

Strategic Management (LCMB7003)

Strategic Analysis of VOLVO



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Introduction

Volvo is a global Swedish carmaker that was founded in 1927. The company has a long history of technical innovation and safety, which positions it as a leader in the automotive industry. Volvo has built a strong reputation over the years for its commitment to product safety, environmental protection, and customer happiness.

In recent years, the car market has seen a significant transformation for Volvo, with a renewed focus on corporate growth and technology development. As part of an overall green plan that also involves the development of ecologically friendly products and technologies, the company has committed to becoming carbon neutral by 2040 (Bergquist and Näsman, 2023). Volvo has also invested a significant amount of money in R&D to develop new safety technologies, electric and hybrid vehicles, and autonomous driving capabilities.

Volvo has both possibilities and difficulties as the automotive business undergoes constant change due to factors such as new technology, fluctuating customer tastes, and altering geopolitical situations. To fuel development and innovation, the firm must maintain its focus on its unique strengths, such as its dedication to safety and brand reputation, while simultaneously addressing its shortcomings and forming strategic alliances (Wittmann, 2019). This research will examine the macroenvironment, industry life cycle, Porter's Five Forces, value chain, VRIO analysis, SWOT analysis, growth strategies, and green strategy/CSR initiatives that Volvo has implemented. In light of this research, the study will advise Volvo on how to maintain its market dominance and fuel future expansion.



Fig 01: VOLVO

Source : (VOLVO, 2023)

The creation of the three-point seatbelt, which has saved countless lives since its debut in 1959, and the lambda sensor, which is used to gauge exhaust gas oxygen levels in contemporary cars, are only a few of the company's most significant accomplishments (VOLVO, 2023). Although Volvo is now owned by the Chinese automaker Geely, it nevertheless runs as a stand-alone business with a strong focus on innovation, sustainability, and safety.

VOLVO's Mission and Objectives

The mission of VOLVO is to make life easier, better and safer for everyone. This automobile business focuses on giving a better future. They provide their customers with the freedom to move in a personal, sustainable and safe way (Jamil and Batool, 2021). Volvo also has a set of strategic goals that direct the company's activities and aid in the achievement of its aims. These goals consist of:

Sustainability : Volvo has set ambitious targets to reduce its carbon footprint and utilise more

renewable energy by the year 2040, and it is dedicated to achieving a carbon-neutral business by that time.

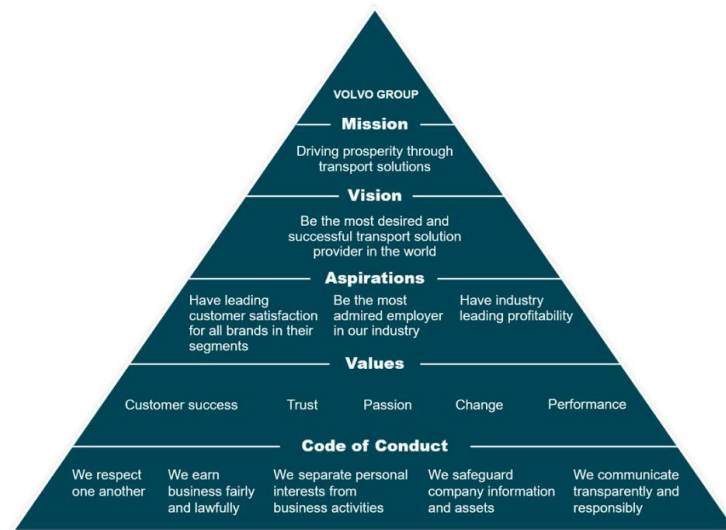


Fig 02: Creating customer value and way forward | Volvo Group

Source: (Mankevich and Svahn, 2021)

Safety : From the company's origin, safety has been a key objective, and Volvo continues to develop in this area with the aim of preventing catastrophic accidents and deaths in its cars (Mankevich and Svahn, 2021). High-quality cars that are dependable, long-lasting, and provide a better driving experience are Volvo's top priority.

Innovation : Volvo is renowned for its cutting-edge designs and cutting-edge technology, and the firm strives to continuously create new and unique products that set it apart from its rivals.

Client satisfaction : Volvo is dedicated to offering outstanding support and service, and the firm works to go above and beyond client expectations in all facets of the business (Ghorbani *et al.*, 2022).

Macro-Environment Analysis

PESTEL Analysis

Political aspects : Regulations, rules, and trade agreements may all be impacted by political issues, which can then impact a company's operations (Vanclay and Hanna, 2019). Volvo

competes on a worldwide scale, and the political climate of the nations in which it does business affects it. For instance, adjustments to governmental trade and environmental policy may have a substantial effect on Volvo's operations.

Economic variables : The profitability and development potential of a corporation may be impacted by economic variables including inflation rates, currency rates, and economic growth. The economic climate of the markets in which Volvo competes is a factor. A certain portion of generated capital is transferred back into the business. However, the capital that is used for all investments tends to create long-term value and strengthen competitiveness for the stakeholders and Group (Gereffi *et al.*, 2021). In 2022, Volvo Group invested around £1.39 billion in Research & Development. Also, £6.8 billion in plants and equipment as well as properties.

Social and cultural aspects : The operations of a corporation may be impacted by sociocultural elements including customer attitudes, cultural norms, and demographic changes (Dong and Kouvelis, 2020). Volvo has established a reputation as a business that prioritises innovation, sustainability, and safety, and it has developed its brand on these principles. Hence, changes in customer perceptions of these concerns might have an impact on Volvo's sales and brand image.

Technology-related elements : The operations of a corporation may be significantly impacted by technological developments and breakthroughs. To keep ahead of its rivals, Volvo has been a pioneer in creating cutting-edge safety technologies like automated emergency braking and pedestrian recognition. The firm continues to make research and development investments (Kulkarni *et al.*, 2021). While Volvo works to achieve carbon neutrality by 2040, advancements in alternative fuel technology may potentially have a substantial influence on the company's commercial plan.

Environmental elements : This VOLVO Group is ranked as superior in terms of environmental care among the Globe's top producers of transport-related equipment, systems and products (Böckin and Tillman, 2019). Also, this automobile Group has executed internationally recognised human rights and tends to avoid contributing or causing adverse impacts on human rights.

Legal aspects : The VOLVO Group has complied with the tax regulations and laws in all nations where it operates. Volvo Cars have implied 12 corporate policies that reflect their

strong commitment towards responsible organisations. These policies primarily contain the minimum requirements which can be applied in daily work (Agboola *et al.*, 2020). However, 12 of the core policies that are executed in Volvo Group are the People Policy, Anti-corruption policy, Conflict of Interest policy, Data protection policy, Competition law policy, Intellectual Property Policy, Protection of company assets policy, Insider policy, Confidentiality Policy, Communication policy, Internal Reporting policy and Trade Sanctions & Export control policy.

Micro-Environment Analysis

Industry Life Cycle

The automobile industry is considered to be an essential part of the economy as well as integral to the UK. In terms of support the delivery of the agendas for net zero, the plan for growth, levelling up and advancing Britain worldwide. However, augmented manufacturing tends to contribute a £66 billion turnover as well as a £13 billion value which has been added to the economy of the United Kingdom (Langerud and Jordan, 2020). Also, £ 2.9 billion is invested every year in Research & Development.

With around 192000 people involved in manufacturing and 82000 in total all across the broader automobile sector. It is identified that 12% of the total exports of the UK and more than 150 nations all over the world is importing component providers (Yu, 2022). Also, few are the most skilled and experienced engineers all over the globe.

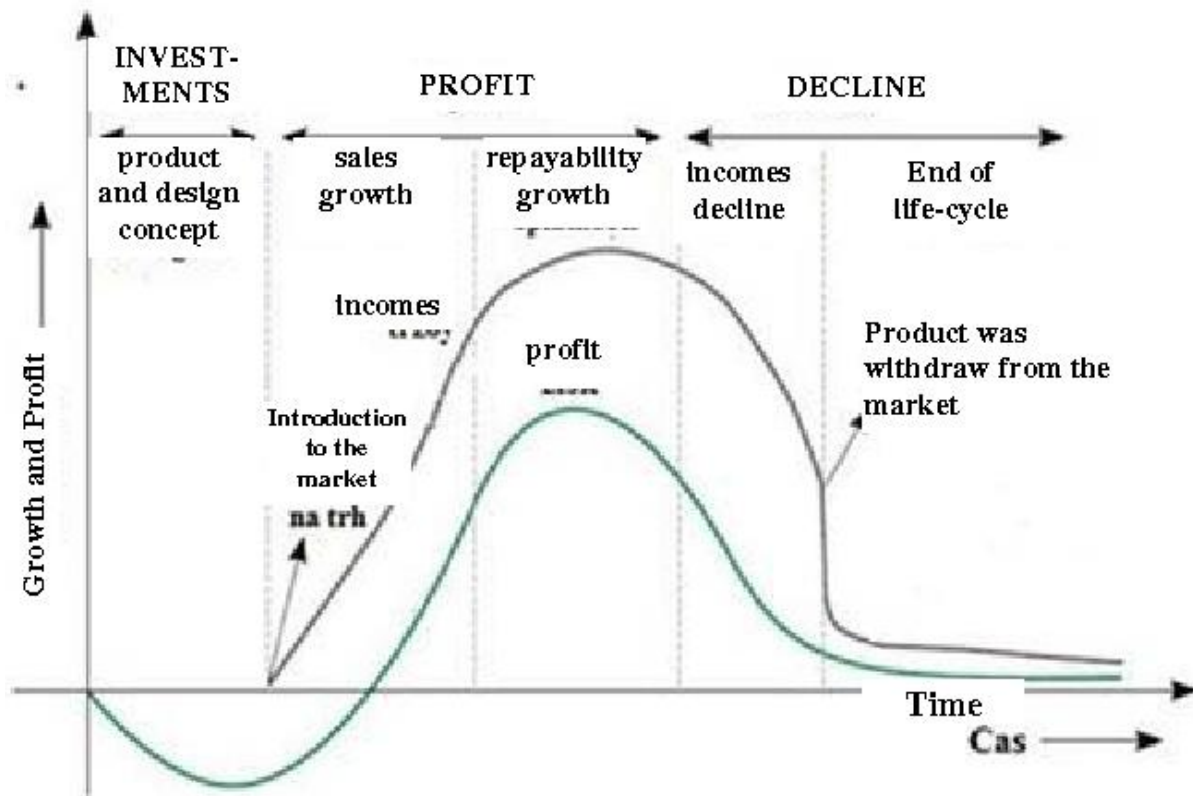


Fig 03 : Impact of Shortening Product Life Cycle in the Automotive Industry UK

Source: (Paba, 2022)

From the above figure, it can be analysed that the conceptual framework which is used describes different stages which a sector goes through from inception to its decline. However these stages are primarily characterised by several changes in technology, market dynamics as well as competition.

Introduction : This is the initial phase where new technologies tend to emerge, often driven by new technologies and innovation. In the UK, there are a few examples of sectors in this phase which might involve virtual reality, e-commerce and renewable energy (Paba, 2022). These sectors are mostly characterised by higher levels of uncertainty, as the involvement of technology and market demand is still growing.

Growth : As the sector gains and matures more traction, it gets into the growth phase. In this stage, the sector industries experiment with a wider extension which drives falling costs, improved efficiency and increasing demand. In the UK, these sectors might be in the growth phase as it involves online advertising, financial technology and software development.

Maturity : At this stage, the automobile industry reaches its peak with established giants dominating the market (Olabi, Wilberforce and Abdelkareem, 2021). The rate of growth slows down as well as the industry profit level off. In the UK, sectors that might be in this phase involve automotive, telecommunications and retail.

Decline : This is the final stage, sectors that have acquired the maturity stage might initiate to decline, as market demand shifts, competition intensifies and new technologies emerge (Bieker, 2021). In the UK, this industry that might be in decline involves traditional retail, coal mining and print media.

Porter's Industry Five Forces Analysis

Threat of new entrants : The automotive industry requires a significant amount of capital investment, and it can be difficult for new players to enter the market. However, the rise of electric and autonomous vehicle technologies has created opportunities for new entrants to disrupt the traditional automotive market (Fraga-Lamas and Fernández-Caramés, 2019). As a result, the threat of new entrants in the industry is moderate.

Bargaining power of suppliers : Due to the extensive customisation needed in vehicle manufacture, suppliers in the automobile sector have a limited ability to negotiate. Like other automakers, Volvo depends on a worldwide network of suppliers for its parts and supplies, and variables (Zheng, Noorderhaven and Du, 2022). Likewise, the availability of raw materials and manufacturing capacity may affect the negotiating strength of suppliers.

Bargaining power of buyers : Due to the many rivals in the automobile business and the accessibility of information on features and prices, buyers in this sector have significant negotiating power (Bertram *et al.*, 2019).

Threat of substitutes : As electric and hybrid cars gain in popularity, the danger of alternatives to conventional gasoline-powered vehicles has grown. In order to remain ahead of its rivals, Volvo has reacted to this danger by making significant investments in the growth of electric as well as hybrid technology as well as self-driving capabilities.

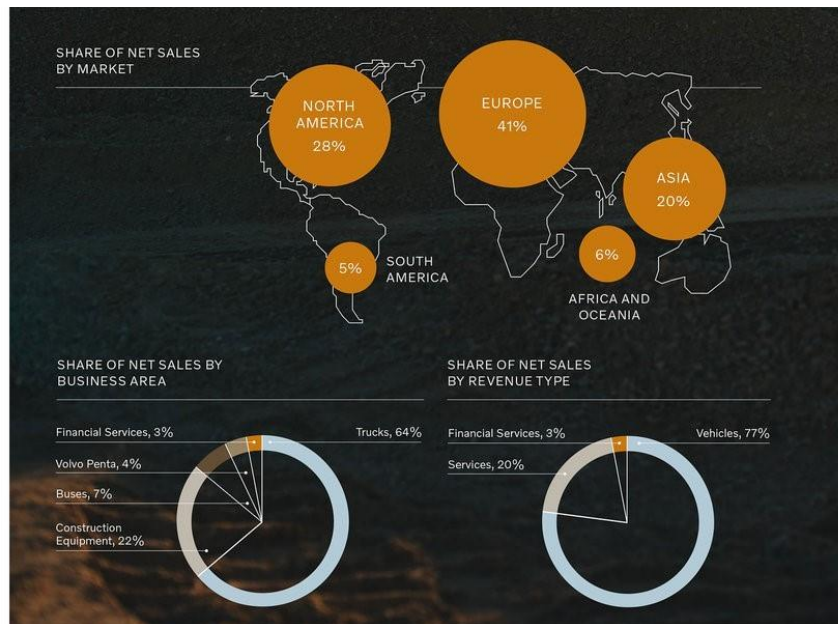


Fig 04: Volvo achieved differentiation over the years

Source : (Bertram *et al.*, 2019)

Competitive rivalry : The automotive industry is highly competitive, with a large number of global players vying for market share. Volvo faces competition from other premium automakers such as BMW, Audi, and Mercedes-Benz, as well as from more mass-market brands such as Toyota and Ford. As a result, Volvo must constantly innovate and differentiate its products in order to remain competitive (Ji *et al.*, 2020). Overall, while Volvo's brand reputation and commitment to safety and sustainability provide some advantages in the industry, the company faces significant competition and challenges from new technologies and shifting consumer preferences.

Internal Analysis

VOLVO's Strategic Resources and Capabilities

Volvo has a competitive edge in the automotive business because of its many strategic resources and competencies. The VRIO paradigm is useful for assessing the worth, rarity, imitability, and organisation of such assets and skills.

Volvo's brand name for reliability and technological innovation sets it apart from the competition and brings it repeat business (Ruth and Daodu, 2022). The marketing and branding

activities of the organisation have arranged this resource, making it valuable, unique, and difficult to replicate.

Volvo's cutting-edge safety innovations—including automated emergency braking and pedestrian detection—have made the company's cars and trucks safer and cut down on injuries and fatalities (Henderson and Hooper, 2021). This asset is the result of the company's research and development efforts, making it unusual, valuable, and difficult to replicate.

Volvo's ability to diversify its income sources and lessen its reliance on any one market or product is aided by the breadth of its product line, which includes luxury automobiles, commercial vehicles, and construction equipment (Lindell and Lundgren, 2022). The company's product development and marketing activities have arranged this resource, making it precious, scarce, and difficult to reproduce.

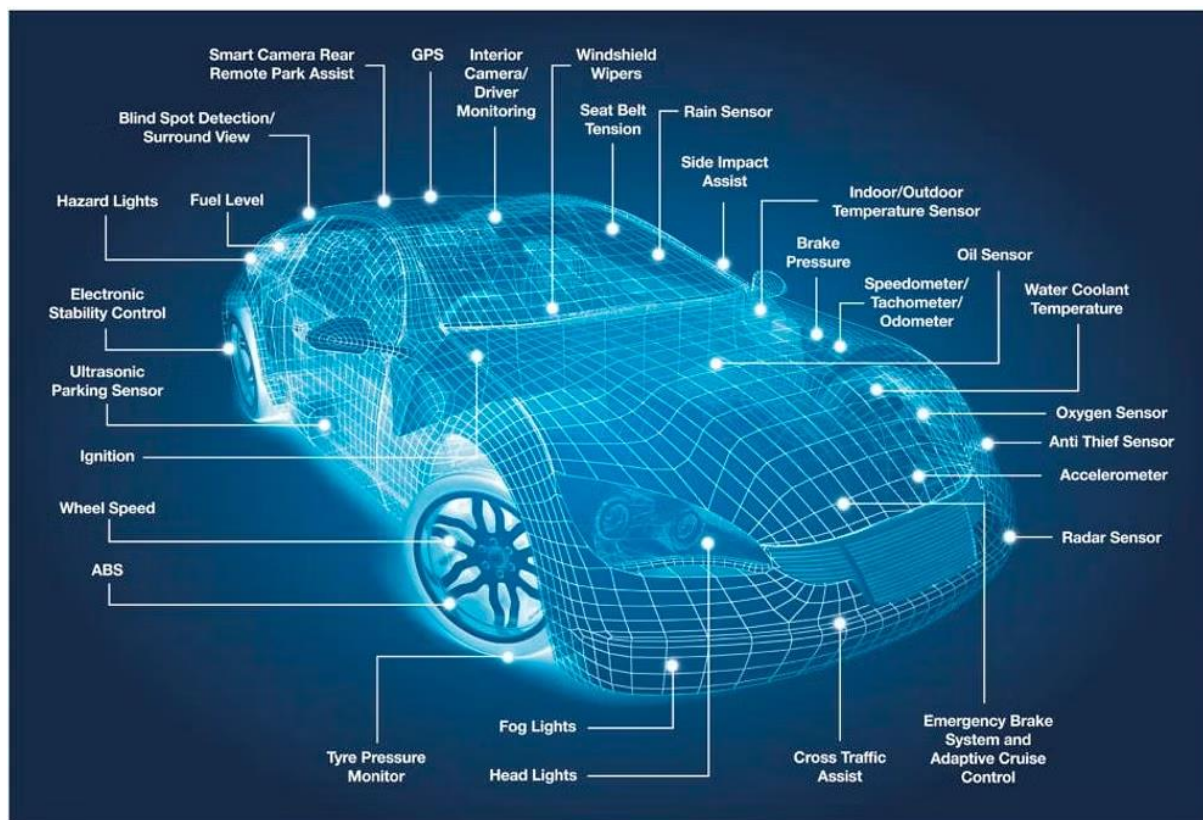


Fig 05: Innovative technologies that work behind to make car safer

Source : (Huang, 2021)

Volvo's strong commitment to sustainability and carbon neutrality by 2040 has set the brand apart from rivals and attracted consumers who place a premium on environmental consciousness (Huang, 2021). The company's CSR and environmental initiatives have

organised this scarce but essential resource.

Volvo is able to invest in R&D, move into new markets, and take advantage of other growth possibilities because of its solid financial position and consistent revenue growth. The company's financial management methods have codified this resource, which is useful but not unique or difficult to replicate (Martins, 2020). Moreover, Volvo's strategic resources and competencies provide the company with a solid basis for further success in the car industry. Volvo is able to adapt to the market's difficulties and pursue growth because of the strengths it has developed over the years.

Value Chain Analysis

Primary Activities

Inbound Logistics : Volvo's inbound logistics activities involve managing the flow of materials, parts, and components from suppliers to its manufacturing facilities. This includes sourcing materials, managing suppliers, and optimising transportation and logistics processes (Gouveia and Costa, 2019). This will ensure that materials are delivered on time and in the right quantities.

Operations : The production and assembly of cars, along with the blending of different components, testing, and quality control, are all part of Volvo's activities. To increase production and save expenses, the business has embraced lean manufacturing and other efficiency methods.

Outbound Logistics : The delivery of completed automobiles to dealerships and consumers is a component of Volvo's outbound logistics operations (Debnath *et al.*, 2023). In order to make sure that automobiles are delivered to consumers in a timely and effective way, this entails managing transportation, inventory, and delivery operations.

Marketing and Sales : Volvo's marketing and sales operations include consumer outreach, dealer management, and sales process direction. Marketing strategies, social media and digital channel management, and dealer support services are all part of this.

Service : Maintenance, repairs, and warranty services are all a part of Volvo's after-sale care and support that they provide to its clients (ABDU, 2019). Maintaining satisfied customers

requires managing service centres, instructing and assisting service workers, and establishing new service initiatives.

Secondary Activities

Procurement : Material, part, and component sourcing, contract negotiation, and supplier relationship management are all part of Volvo's procurement operations. Supplier evaluation, cost control, and compliance with Volvo's quality and sustainability criteria are all part of this process.

Technology Development : Research and development of new products and technologies, as well as the application of cutting-edge production methods and technologies, are all part of Volvo's technological development efforts (Teresa and Chacko, 2021). This involves enhancing its production processes and creating innovative safety features, such as electric and autonomous driving systems.

Human Resource Management : Human resource management at Volvo includes things like hiring, training, and supervising workers. This entails doing things like monitoring staff performance and engagement and building pipelines for new talent.



Fig 06 : Human resource management

Source : (Rapaccini *et al.*, 2020)

Infrastructure : The management of Volvo's physical factories, warehouses, and service centres are all part of the company's infrastructure operations (Rapaccini *et al.*, 2020). This involves making sure the building is safe and up to code in terms of environmental factors and maintenance procedures.

Overall, Volvo can improve efficiency, cut costs, and increase customer value by studying the main and secondary activities that make up its value chain.

VRIO Analysis of Distinctive Resources and Capabilities

Resource/ Capability	Valuable?	Rare?	Inimitable?	Organized to capture value?
Safety technology	Yes	Yes	Yes	Yes
Brand reputation	Yes	Yes	Yes	Yes
Manufacturing plants	Yes	No	No	Yes
Electric vehicle tech	Yes	Yes	No	Yes
Supply chain	Yes	No	No	Yes
Intellectual property	Yes	Yes	Yes	Yes
Talent pool	Yes	No	No	Yes

Safety Technology : Long known for its commitment to safety, Volvo has created ground-breaking innovations including the three-point seatbelt, airbags, and pedestrian detection systems. Volvo values this resource since it is well-regarded by consumers, policymakers, and other industry players. As few manufacturers place the same emphasis on safety, the resource is unique and gives Volvo a competitive advantage. It is difficult to replicate since it requires a sizable investment in research and development as well as a corporate culture that places safety above all else (Werner *et al.*, 2022). Last, but not least, Volvo has a specific staff that focuses on safety technology and integrates it into the design and manufacture of its cars, which helps to organise this resource.

Brand Reputation : Another significant asset for the business is the reputé of the Volvo brand. Volvo's commitment to innovation, sustainability, and safety has helped the corporation distinguish its products from those of its rivals. Since it affects consumer impression and loyalty, this resource is important because it helps Volvo sell its goods and services. That is unusual since not many manufacturers have the same level of brand recognition for safety and sustainability as Volvo (Ruth and Daodu, 2022). It is difficult to replicate because it requires a sustained dedication to creating and protecting a great brand. The fact that Volvo has a dedicated staff managing its brand and reputation via multiple marketing and communication channels is the last reason this resource is structured.

Sustainable Operations : Volvo's dedication to sustainability is a key component of its corporate identity, and the firm has set ambitious objectives for lowering its carbon footprint and boosting the usage of renewable energy. This tool is useful since it demonstrates Volvo's dedication to environmental responsibility, which is becoming more and more significant to stakeholders and consumers. Since few manufacturers have shown the same degree of dedication to sustainability as Volvo, it is uncommon. It is difficult to copy since it requires a substantial investment in R&D, adjustments to operational procedures, and supply chain management (Kirikkaleli *et al.*, 2023). Last but not least, this resource is structured since Volvo has a dedicated staff that oversees and incorporates its sustainability activities into business operations.

Volvo has a number of unique assets and skills that provide the business with a competitive edge in the automotive sector. Volvo may keep concentrating on growing and using its capabilities to preserve its position as an industry leader in innovation by evaluating the worth, uniqueness, inimitable nature, and organisation of these resources.

SWOT Analysis

Strengths	Weaknesses
Strong brand reputation for safety and innovation Commitment to sustainability and carbon neutrality by 2040 (Liu <i>et al.</i>, 2022). Innovative safety technologies such as pedestrian detection and automatic emergency braking Broad product portfolio, including luxury vehicles, commercial vehicles, and construction equipment. Strong financial performance and stable revenue growth (Carvalho, 2020).	Reliance on the European market, which accounts for a large percentage of its sales Higher production costs due to its commitment to safety and sustainability. Limited market share compared to larger competitors such as Toyota and Volkswagen (Kedves, 2023) Relatively higher pricing compared to some competitors
Opportunities	Threats
Growing demand for electric and hybrid vehicles Expansion into emerging markets such as China and India Partnerships with technology companies to develop autonomous driving technologies (Gandia <i>et al.</i>, 2019) Increased focus on sustainability and carbon neutrality in the automotive industry	Intense competition from established players and new entrants Increasing regulations related to safety, emissions, and environmental sustainability Fluctuating exchange rates and geopolitical risks affecting international operations (Salisu, Cuñado and Gupta, 2022) Disruptive technologies and changes in consumer preferences, such as ride-sharing and autonomous vehicles.

Overall, Volvo has several strengths that provide it with a competitive advantage in the automotive industry, but the company faces challenges and uncertainties in a rapidly changing market. By leveraging its strengths, addressing its weaknesses, and capitalising on opportunities, Volvo can continue to innovate and grow in the years to come.

A company's internal and external opportunities and dangers may be assessed using a strategic technique called a SWOT analysis. The investigation sheds light on a number of important aspects that might have an effect on Volvo's performance and competitiveness in the market. Volvo's strengths consist of the company's extensive product line, its dedication to environmental responsibility, its cutting-edge safety innovations, and its healthy financial position (Cordova and Coronado, 2021). Because of these advantages, the corporation is in a strong position to dominate the car sector.

Volvo has a restricted market share compared to bigger rivals and comparatively higher pricing compared to certain competitors, and it is dependent on the European market and has relatively higher manufacturing costs owing to its dedication to safety and sustainability. These flaws threaten the firm's development and its ability to compete in the market.

Higher sales and operating income									
For the Volvo Group, 2022 was a year with a strong increase in net sales and an improved operating income, despite challenges created by geopolitical turmoil, supply chain constraints and high inflationary pressure. Both vehicle and service volumes grew significantly compared with the preceding year.									
INCOME STATEMENTS VOLVO GROUP									
SEK M	Note	Industrial Operations		Financial Services		Eliminations		Volvo Group	
		2022	2021	2022	2021	2022	2021	2022	2021
Net sales	6, 7	459,703	361,062	17,355	13,437	-3,579	-2,283	473,479	372,216
Cost of sales		-354,682	-277,048	-10,641	-7,700	3,581	2,285	-361,741	-282,463
Gross income		105,021	84,013	6,714	5,738	2	2	111,737	89,753
Research and development expenses		-22,526	-18,027	-	-	-	-	-22,526	-18,027
Selling expenses		-26,066	-21,575	-2,978	-2,384	-	-	-29,044	-23,959
Administrative expenses		-5,867	-4,859	-13	-11	-	-	-5,880	-4,870
Other operating income and expenses	8	-4,498	300	-2,876	-54	-	-	-7,374	246
Income/loss from investments in joint ventures and associated companies	5, 6	-1,333	-54	-	-	-	-	-1,333	-54
Income/loss from other investments		132	-15	0	0	-	-	132	-15
Operating income		44,862	39,783	848	3,289	2	2	45,712	43,074
Interest income and similar credits		1,315	362	0	-	-307	-4	1,008	358
Interest expenses and similar charges		-1,512	-1,172	0	0	307	4	-1,205	-1,167
Other financial income and expenses	9	-437	926	0	-	-	-	-437	926
Income after financial items		44,228	39,899	848	3,289	2	2	45,077	43,190
Income taxes	10	-11,207	-9,140	-901	-807	-0	-0	-12,108	-9,947
Income for the period		33,021	30,759	-53	2,482	1	1	32,969	33,243
Attributable to:									
Owners of AB Volvo								32,722	32,787
Non-controlling interest								247	456
								32,969	33,243
Basic earnings per share, SEK	19							16.09	16.12
Diluted earnings per share, SEK	19							16.09	16.12

OTHER COMPREHENSIVE INCOME			
SEK M	Note	2022	2021
Income for the period		32,969	33,243
<i>Items that will not be reclassified to income statement:</i>			
Remeasurements of defined benefit plans	20	3,817	6,091
Remeasurements of holding of shares at fair value	19	-45	48
<i>Items that may be reclassified subsequently to income statement:</i>			
Exchange differences on translation of foreign operations		10,544	5,775
Share of other comprehensive income related to joint ventures and associated companies		1,279	1,349
Accumulated translation difference reversed to income		-	-324
Other comprehensive income for the period, net of income tax		15,596	12,938
Total comprehensive income for the period		48,565	46,182
Attributable to:			
Owners of AB Volvo		48,140	45,354
Non-controlling interest		425	828
		48,565	46,182

Fig 07 : Annual Report | Volvo Group (Maslarov and Georgiev, 2021)

Opportunities include the rising popularity of hybrid and electric cars, entering new markets

like China and India, collaborating with IT firms to advance autonomous driving systems, and emphasising environmental friendliness and carbon neutrality (Muratori *et al.*, 2021). Volvo can use these openings to fuel market expansion and innovation. Disruptive technology and shifts in customer tastes are two examples of these threats, along with stiff rivalry from both existing and new entrants and stricter laws pertaining to safety, emissions, and environmental sustainability. Volvo's market share, profits, and competitiveness might all suffer as a result of these outcomes (Maslarov and Georgiev, 2021).

The overall purpose of the SWOT analysis is to make the most of Volvo's strengths while fixing its weaknesses, taking advantage of its chances, and protecting itself from its threats. This will allow the firm to keep its edge in the market and spur further development in the automotive sector.

Strategies to Sustain Competitive Advantage

Cost leadership : Volvo can focus on reducing its production costs while maintaining its commitment to safety, sustainability, and innovation (Bohnsack *et al.*, 2020). This can be achieved through measures such as lean manufacturing, supply chain optimization, and efficient resource allocation.

Differentiation : Volvo can continue to differentiate its products from those of its competitors by focusing on safety, sustainability, and innovation (Christensen *et al.*, 2022). This may be done by creating new safety technologies, increasing the selection of electric and hybrid vehicles, and incorporating autonomous driving capabilities.

Focus : Volvo has the ability to concentrate on a certain sector of the automotive industry, such as luxury cars, trucks, or construction equipment, and then modify its goods and services to satisfy the demands of that sector (Karabyk, 2022). This may support Volvo's efforts to cultivate a network of devoted clients and preserve its competitive edge in a particular market segment.

Strategic alliances : Volvo may form alliances with other automakers, as well as with technology firms and other parties, to create new goods and services and open up new markets. For instance, Volvo and Uber have teamed together to explore technology for autonomous driving.

Geographical expansion : According to Alvstam, Ivarsson, and Petersen (2020), Volvo may

enter developing markets like China and India where there is a rising demand for high-end automobiles and environmentally friendly transportation options. This may lessen Volvo's dependency on the European market and help Volvo diversify its income sources.

Overall, Volvo can create a complete strategy that builds on its strengths, fixes its weaknesses, and takes advantage of chances to maintain its competitive edge in the automotive sector by employing Porter's generic strategy and other strategic studies.

Growth Strategies

Market penetration : By stepping up its advertising and marketing initiatives, extending its network of distribution channels, and enhancing its customer support, Volvo may concentrate on boosting its share of the market in its present markets (Jonsson and Vahlne, 2021). A mix of channels both online and offline, including social media, customized advertising, and in-store promotions, may be used to accomplish this.

Volvo is able to create new goods and technology to fulfil the varying demands of its market and client base. New safety features, electrical and hybrid car technology, and self-driving features may all be developed as a result. The Ansoff matrix may be used to assess the likelihood that new product development will be successful.

Market development : By entering novel regions or concentrating on new consumer groups, Volvo may broaden its reach into new markets. In addition to relationships with regional businesses and distributors, this may be accomplished by combining marketing, sales, and distribution operations (Pucik et al., 2023). The prospective success of market growth may be evaluated using global tactics including market research, entry into the market mode analysis, including cultural analysis.

To lessen its dependency on the automobile sector and to enter new markets, Volvo might diversify its range of goods and services. This might include the creation of brand-new company segments, such as renewable energy through transportation services, or the purchase of businesses with complementary strengths. To assess the likelihood that diversification will be successful, utilize the Ansoff matrix.

Strategic partnerships : Volvo can partner with other companies in the automotive industry, as well as technology companies and other stakeholders, to develop new products and services

and gain access to new markets (Mohammed, 2022). International entry modes strategies such as joint ventures or export with franchising can be used to facilitate strategic partnerships and market entry.

Internationalisation process : Exporting is the most straightforward and low-risk method of expanding internationally. When entering a new market, Volvo may either team up with local distributors or establish its own sales and distribution networks. This tactic may assist the firm break into new markets with little outlay of resources.

The term "licensing" refers to the practice of selling licences to third parties so that they may utilise Volvo's intellectual property (IP) such as its trademarks and patents. By using this approach, the corporation may expand its worldwide presence without taking on the expenses and dangers associated with setting up a shop in uncharted territories (Qazi, 2023). On the other hand, Volvo may lose some say in how its goods are made and sold if it grants licences to other parties.

Volvo's business strategy and brand are franchised, meaning that other parties are licensed to use them. With franchisees' familiarity with regional customs and economies, the corporation may swiftly grow into new regions. Volvo may lose some influence over the quality and distribution of its goods if the company chooses to franchise.

Partnerships with native businesses in emerging markets are called "joint ventures." Volvo may grow its business with the help of local partners and spread the associated risks and startup expenses among them (Sundararajan, Shkurska and Lin, 2023). Volvo may bypass restrictions on its expansion into new areas by forming joint ventures with other companies.

A strategic alliance is a cooperation between two or more firms in the automobile sector with the purpose of pooling their expertise, resources, and technologies. Volvo stands to save money on R&D, gain access to new markets, and boost its competitive position with this approach. Volvo may benefit from strategic relationships in two ways: adapting to new market conditions and to new regulations (Cheng *et al.*, 2023). When a company invests directly, it creates a separate entity or a new location for an existing one in an untapped market. Volvo may reduce the expenses and risks connected with licensing or joint ventures while gaining full control of its operations in new areas with the aid of this method. However, direct investment requires significant investment and carries significant risks.

The purpose of a merger or an acquisition is to expand a company's reach into new customer

bases, product lines, or technological capabilities. Volvo stands to enhance its market share, breadth of product offering, and competitive position with the implementation of this plan (Teece, 2019). Yet, mergers and acquisitions need substantial investment and managerial experience and are fraught with danger.

Finally, Volvo may increase its worldwide footprint and stimulate development in new regions via a number of different internationalisation initiatives. Volvo can optimise its return on investment in worldwide growth while minimising risk if it chooses the right approach in light of its objectives, available resources, and internal skills. Volvo must create a thorough plan for implementation and administration, after thoroughly assessing the risks and rewards of each internationalisation approach. While expanding into new areas, the corporation must think about things like cultural differences, legal hurdles, and geopolitical threats (Hertenstein and Alon, 2022). Volvo can improve its worldwide footprint, market share, and long-term development and profitability by taking a systematic and well-informed approach to internationalisation.

By using strategic analyses such as the Ansoff matrix, international strategies, and entry mode strategies, Volvo can develop a comprehensive growth strategy that leverages its strengths, addresses its weaknesses, and capitalises on opportunities to drive growth and innovation in the automotive industry.

Green Strategy and CSR

Volvo's green strategy, which includes initiatives to minimise its carbon footprint and create sustainable goods and technology, has shown a strong commitment to sustainability and corporate social responsibility (CSR).

Volvo's pledge to be carbon neutral by 2040 is one of the main components of its green plan. This includes a focus on lowering emissions via the creation of electric and hybrid cars as well as enhancing the effectiveness of its supply chain and production procedures. Volvo has made significant investments in the development of new electric and hybrid technologies with the aim of having 50% of its worldwide sales come from electric cars by the year 2025 (Huang, 2021). With an emphasis on sustainability and carbon neutrality, Volvo has been able to stand out from its rivals and establish itself as an industry leader.

In addition to taking steps to lessen its carbon impact, Volvo has created cutting-edge safety systems that put the safety of its stakeholders and consumers first. The three-point seatbelt was initially introduced by Volvo, and the company has since proceeded to develop innovative safety features including automated emergency braking and pedestrian recognition. These innovations assist lessen the danger of collisions and injury to pedestrians and other road users in addition to safeguarding drivers and passengers.

Volvo has also shown its dedication to CSR by supporting charity and community development programs. For instance, Volvo and the United Nations World Food Programme have joined to fund hunger relief initiatives in some of the most needy regions throughout the globe (Hancock *et al.*, 2020). Volvo has also introduced measures to enhance diversity and inclusion in the workplace, as well as programs to assist education and skill development for young people.

Volvo has proven a commitment to sustainability and social responsibility via its green strategy and CSR activities. Volvo has also boosted its brand and image in the marketplace. Volvo has been able to develop a base of devoted consumers and set itself apart from its rivals by matching its business processes with the values and expectations of its stakeholders and customers.

Volvo may advance its green strategy and CSR initiatives by putting the following plans into practice :

Innovation : Volvo can keep spending money on the creation of new goods and technology to address the shifting demands of its clients and markets (Ruth and Daodu, 2022). This entails the creation of novel electric and hybrid technologies as well as the incorporation of modern technology and features for autonomous driving.

Management of the supply chain : Volvo may endeavour to increase the sustainability of its supply chain by putting policies and procedures in place that support ethical manufacturing and sourcing. This may include collaborating with suppliers to guarantee adherence to moral and environmental standards, as well as creating initiatives to promote community growth and lessen the effect of business operations.

Partnerships : Volvo may collaborate with other businesses, groups, and stakeholders to further its sustainability and CSR objectives (Modiri and Olsson, 2020). This might include partnering with community groups and NGOs to assist social and environmental efforts, as well as working with technology businesses to create new goods and services.

Volvo may continue to inform its stakeholders and consumers about its sustainability and CSR initiatives using a number of platforms, including social media, advertising campaigns, and yearly sustainability reports (Molenaar, 2022). This may show the company's dedication to sustainability and social responsibility while also fostering client trust and loyalty.

Overall, Volvo has shown a dedication to sustainability and social responsibility via its green strategy and CSR initiatives, helping to distinguish the brand in the auto sector. Volvo can continue to advance toward a more sustainable and socially responsible future by continuing to innovate, enhance its supply chain management, collaborate with stakeholders, and communicate its efforts to its consumers and stakeholders.

Conclusion

Moreover, Volvo's green strategy and CSR activities have shown the company's commitment to these same values. By focusing on reducing its carbon footprint, generating sustainable products and technologies, and promoting social responsibility, the company has been more distinguishable from its competitors and strengthened its brand and image in the market.

By capitalising on its distinctive strengths like its commitment to safety technology and brand reputation and by implementing growth strategies like market penetration, product development, market development, diversification, and strategic partnerships, Volvo can maintain its position as an industry leader in innovation and expansion.

Focusing on continuous development, building strategic partnerships, and educating stakeholders and customers about Volvo's sustainability and CSR activities may help the company build on its successes and address its inadequacies and difficulties. Volvo will further advance the automotive industry and help shape a more sustainable and equitable future by taking these measures.

Recommendation

In light of our research of Volvo's external environment, industry life cycle, Porter's Five Forces, value chain, VRIO analysis, SWOT analysis, growth plans, and green strategy/CSR initiatives, we propose the following actions for the firm to take:

Volvo can keep pouring money into R&D so that it can keep making cutting-edge, eco-friendly products. To adapt to the ever-evolving demands of its target markets and client base, the organisation may work with technology firms (Fan *et al.*, 2022). It will provide autonomous driving capabilities and other cutting-edge technologies.

To lessen its dependency on the European market, Volvo could explore extending its activities to other geographic areas and markets, such as China, India, and other growing economies. The company's strong brand recognition and cutting-edge technology give it a leg up in highly competitive areas.

Management of the Supply Chain : Volvo may take steps toward making its supply chain more sustainable by implementing ethical and environmentally friendly norms and procedures. In addition, the business should think about coordinating with its vendors to help the neighbourhood around its facilities.

Volvo is open to forming strategic relationships with organisations in the automotive industry, the ICT sector, and beyond. Volvo may benefit from strategic alliances in many ways, including the creation of innovative goods and services, entry into new markets, and increased competitiveness. Volvo may direct its efforts on creating marketing and communication strategies that effectively showcase the company's dedication to sustainability, innovation, and social responsibility (Mazumdar and Perkins, 2021). There are many different ways for a business to inform its consumers and other stakeholders about its commitment to CSR and environmental responsibility.

Volvo has the opportunity to invest in the education and training of its workforce, giving the company a leg up in the competitive automotive market. The business may foster a culture of innovation and constant progress by funding staff training and development initiatives. Volvo may lessen its dependency on the car sector and enter new markets by broadening the range of products it offers (Jamil and Batoool, 2021). This may be accomplished via the creation of new product lines or the purchase of businesses with complementary skills, such as renewable energy or transportation services.

Volvo should keep working on and marketing its electric and hybrid cars, since they are crucial to the company's efforts to lessen its environmental impact and advance automotive sustainability. The corporation has to put money into R&D for innovations that will increase the marketability of electric and hybrid automobiles. Volvo has to keep working on

autonomous driving technologies and incorporating them into its vehicles (Majerova and Das, 2023). Volvo can gain an edge in the market as the trend toward autonomous driving spreads across the automotive sector by being the first to market with safe, cutting-edge autonomous driving technology.

Volvo may work to improve its customers' satisfaction by emphasising responsiveness to their needs, developing innovative solutions to common problems, and delivering high-quality goods and services both during and after the purchase process (Nelles, 2019). With the use of technology, the business can provide consumers a consistent and individualised experience throughout all of their interactions with the organisation.

Responsible environmental management requires Volvo to maintain its emphasis on programs that increase energy efficiency, decrease waste production, and use sustainable production techniques. Sustainable business practices may be implemented across the company's value chain with the help of suppliers and partners.

Volvo should maintain its reputation for social responsibility by funding worthwhile causes, encouraging a diverse and welcoming work environment, and providing resources to help young people acquire marketable skills (Vadakkepatt *et al.*, 2021). The business may also collaborate with non-governmental organisations and community groups to advance sustainable development and social justice.

By adopting digital technology, Volvo can revolutionise its operations and become more flexible and competitive. New technologies like blockchain, AI, and big data analytics, as well as the creation of digital platforms and services, may be used to achieve this goal of better-serving customers.

Volvo has to be more proactive when it comes to risk management by seeing threats and working to eliminate them (Bergquist and Näsman, 2023). The organisation may also prepare for crises such as natural disasters or geopolitical unrest by creating backup plans for operations.

Volvo can maintain its competitive advantage and fuel growth. By emphasising innovation, market expansion, supply chain management, strategic partnerships, marketing and communication, human resource development, product diversification, electric and hybrid vehicles, autonomous driving features, customer experience, environmental stewardship, social responsibility, digital transformation, and risk management (Ruth and Daodu, 2022). In

addition to ensuring the long-term viability of the firm, these initiatives will also assist ensure the long-term viability of the automotive industry and society as a whole.

Volvo can maintain its competitive edge and accelerate development and innovation in the automotive sector by adopting these suggestions. Sustainability, social responsibility, and ethical business practices may all benefit as a result of the company's efforts to adapt to the demands of its consumers and markets.

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