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Executive Summary

BYD uses an extensive combination of battery integration, economies of scale and rapid commercialisation that are so well-coordinated they have allowed BYD to go beyond just growing domestically to become a major player globally (BYD Company Limited, 2025a; Whitfield and Wuttke, 2026). The study found that this competitive edge is real; however, it is not frictionless: EU trade restrictions, European execution problems, pressure for quality and review of the battery value chain shows that the biggest issue facing BYD will be whether BYD can take the model used to grow within China and implement it internationally without sacrificing service quality, profit margins, or legitimacy (Reuters, 2025a; European Commission, 2024b; Niri et al., 2024). The proposed solution is focused and disciplined international expansion using regional governance centres and select localisation, auditable supply-chain assurances and increased profit margin controls as opposed to indiscriminate share capture (Li and Fleury, 2020; Kostova and Zaheer, 1999; Porter, 1996).

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Introduction

This report examines BYD Company Limited as a strategic management case in which BYD achieved very successful industrial development rapidly yet faces the larger challenge of international transferability. Using PESTEL, resource and capability analysis, VRIO, CSR, Balanced Scorecard and strategic assessment, this study concludes that BYD's primary competitive advantage is based upon an integrated capability system versus any individual product or market positioning (BYD Company Limited, 2025a; Teece, 2014; Whitfield and Wuttke, 2026). The central judgement made is if BYD's strength could become believable and replicable outside of China under tighter regulations and legitimacy constraints (Kostova and Zaheer, 1999; Peng et al., 2009; Li and Fleury, 2020).

1. Organisational Context and Overview

1.1 BYD's historical development, mission, vision, and business model

In 1995, BYD began producing rechargeable batteries. Over time, BYD grew into other areas including automotive products such as cars, buses, energy storage solutions and associated green technology systems. This is important because BYD did not develop as a single-product automobile manufacturer. Rather, it evolved as an integrated electric vehicle platform. As part of BYD's stated vision for the future, technological innovation and cleaner transportation options are mentioned. Strategically speaking, however, the critical factor here is that BYD ties together three interrelated aspects of the electrified vehicle ecosystem: battery chemistry (i.e. chemistry), core components (e.g. motors etc.), final assembly (of the motorised vehicle) and adjacent products/energy products related to the overall process. That means all of these functions operate under a unified organisational framework. The Blade Battery demonstrates how one capability can provide benefits across multiple dimensions simultaneously i.e. cost effectiveness/economy of scale/product differentiation/safety claims/etc. and thereby reinforce BYD's broader strategy of developing a mass produced electric vehicle production model (BYD Company Limited, 2025a; Whitfield and Wuttke, 2026).

1.2 Industry setting, key competitors, and BYD's market position

The global EV market still offers growth, but it is no longer a simple expansion story. While China is still the world's largest EV marketplace, Europe has increasingly become both more contested and politicised. Competition in the EV market today does not come from only traditional carmakers who are beginning to accelerate their transition towards becoming electric vehicle manufacturers. There is now significant competition coming from specialised EV manufacturers and large-scale Chinese companies (IEA, 2025; Reuters, 2025b). BYD currently holds the number one position worldwide in terms of both volume and breadth. With respect to volume alone BYD had approximately 4.27 million new energy vehicle sales in calendar year 2024. At the same time, total revenue generated by BYD in calendar year 2024 totalled RMB 777.1 billion. Therefore, the strategic question regarding BYD going forward is no longer about expanding to new markets and scaling up. Rather, the

question is whether BYD can translate that scale into sustainable long-term advantages internationally (Whitfield and Wuttke, 2026; BYD Company Limited, 2025a).

Table 1: BYD competitor positioning snapshot

Rival set	Strategic emphasis	Relative scale and cost position	International posture	Strategic implication for BYD
BYD	Integrated battery, vehicle and energy ecosystem	Very strong manufacturing scale with tight internal coordination	Moving from export-led growth to selective localisation	Strength rests on an integrated operating system rather than one product line
Tesla	Specialist EV brand with software and brand-led differentiation	Strong scale, but narrower product scope and less upstream integration than BYD	Established global footprint, but exposed to pricing pressure and segment concentration	Keeps pressure on BYD to defend both value and technology credibility
Chinese scale rivals	Fast domestic growth and aggressive pricing	Strong cost pressure in the home market	More mixed overseas capability and visibility	Intensify the price war that can weaken margin discipline
Legacy global OEMs	Gradual electrification across broad portfolios	Large industrial base, but slower EV conversion in many cases	Stronger legacy dealer and service networks outside China	Raise the bar for after-sales credibility and regulatory adaptation

Source: adapted from BYD Company Limited (2025a), IEA (2025), Reuters (2025b) and Whitfield and Wuttke (2026).

The comparisons illustrate that BYD cannot be defined simply by market share. Whether the company's subsequent development will depend on whether the domestic strengths for foreign regulatory and service environments have been sufficiently developed to counteract differences in tolerance compared to China remains to be seen (BYD Company Limited, 2025a; IEA, 2025; Reuters, 2025b; Whitfield and Wuttke, 2026).

2. External and Internal Environment Analysis

2.1 Analytical frame and PESTEL materiality map

Given that BYD's positioning is influenced by factors other than solely by demand growth (legitimacy, trade regulations, supply-chain vulnerability, etc.) across different geographic locations (IEA, 2025; Peng et al., 2009), PESTEL is useful. For BYD's subsequent phases of development, political and legal legitimacy abroad represent the primary limiting factor externally, while technology and scale represent the primary facilitating factors internally that support continued growth (European Commission, 2024a; European Commission, 2024b; Peng et al., 2009; Kostova and Zaheer, 1999).

Table 2: PESTEL materiality map for BYD

Factor	Strategic implication	Direction	Impact level
Political	Industrial policy tension and host-country suspicion shape acceptance of Chinese EV expansion	Mixed	Very high
Economic	EV demand growth supports scale, but price wars and overcapacity threaten margins	Mixed	High
Social	Customers value affordability and low-emission mobility, but trust, service quality and safety matter more overseas	Mixed	High
Technological	Battery, manufacturing and software advances can widen advantage if they remain reliable and transferable	Mostly positive	High
Environmental	Battery sourcing, recycling and lifecycle scrutiny influence legitimacy and investor confidence	Mixed	High
Legal	Tariffs, anti-subsidy duties, standards and regulatory approvals shape market access directly	Mixed	Very high

Source: adapted from IEA (2025), European Commission (2024a), European Commission (2024b), Kostova and Zaheer (1999) and Peng et al. (2009).

As such, the priority assigned to these two areas indicates that BYD needs to transfer domestic industrial strength into globally accepted competitive capabilities, not merely continue to innovate (Kostova and Zaheer, 1999; Peng et al., 2009).

2.2 Political and legal environment

BYD's rapid development was facilitated by a domestic policy environment that reinforced the three elements of electrification/industrial upgrading/scale together to create a single supportive political context. This created political context that supported the formation of capability as opposed to providing context for existing capability (IEA, 2025; Whitfield and Wuttke, 2026). However, the same domestic political environment is creating friction abroad due to increasing interpretations of Chinese EV cost structures by foreign regulators through lenses focused upon subsidies, strategic dependencies and institutional risks as well as through efficiency considerations (European Commission, 2024a; European Commission, 2024b; Peng et al., 2009). The EU Registration Measure and later Definitive Countervailing Duties demonstrate that legitimate access to markets now relies equally on legitimacy as well as competitiveness. Reuters' coverage of BYD's European Reset and Delayed Hungarian Ramp-up demonstrates how rapidly compliance issues and localised operational problems may escalate into coordination challenges (Reuters, 2025a; Reuters, 2025e; European Commission, 2024b). Although political support explains why BYD grew so large domestically, such political support is insufficient to guarantee sustainable international advantages when host countries question embeddedness, subsidy effects and the credibility of governance practices (Kostova and Zaheer, 1999; Peng et al., 2009).

This is a strategic concern because tariffs are merely the most obvious manifestation of a larger legitimacy issue. When a host country regards a firm's home-country business model as politically sensitive, then the firm's ability to expand is significantly slowed down and subject to increased conditionality on local demonstration of compliance and service delivery. For BYD, the same state enabled economies-of-scale that accelerated domestic growth will diminish acceptance outside of China absent enhanced local embeddedness and evidence-based governance (Kostova and Zaheer, 1999; Reuters, 2025a).

2.3 Economic environment

Although the current economic conditions favour firms that can produce EVs at scale, they simultaneously punish poor profitability controls (IEA, 2025; Hao and Hao, 2026). Reuters coverage of price escalation, slower production rates and delayed capacity additions illustrates that even volume leaders like BYD do not necessarily avoid margin erosion and inventory risk when competition intensifies and commitment levels exceed actual demand (Reuters, 2025c; Reuters, 2025g; Reuters, 2025e). As Hao and Hao (2026) demonstrate, however, BYD has managed to preserve price-cost margins through vertical integration. Scale is insufficient to provide sustained advantages internationally without simultaneous preservation of returns during the period of expansion and not merely assuming greater volumes automatically translate into stronger strategies (Hao and Hao, 2026; Rehman, 2025; Reuters, 2025c).

Thus, there is a deeper implication here that scale has moved from representing pure advantages to now constituting tests of discipline. If BYD continues to treat scale as an end in itself then price competition could ultimately eat away at the very profit margins necessary to invest in localising services, build service capabilities and adapt to regulatory requirements in foreign markets. Therefore, economic strength is contingent upon establishing growth patterns that protect investment capacity rather than exhausting it.

2.4 Social, technological, and environmental pressures

Social demand still favours EV adoption because many customers want lower running costs, cleaner mobility and acceptable technology at mainstream prices, which supports BYD's affordability-plus-technology proposition (IEA, 2025; Whitfield and Wuttke, 2026). Moreover, technological advancements also benefit BYD since battery chemistry improvements/fast product turnover/battery manufacturing integration rewards companies that can industrialize innovations as opposed to those who simply declare them (Cheng et al., 2024; Whitfield and Wuttke, 2026). Despite the favourable influences on both sides of the equation relative to technological advancements in EVs and EV-related components, however, increased scrutiny arises from multiple directions. Customers evaluate EV brand

offerings based on safety ratings/quality ratings/after-sale support reliability while concerns about battery sourcing/recycling/China-centred supply dependencies related to EV battery production generate ongoing scepticism regarding battery production processes (Niri et al., 2024; Dudziak et al., 2025; Reuters, 2025d). Thus social and environmental legitimacy will require BYD demonstrating not only that it can sell electric vehicles but also that the battery value chain and quality systems used by BYD can endure increased scrutiny across all targeted global markets (Niri et al., 2024; Reuters, 2025d).

That combination of opportunity and scrutiny matters because BYD's offer is strongest precisely where the reputational penalties are now rising. Companies cannot rely solely on technological speed advantage(s) if safety events/worsening service support/opaque sourcing make potential overseas buyers and regulators question the fundamental systems supporting their models. Consequently social and environmental pressures today cause BYD to pursue more open quality/governance practices (not just better products) in order to establish sustainability in future opportunities.

BYD Strategic Pressure Map

The report's core finding is that international transferability, not domestic capability, is the binding strategic test.

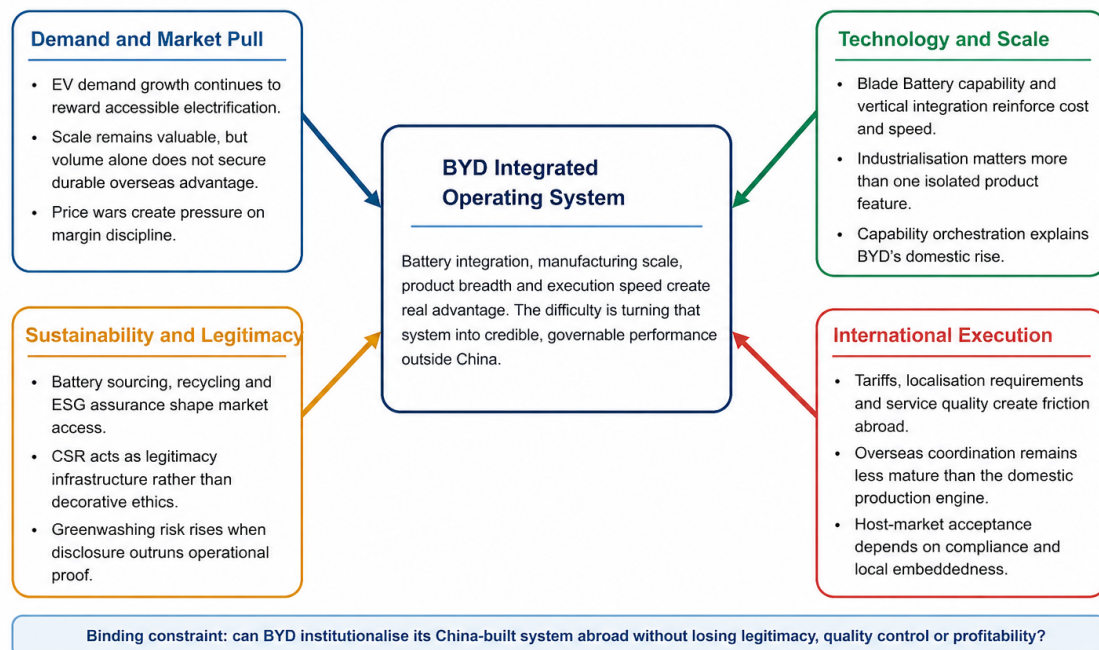


Figure 1: Strategic pressure map linking demand growth, battery capability, sustainability scrutiny and global expansion

2.5 Critical success factors and strategic challenges

The External Analysis identifies BYD's critical success factors as scale efficiency, battery reliability, product breadth, regulatory adaptability, overseas service capability and governance credibility under scrutiny (Reuters, 2025a; Li and Fleury, 2020). As a consequence of internationalising at speed, however, international growth will necessitate more than just low costs; it will need sufficient embeddedness and control to maintain both customer experience and compliance standards throughout all global markets (Li and Fleury, 2020; Reuters, 2025c).

Table 3: BYD critical success factors versus strategic challenges

Critical success factor	Why it matters	Linked strategic challenge
Manufacturing scale and cost control	Supports price competitiveness and cash generation	Price war can turn scale into margin pressure
Battery innovation and reliability	Underpins product quality, safety and differentiation	Quality lapses damage trust quickly
Product breadth	Helps BYD serve multiple segments and market conditions	Complexity increases coordination burden
Regulatory adaptation	Determines whether growth can be translated into market access	Tariffs and scrutiny can slow expansion
Overseas service capability	Builds trust outside the home market	Dealer and after-sales weaknesses weaken local acceptance
Governance and organisational learning	Keeps expansion repeatable and credible	Outsidership and local embeddedness gaps raise execution risk

Source: adapted from Reuters (2025a), Reuters (2025c) and Li and Fleury (2020).

Consequently, there exists a significant strategic contradiction. BYD has more success factors than many competitors do, but several become far more difficult to protect once the company expands rapidly internationally. Therefore, transferability

of these success factors rather than their proven success domestically is the primary challenge (Li and Fleury, 2020; Reuters, 2025a).

2.6 Internal resources, capabilities, and core competencies

In addition to having a considerable internal resource base, BYD's advantages are primarily derived from capabilities rather than solely through ownership of assets. The company integrates manufacturing scale, battery engineering, vertical integration, rapid product development and an extensive electrified platform in such a manner that creates a system whose total value exceeds that of each individual component (BYD Company Limited, 2025a; Whitfield and Wuttke, 2026; Barney, 2001). This is demonstrated by the Blade Battery, which demonstrates how design, sourcing, safety positioning and manufacturing efficiency can create a coordinated approach across the entire vehicle business (BYD Company Limited, 2025a; Whitfield and Wuttke, 2026). Teece (2014) and Naor et al. (2021) demonstrate that although this represents a significant advantage for BYD, it is significantly harder to replicate this in other countries since it involves developing new suppliers, adapting to regulations and rebuilding or modifying existing services systems.

Although this provides a more nuanced interpretation than merely a count of resources owned by BYD, it demonstrates that what is important is not simply the possession of resources owned by BYD, but the capacity to use engineering skills, procurement strategies, manufacturing techniques and launch procedures to develop repeatable operational models. This changes the focus away from determining whether BYD has strong resources and focuses instead on whether BYD can develop the operational routines required to produce results using those resources.

2.7 VRIO evaluation and competitive-advantage judgement

VRIO may assist in evaluating whether BYD's principal strengths contribute to sustainable competitive advantage. However, it can exaggerate internal strength when institutional acceptance and legitimacy are weak (Barney, 2001; Peng et al., 2009). Although BYD appears to possess some characteristics of valuable capabilities such as scale, integration and product breadth that are difficult to duplicate and therefore valuable, the organisation's ability to execute effectively in foreign markets demonstrates that not all domestic strengths are equally rare or

organisational in foreign markets (Hao and Hao, 2026; Whitfield and Wuttke, 2026; Teece, 2014).

Table 4: VRIO evaluation of BYD's main capabilities

Capability	Valuable	Rare	Costly to imitate	Organised to capture value	Judgement
Battery integration	Yes	Yes	Yes	Yes	Strong source of advantage
Manufacturing scale	Yes	Partly	Partly	Yes	Strong but vulnerable to price pressure
Product breadth across segments	Yes	Partly	Partly	Yes	Useful for reach, but can create complexity
Overseas execution capability	Yes	No	No	Not yet consistently	Current weakness rather than advantage
Organisational support for coordinated scaling	Yes	Yes	Partly	Partly	Valuable, but transferability remains uncertain

Source: adapted from Barney (2001), Teece (2014), Naor et al. (2021), Whitfield and Wuttke (2026), Hao and Hao (2026) and Peng et al. (2009).

Therefore, based upon current evidence, it can be reasonably concluded that BYD does possess a meaningful competitive advantage. However, the largest portion of that advantage is likely an orchestration capability that connects technology creation with production scale and execution capability rather than any single asset (Teece, 2014; Whitfield and Wuttke, 2026). Furthermore, BYD has not yet developed sufficient overseas execution capability in order for it to be considered rare or fully

organised to capture value due to delays caused by the European reset and Hungarian ramp-up difficulties as well as inconsistent service capabilities resulting from poor transfer of routines outside China (Reuters, 2025a; Reuters, 2025e). RBV and VRIO provide explanations for how BYD was able to achieve greatness whereas institutionally based reasoning is necessary in order to explain why that greatness diminishes when BYD experiences difficulty executing abroad due to tariffs imposed upon them, legitimacy issues and localised coordination challenges (Barney, 2001; Peng et al., 2009; Kostova and Zaheer, 1999).

Furthermore, a pure domestic application of VRIO would be misleading. While in China battery integration and scale represent organisational configurations designed to extract economic benefits from those configurations; abroad similar configurations depend on dealer capability, regulatory adaptation, local staffing and service consistency that have yet to reach maturity. The framework therefore supports a mixed judgement: BYD has a strong core advantage, but the part that matters most for its next phase remains only partially transferable.

3. CSR and Sustainability Objectives

3.1 CSR strategy and stated sustainability priorities

BYD's CSR strategy aligns with its commercial identity as it positions cleaner mobility as part of the same long-term growth model as energy transition and responsible resource governance rather than as a separate ethical programme (BYD Company Limited, 2025b; Niri et al., 2024). Additionally BYD's sustainability reporting highlights emissions reduction initiatives with regard to supplier oversight and lifecycle management of batteries while demonstrating a commitment to building stakeholder trust (BYD Company Limited, 2025b; Kostova and Zaheer, 1999). Consequently CSR directly contributes to obtaining market access and establishing regulatory legitimacy as an electric vehicle manufacturer cannot claim green product status alone; it must be capable of presenting credible governance practices and controls within the battery value chain in order to withstand increased levels of scrutiny from other countries regarding overseas operations (Cheng et al., 2024; Niri et al., 2024).

3.2 Strategic alignment, tensions, and critical judgement

Table 5: CSR objective alignment with business objectives, strategic value, and credibility risks

CSR objective	Business link	Strategic value	Credibility risk
Lower-carbon mobility narrative	Supports demand, brand positioning and policy fit	Helps justify growth in transition markets	Weakens quickly if product or supply-chain issues emerge
Supplier ESG governance	Protects sourcing continuity and investor confidence	Supports market access and risk control	Hard to verify consistently across a global chain
Battery lifecycle and recycling	Connects product growth with environmental responsibility	Strengthens legitimacy under lifecycle scrutiny	Recycling capability may lag sales growth
Governance transparency	Signals seriousness to regulators and partners	Reduces suspicion in more sceptical markets	Can look symbolic if disclosure outruns operational proof

Source: adapted from BYD Company Limited (2025b), Gao et al. (2025), Niri et al. (2024) and Kostova and Zaheer (1999).

While the alignment is sincere it is not automatically validated. Sustainable EV supply chains require traceability among suppliers as well as coordination among suppliers and measurable process discipline. When regulatory pressures are reduced claims made by companies regarding environmental attributes can devolve into mere symbolic gestures (Gao et al., 2025; Rehman, 2025). Accordingly CSR should be viewed as market-entry/legitimacy-enhancing infrastructure by BYD rather than as a marginal reputation-building theme. Whether CSR enhances the legitimacy of BYD's overall business model is dependent upon whether governance quality and supply-chain assurance advance at least as rapidly as commercial expansion does (BYD Company Limited, 2025b; Dudziak et al., 2025; Kostova and Zaheer, 1999).

Moreover the strategic importance of CSR relates to eliminating obstacles associated with entering new markets, gaining investor confidence and earning stakeholder trust. If BYD's sustainability-related statements are supported by credible operational data then they enhance the perception of legitimacy surrounding BYD's broader business model. Conversely if they lack credible operational data then they generate distrust where it is most needed - i.e. wherever BYD must establish legitimacy.

4. Holistic View of the Organisation

4.1 Balanced Scorecard frame

Kaplan and Norton (1992) argue that strategy becomes more effective when it is translated into linked financial and non-financial objectives. By linking financial objectives with nonfinancial ones, the scorecard may help BYD to measure whether domestic industrial power converts into governable overseas success instead of a uncontrolled expansion (Kaplan and Norton, 1992; BYD Company Limited, 2025a).

Table 6: BYD Balanced Scorecard

Perspective	Objective	Indicative KPI	Target / success measure	Strategic initiative
Financial	Protect growth quality and returns	Automotive margin trend, return on expansion investment, cash conversion	Maintain automotive margin stability and improve return on new overseas investment	Disciplined pricing and phased overseas expansion
Customer	Build trust in overseas markets	Recall rate, warranty claims, service-network depth, overseas repeat purchase	Reduce warranty and recall incidents year-on-year in priority markets	After-sales investment and reliability-led positioning
Internal process	Replicate integrated execution with control	Plant ramp-up speed, defect rates, supplier traceability, regulatory approval cycle	Reduce launch delays and achieve full traceability in priority supply chains	Standardised launch governance and quality gates
Learning and growth	Deepen cross-border capability	R&D intensity, overseas leadership depth, training completion, knowledge-transfer speed	Train regional leadership teams before major market launches	Regional talent hubs and capability-transfer routines

Source: adapted from Kaplan and Norton (1992), BYD Company Limited (2025a), Hao and Hao (2026), Althaqafi (2023), Reuters (2025d) and Reuters (2025g).

4.2 Financial perspective

The financial perspective states that BYD's growth performance should be assessed by quality of growth and not solely by volume. Vertical integration can increase price-cost margin, however, slow down of production and delay in expansion indicate that excessive capacity increases can result in loss of discipline if the demand, inventory and local execution are not synchronized (BYD Company Limited, 2025a; Hao and Hao, 2026; Reuters, 2025g). The true test for BYD will be the ability to maintain acceptable profits while financing its international growth and not the ability to continue decreasing price in order to defend market share (Kaplan and Norton, 1992; Reuters, 2025e).

Therefore, financial performance should be viewed equally as both a control metric and an outcome metric. Declining profit margins or weaker cash conversion would represent short-term pressures but would also reflect the difficulties experienced in governing the model used for international growth.

4.3 Customer perspective

From the customer perspective, BYD offers a strong "value for money" concept, but due to quality, safety and after-sale service, Trust outside China still depends on quality, safety and after-sales support rather than price alone (BYD Company Limited, 2025a; Kaplan and Norton, 1992). The 2025 BYD recall will undermine the assumption that rapidly expanding production automatically enhances reputation (Reuters, 2025d). Therefore, customer outcomes must be measured through reliability, service coverage and complaint trend in addition to sales growth; particularly in new foreign markets where there is no historical trust reserve (Kaplan and Norton, 1992; BYD Company Limited, 2025a).

It is especially relevant in Europe since European customers compare BYD to low-cost competitors as well as with existing brands that have more developed service networks and greater historic trust. Price competition loses strength if customer confidence weakens.

4.4 Internal business-process perspective

BYD's internal-process perspective remains the most direct manifestation of its strategic advantage since BYD has created high-quality processes for integrating batteries, expanding production and launching new products (BYD Company Limited, 2025a; Althaqafi, 2023). A weakness in process strength can also exist in quality assurance, supplier traceability and implementing operations at foreign facilities; such weaknesses can break the connection between scale and value capture (Reuters, 2025g; Reuters, 2025d). Therefore, BYD's internal performance should be evaluated to see if the firm can replicate the same coordination quality across foreign facilities, dealers and supply chain partners (Kaplan and Norton, 1992; BYD Company Limited, 2025a).

In other words, internal process is where the issue of transferability manifests itself. High-quality routine-based headquarters operations are beneficial only if they hold up against the local suppliers, regulators and distributors in each foreign market as opposed to breaking apart over different markets.

4.5 Learning and growth perspective

Capability transfer from one country to another requires local learning and higher levels of management discipline than required for scaling within a single country (BYD Company Limited, 2025a; Kaplan and Norton, 1992). People development and investment in systems and knowledge sharing are strategic requirements; they are not merely administrative functions (Hao and Hao, 2026).

4.6 Integrative scorecard judgement

Viewed collectively, the scorecard indicates that BYD faces a bottleneck not from insufficient opportunities for growth but from difficulty converting scale into consistent overseas control, services quality and legitimacy (Kaplan and Norton, 1992; Reuters, 2025d; Reuters, 2025g).

Balanced Scorecard Strategy Map

The scorecard converts BYD's strategic logic into a sequence of capability, control and market outcomes.

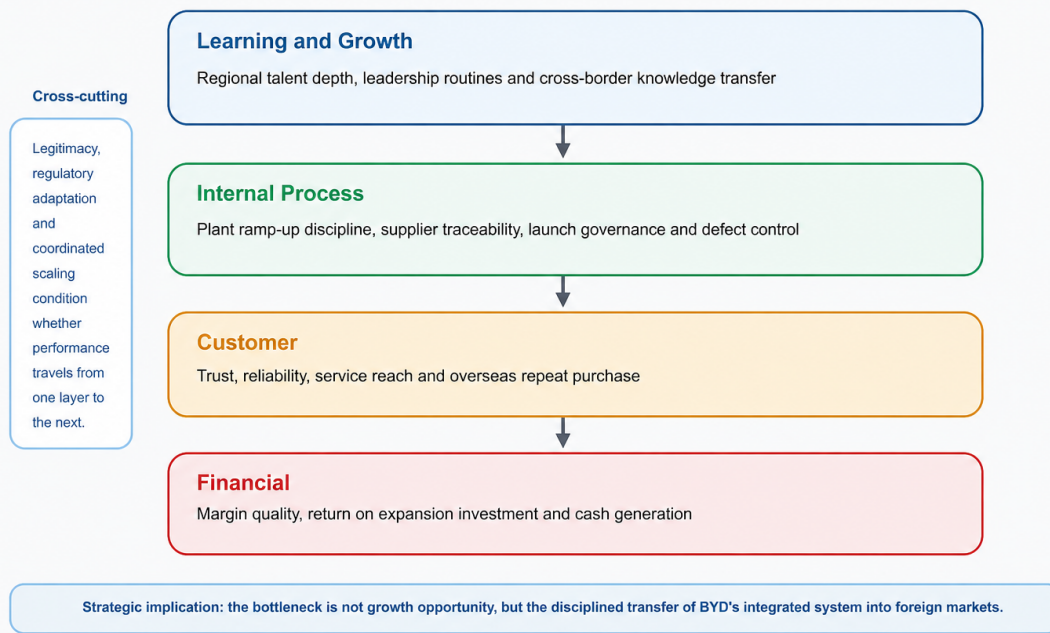


Figure 2: Balanced Scorecard strategy map for transferring BYD's integrated operating system abroad

5. Strategic Choices and Implementation

5.1 Business-level strategic choices

Porter's (1996) contention regarding trade-off provides insight into why BYD should not be classified as exclusively a cost leader nor as exclusively a differentiator. BYD's best position based upon business level is that of a hybrid model: manufacturing efficiencies combined with vertical integration enable it to compete with respect to pricing while battery capabilities, product breadth and speed of bringing products to the marketplace provide differentiation (Porter, 1996; BYD Company Limited, 2025a; Whitfield and Wuttke, 2026). The risk associated with this hybrid model is that it could blur if price competition supersedes all other factors and/or if service quality or reliability does not improve commensurate to the increased scale (Reuters, 2025c; Reuters, 2025d). Legitimacy barriers abroad cannot be overcome through cost leadership alone, therefore BYD must guard the hybrid model carefully rather than convert scale into a price war (Teece, 2014; Kostova and Zaheer, 1999).

This judgement is stronger than simply classifying BYD as a hybrid because it specifies the conditions under which the hybrid model continues to prevail. As long as BYD maintains reliability in terms of service support and battery credibility, low price serves as an enhancer of advantage; conversely, whenever these enabling aspects fail to materialize, low-price leadership becomes evidence of vulnerability rather than strength.

5.2 Corporate-level strategic choices

On a corporate basis, BYD's rationale is greatest when the company adheres to related industries, remains vertically integrated and capability-oriented. The use of vehicle batteries forms a common platform for vehicles and adjacent energy-related companies while selected international expansion allows the extension of this platform only where localisation facilitates the transferability of capabilities and accessibility to markets rather than mere symbolic presence (BYD Company Limited, 2025a; Luo and Tung, 2007). International expansion becomes riskier for firms that presume domestic strength will automatically translate into acceptance abroad (Peng

et al., 2009; Kostova and Zaheer, 1999). Consequently, BYD's corporate strategy should continue to be related and selective. Localised manufacturing should be undertaken only in countries/regions where tariffs, service economies and host government legitimacy necessitate it (European Commission, 2024b; Reuters, 2025f; Li and Fleury, 2020).

Therefore, localisations should be seen as an instrument of strategy rather than as a symbolic gesture. Localisation can reinforce embeddedness and lower tariffs in certain markets whereas it can fix costs for BYD prior to sufficient organisational control is present in other markets.

5.3 Recommended strategic-choice mix using SAFE logic

1. BYD should preserve its hybrid business-level positioning but avoid blanket price-led share capture where service depth and institutional acceptance remain weak (Porter, 1996; Reuters, 2025c).
2. International expansion should be sequenced through regional operating hubs rather than thin symbolic entries, because that reduces execution risk and supports coordinated capability transfer (Brock and Siscovick, 2007; Li and Fleury, 2020).
3. Local manufacturing should be used selectively where tariffs, legitimacy and service economics justify embedded operations, not as an automatic response to every host-country pressure (European Commission, 2024b; Reuters, 2025f).
4. Related diversification should stay inside the battery-vehicle-energy-software ecosystem and be judged by whether it strengthens international transferability (BYD Company Limited, 2025a; Teece, 2014).

5.4 Change management and implementation assessment

BYD has managed change impressively in terms of speed and industrial scaling, yet the harder phase has now begun. Reuters' reports on the European reset and Hungarian delay show that overseas coordination and local adaptation are less mature than the domestic production engine, while Zhong et al. (2021) and Li and Fleury (2020) show how emerging-market multinationals often struggle when international expansion moves faster than organisational learning. BYD's main change-management risk is therefore not lack of momentum, but the risk that

governance discipline and service consistency fail to scale at the same rate as factories and sales ambitions (Reuters, 2025a; Reuters, 2025e).

This makes implementation less a question of ambition than of alignment. A strategy that is sound at business and corporate level can still underperform if staffing, systems and leadership routines lag behind physical expansion. The 7S lens is useful because it shows that overseas growth depends on internal consistency as much as on market opportunity.

Table 8: McKinsey 7S implementation alignment for BYD

7S element	BYD application
Strategy	Selective international expansion and disciplined localisation
Structure	Regional hubs for governance and capability transfer
Systems	Quality gates, supplier traceability and after-sales systems
Staff	Regional leadership depth and local service capability
Skills	Battery engineering, manufacturing scale and cross-border management
Style	Fast execution, but with a need for tighter overseas discipline
Shared values	Innovation, electrification and sustainability

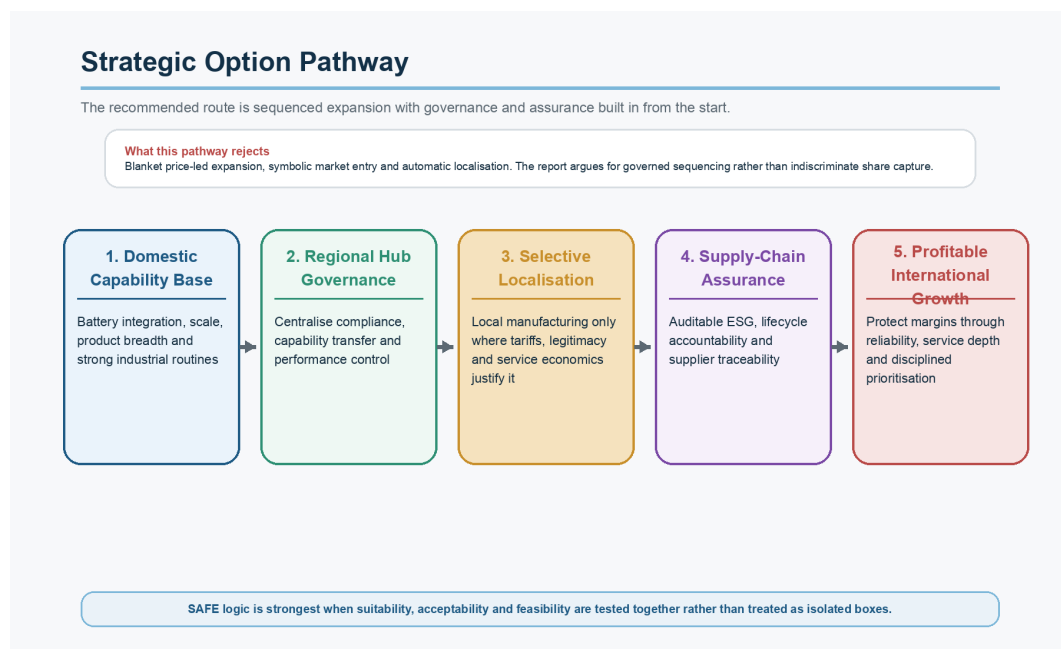


Figure 3: Strategic option pathway from domestic scale to disciplined international expansion

6. Strategic Evaluation and Recommendations

6.1 SWOT assessment

Table 7: BYD SWOT matrix

Strengths	Weaknesses	Opportunities	Threats
Vertically integrated battery-vehicle system with strong manufacturing scale	Overseas service depth and local embeddedness remain uneven	Selective overseas localisation where tariffs and service economics justify it	Tariffs, countervailing duties and geopolitical scrutiny
Strong domestic commercial base and broad product range	International governance and coordination capabilities are still developing	Expansion of the wider energy ecosystem around batteries and storage	Domestic and international price wars
Ability to combine cost competitiveness with product breadth	Fast scaling increases quality-control and complexity risk	Stronger CSR assurance as a route to market access and investor trust	Supply-chain disruption, recall exposure and greenwashing scepticism

Source: adapted from BYD Company Limited (2025b), European Commission (2024a), European Commission (2024b), Reuters (2025a), Reuters (2025e), Niri et al. (2024), Cheng et al. (2024), Dudziak et al. (2025) and Li and Fleury (2020).

The matrix is analytically useful because it shows that BYD's strengths and weaknesses are closely connected. The same integration and scale that create advantage also increase the penalties for poor overseas execution, so the firm does not need a new strategic identity as much as stronger international transfer discipline (Reuters, 2025a; Li and Fleury, 2020; Cheng et al., 2024).

6.2 Ansoff and portfolio evaluation of strategic direction

Ansoff's lens shows that BYD's path is built mainly on market development and product development, with related diversification extending the same logic into adjacent energy activities (BYD Company Limited, 2025a; Reuters, 2025f). That

direction is sensible because the company already holds the capabilities needed to widen reach and refresh products, but it becomes less convincing when expansion moves faster than legitimacy and implementation capacity (Luo and Tung, 2007; Li and Fleury, 2020). A selective portfolio view leads to the same conclusion: BYD should prioritise businesses and markets that strengthen the integrated system and de-emphasise those that absorb capital without deepening control.

The practical value of this framework is that it clarifies where growth is most defensible. Market development is strongest where service capability and regulatory adaptation can keep pace, while diversification is strongest where it reinforces the integrated system instead of dispersing attention.

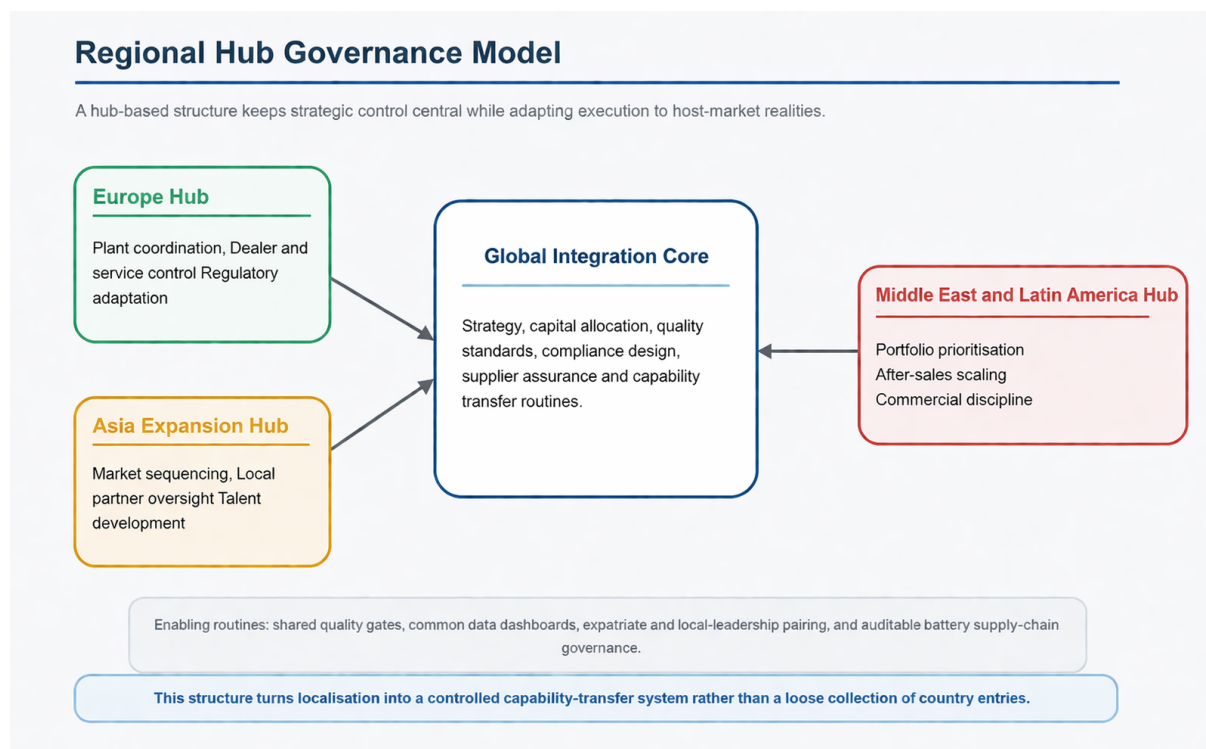
6.3 Strategic recommendations with justification

5. BYD should centralise overseas governance, compliance and capability transfer through regional operating hubs so factories, distributors and service networks are coordinated rather than improvised market by market (Brock and Siscovick, 2007; Li and Fleury, 2020).
6. Local manufacturing should be pursued only where tariffs, legitimacy and service economics make embedded production clearly superior to export-led supply, because localisation without execution discipline can destroy value rather than create it (European Commission, 2024b; Reuters, 2025e; Reuters, 2025f).
7. BYD should build an auditable global battery and supply-chain assurance architecture linking supplier oversight, lifecycle accountability and public disclosure, because this is a strategic requirement for market access and investor trust rather than a cosmetic ESG step (BYD Company Limited, 2025b; Cheng et al., 2024; Gao et al., 2025).
8. Profitability should be protected by confining aggressive price competition to priority segments and relying more heavily on warranty, service and product reliability to support non-price differentiation abroad (Porter, 1996; Reuters, 2025c; Reuters, 2025d).

Taken together, these recommendations favour control over speed. They do not ask BYD to retreat from international growth; they ask it to convert expansion into a more governable sequence in which localisation, assurance and pricing discipline support one another instead of pulling in different directions.

Table 9: Recommendation implementation logic

Recommendation	Timeframe	Lead function	Main risk	Success measure
Regional operating hubs	Short to medium term	International strategy and operations	Coordination complexity	Fewer launch delays and stronger after-sales coverage
Selective local manufacturing	Medium term	Manufacturing and regulatory affairs	Value destruction from premature localisation	Lower tariff exposure and smoother regulatory acceptance
Supply-chain assurance architecture	Short to medium term	Sustainability, procurement and risk	Symbolic compliance without auditable execution	Higher supplier audit coverage and better traceability
Profitability discipline	Immediate and ongoing	Commercial and finance	Share loss from tighter discount control	More stable margin trend and lower discount dependence

**Figure 4: Regional hub governance model for BYD's selective international expansion**

6.4 Final strategic judgement

BYD's strategy is strong because it has built a difficult-to-copy operating system around batteries, scale and execution, not because growth opportunities are automatically available. Its main vulnerability is whether that system can become credible and governable outside China under tighter legitimacy, regulatory and coordination pressures (Whitfield and Wuttke, 2026; Teece, 2014; Kostova and Zaheer, 1999).

Conclusion

The report concludes that BYD is strategically strong because it has industrialised electrification through a tightly connected capability system, not because favourable market conditions alone lifted it to scale (Whitfield and Wuttke, 2026; Teece, 2014). Yet political scrutiny, outsidership and service weakness now constrain overseas transfer (European Commission, 2024b; Kostova and Zaheer, 1999; Li and Fleury, 2020). BYD's next stage should therefore favour governed expansion over symbolic reach through regional control, selective localisation and profitability discipline (Porter, 1996; Reuters, 2025f; Gao et al., 2025).

7. Reflective Account - Gibbs' Reflective Cycle

7.1 Description

I chose BYD because it provided more than just a successful company. It was large enough in terms of scale, vertically integrated and expanding internationally. Therefore, it was the best example to assess if strategic management frameworks could explain not only why a company becomes powerful, but also if that power travels across different institutional environments (BYD Company Ltd, 2025a; Whitfield and Wuttke, 2026). I organised the report around a single question of transferability and purposefully constructed my source base by Using data from corporate filings, government regulations, Reuters news articles and academic theory (European Commission, 2024b; Teece, 2014).

7.2 Feelings

Initially, I thought BYD would have been able to produce sufficient data to answer my research questions, but I was less positive about analysing a rapidly changing company without being overly admiring. I recognised an early predisposition to accept BYD's success story too quickly due to its size and innovative nature appearing compelling upon initial review (BYD Company Ltd., 2025a). The evidence regarding tariffs and plant delays corrected my instinct and reinforced that strategic analysis requires both distance and recency (Reuters, 2025a; Reuters, 2025e).

7.3 Evaluation

There were several elements of the project where I was effective. By limiting myself to one primary controlling question, I prevented each individual framework from existing as separate entities, thereby causing each section of the report to evaluate the issue of transferability specifically (Teece, 2014; Peng et al., 2009). Similarly, integrating external and internal analysis enhanced the report since PESTEL described why legitimacy has become a restrictive factor for BYD, whereas VRIO illustrated why BYD remains an entity with true competitive advantages despite it (Barney, 2001; Kostova and Zaheer, 1999). However, there were challenges to maintaining a balance in the report without being indecisive — particularly during

times when recent information may potentially lead the analysis to focus excessively on praise or correction (Reuters, 2025d; Reuters, 2025e).

7.4 Analysis

These strengths and weaknesses developed as a result of the fact that the frameworks were beneficial; however, they were incomplete. Initially I relied heavily on RBV-type internal competitive advantage and viewed legitimacy as secondary. This was incorrect because it created excessive generosity to BYD based solely on size and insufficiently addressed the issues related to outsider status, regulation and host country acceptance (Barney, 2001; Kostova & Zaheer, 1999; Li & Fleury, 2020). Upon reviewing the first draft and then revising it, I applied dynamic capabilities and institution-based theory much more directly. As a result of doing so, the quality of the argument improved since I began focusing on capability transfer as opposed to asset transfer under organisational and political frictions (Peng et al., 2009; Teece, 2014). Additionally, I found the Balanced Scorecard to be more useful after ceasing to treat it merely as a metric system and using it instead to evaluate whether domestic competitive advantages were transforming themselves into high-quality performance metrics within four categories: financial quality, customer trust, process reliability and cross border learning simultaneously (Kaplan & Norton, 1992). The larger lesson here is that theoretical frameworks are most advantageous when they help sharpen a question as opposed to attempting to simply provide simplistic answers to complex problems.

As a practical lesson from the revisions that I undertook, I found that superior judgement very frequently required deleting additional material as opposed to continuing to add more. Once I deleted generalised EV-growth explanations and concentrated on factors relating to legitimacy, execution and governance, the argument became clearer.

7.5 Conclusion

The study demonstrated that strategically-oriented analysis is dependent far more on identifying a powerful question and establishing a rationalised decision as opposed to maximising application of strategic management frameworks. Furthermore, utilization of theoretical concepts such as Porter's emphasis on trade-offs and

institution-based theory provided sufficient protection against the potential for interpreting BYD's competitive advantages exclusively internally (Porter, 1996; Li & Fleury, 2020; Peng et al., 2009). A significant development was the transition from providing balanced descriptions toward supporting rational judgements..

7.6 Action Plan

In future assignments I will attempt to develop my research question prior to selecting any strategic management framework(s) because it is through developing a research question first that I believe I will be most likely to create meaningful assignments that demonstrate genuine understanding (Teece, 2014; Peng et al., 2009). Next time I will also analyse fewer conceptual frameworks more critically and test prescriptions relative to implementation constraints earlier — especially those relating to host-country embeddedness — staffing and managerial learning (Zhong et al., 2021; Li & Fleury, 2020). Finally, I will challenge CSR disclosures made by companies concerning their sustainability at an earlier stage by challenging them with contradictory evidence related to supply chain vulnerabilities and greenwashing risks — in order that CSR is analysed in conjunction with strategy from inception (Cheng et al., 2024; Gao et al., 2025).

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