contribute more than 20% of Volkswagen's overall sales income. In addition to having the largest percentage of the global car market, China is also Volkswagen's most significant market. In order to do business in China, Volkswagen has teamed with two distinct manufacturers, SAIC Volkswagen and FAW Volkswagen. These collaborations allow the company to market more than 3.5 million devices annually made by 150 different manufacturers. With a 14.6% market share increase in China, Volkswagen has moved up to second place after GM. Important milestones that must be reached by the year 2025 are given priority in VW's new five-year strategy. Volkswagen will have an edge over its rivals in the biggest vehicle market in the world if it has a local presence there.

Volkswagen is a close second, with the great majority of mass-produced vehicles sold in the United States having had recalls at some point. For every 1000 cars it manufactures, the Volkswagen Group is liable for the recall of 1805, according to information acquired from the website iSeeCars.com. Volkswagen had had a large presence in the American auto market, but in recent years, that presence has all but disappeared (Park and Chen, 2022). Toyota is the biggest automaker in the world, despite having less than 5% of the market in the United States and selling 850,000 vehicles there. The company's image was severely damaged in 2015 by the "Dieselgate" incident.

Due to VW's global expansion, the firm has been able to keep up with its consumers' rising purchasing power. Customers' growing purchasing power presents a big potential for the business. Since demand is growing and the business is in strong financial shape, it is in a great position to enter new markets where it now faces little to no direct competition (Ditlev-Simonsen, 2022). The firm has a fantastic potential here. If the corporation is successful in expanding into other nations and assimilating other countries' cultural customs, it may be able to grow its portion of the global market.

The corporation's reputation has taken a substantial hit as a result of the emission and fuel deception scandals. Numerous clients have departed the business as a result of the recent shift in the company's strategic direction, which has undermined customer confidence in the business. The reputation of the business might be at danger. The potential of competition is another major source of concern (Helmold, 2022). This phenomena is well shown by the global growth of domestic automakers, which has been facilitated by the diversification process. Customers are showing their true selves, which might have disastrous effects for VW. Regulatory restrictions pose a big threat to commercial firms since they significantly impede output.

Business strategies for last 5 years

The several automakers must deal with competition of varied intensities in the numerous global markets. Sincere to say, Volkswagen is now benefiting from favourable timing. It has a prestigious reputation in several nations, including China, Brazil, Russia, and India, among others. Covid 19 failed to achieve the anticipated increase in sales in 2020. Sales were 15% lower than they were the year before. Among the most recognisable automakers worldwide are Toyota, Honda, Nissan, Ford, and General Motors, to name just a few (Bilichenko et al., 2022). The company believes that its ability to establish market dominance in sales on a worldwide level will decide how successful it remains. The Volkswagen Group has done a lot in Europe over the last five years, mostly as a consequence of the environmentally friendly manufacturing techniques it uses. Many rival companies have just recently started producing hybrid versions of their

products. They capitalised on the preconceived assumptions that potential buyers already had about "green" issues in order to boost sales of hybrid cars. They were able to do so by tapping into buyers' unconscious motivations. They had little need to worry, however, that the entry of their product into the hybrid market would be met with fierce levels of rivalry (Helmold et al., 2022). They enjoyed a considerable edge over their competitors since they entered the market sooner than they did. Due to the growing demand for its goods, the Volkswagen Group increased the size of its production facilities. A manufacturing facility for the Volkswagen Group was also built in China at this time. In less than three years after the factory originally opened, Volkswagen Group manufacturing operations were firmly established over the whole Asian continent. By the conclusion of the third year, they had raised their annual output by 100%, going from 200,000 cars to 500,000 cars. After the first three years, the Volkswagen Group entered the markets for the production of automobiles in India and Africa (Rausch-Phan et al., 2022). These two start-up companies had both achieved their full potential by the time they commemorated their first year. In preparation for the significant growth that will take place soon, the firm has been working very hard to enhance its reputation. By giving the appearance that they are a European firm, they have been attempting to penetrate the Asian market.

Company green strategy

Volkswagen's "green" business strategy mainly depends on the employment of cutting-edge technology by the organisation. Because of the advantages that have already been mentioned, one particular firm has gained recognition not only in Germany but also in a large number of other nations. Both Volkswagen's position as a prominent player in the global market and its capacity for ongoing competitiveness have been successfully maintained (Odugu et al., 2022). This accomplishment may be largely ascribed to the company's stable financial position. The company's market share shrank as customers' faith in the business and the items it made dwindled. The organisation has benefited greatly from the efforts of staff who are bright, efficient,

and well qualified in terms of branding, marketing, and innovation. The Volkswagen Group is committed to using environmentally friendly business practises because they understand how important it is for their company to keep expanding (Gerard, 2022). Ecologically sound practises that may be carried out with low financial outlay include recycling, proper trash disposal, and careful water use. Utilizing less water and energy are some instances. This suggests that reducing one's use of energy and water as well as trash creation and subsequent recycling may boost one's degree of competitiveness. The competitiveness of firms is also greatly impacted by green measures. The development of systems to lessen harmful emissions, the use of systems to lessen the environmental effects of packaging, or the setting of an ex-ante aim for the reduction of the company's carbon footprint are a few examples of these tactics (Dathe et al., 2022). These are all examples of green strategies. By applying the green strategy of investigated environmental initiatives, the Volkswagen Group may increase its prospects of attaining major organisational success. These findings resulted from research on the subject.

Sustainability information from annual report

According to the company's annual report, Volkswagen has made a variety of resources accessible to itself with the aim of enhancing its reputation in the neighbourhood where it is headquartered. The company has German origins, and by using a range of resources in inventive ways, it has effectively expanded into global markets. Human resources were simply one of many resources employed throughout the course of the preceding five years, according to the corporation's annual report. The company is making an effort to fill vacant jobs with candidates who, among those who are available, have the greatest degree of credentials (Odugu et al., 2022). As a result, the corporation's annual report credited the leadership teams of the business as well as the wit, skill, and Rover qualification of its mid-level workers with the company's performance on both the local and foreign fronts. Each year, they add more workers to their staff as they expand it further. According to their annual report, they are undertaking a thorough search for the most qualified and committed individuals to fill unfilled

positions inside the firm in order to be ready for the execution of their brand-new business strategy (Gerard, 2022). By providing competitive salary and, where appropriate, opportunities for professional advancement, employers may keep their current employees. The staff members are expected to provide periodic performance reports for review in light of the organization's stated objectives, which are included in the annual report. The authoritarian management style demands that each employee provide frequent updates on their performance. The organisation has effectively used the sizeable financial resources it has, according to the most recent annual report, in order to increase the range of its commercial operations (Bilichenko et al., 2022). The organisation has used all of the cash flow it has produced effectively. When compared to the rates of revenue growth seen by comparable German manufacturers, the pace at which the company's revenue has been increasing is thought to be appropriate. The firm has maintained its historically high rate of return on capital, even though there is more competition coming from all over the world, according to the company's annual report. Additionally, the increase in revenue is now accelerating.

SAF Strategies

The company's annual report noted an increase in sales, which was related to their strategy of using new investments to grow their operations abroad. Since the sustainability plan strives to reduce the organization's negative effects on society and the environment while simultaneously enhancing its results, such as its economic performance, it is of the highest importance and one of the most crucial business strategies. Contrary to popular opinion, sustainability strategies really enhance the sustainability performance of other systems and players, not only the particular firm but also the environment, the business community, and society at large (Bilichenko et al., 2022). This is true despite the prevalent misconception that sustainability plans have an impact on society, the environment, and business communities in addition to the individual organisation. A company may strive toward becoming more ecologically friendly by using one of three different routes. These attitudes and behaviours are

referred to as "reform," "status quo," and "change," respectively. Those who supported the transformation approach emphasised the value of participation from those who are outside of the existing power systems (Odugu et al., 2022). The reform approach seeks to enhance existing laws and regulations as opposed to the status quo strategy, which prioritises economic growth as the main response to environmental and social issues. The status quo strategy, which uses the phrase "status quo," is in opposition to this.

Recommendations

Several suggestions have been made to the Volkswagen group, which may be found here. The most crucial change that has to take place at Volkswagen after the damage brought on by the Diesel emissions crisis is a change in the corporate culture (Odugu et al., 2022). Integrity, ethics, and worker empowerment need to be the primary priority for the organization's management going forward. The company's top focus as it looks to the future is the transition to a society where people may use electric automobiles and share rides. These two industries have a tonne of unrealized potential, but in order to take advantage of it, the organisation has to be willing to take some chances. Thirdly, the significance of the Asia-Pacific markets has increased, necessitating that the brand focus more on marketing there in addition to its home market, where it has historically had the greatest success (Bilichenko et al., 2022). The corporation must continue to spend at the same level in research and development if Volkswagen wants to continue its present pace of fast growth with research and development. There must be global enforcement of compliance rules due to the potential damage that fines may result in.

Conclusion

In conclusion, it is important to remember that the organization's strategic market methods may have a significant impact, especially when making future preparations. The importance of this must be recognised. The management and stakeholders seem to have come to an understanding that the strategy is required based on the results of the actual executions and the clarification of the organisational needs. In order to maximise the advantages of such plans, the management of the firm is responsible for selecting future business strategies based on the needs of the organisation and focusing their efforts on a single plan. The corporation is the owner of a total of twelve distinct brand names. In comparison to its competitors, Volkswagen derives a greater proportion of its income from a wider variety of brands, products, and locations. Because it carries such a diverse variety of brands, the firm is able to cater to the requirements of a diverse range of clients and satisfy their requirements. The Volkswagen Group's automotive, shipping, and financial services sectors each contribute in their own way to the diverse income stream that the corporation enjoys.

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