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Introduction

The elements of strategic management consist of the ongoing planning, monitoring, analysis, and assessment of all the elements needed for a corporation to accomplish its goals and objectives. Businesses will need to constantly assess their success strategies because of the changes in the business environments (Buiga, 2019). The strategic management process helps businesses assess their existing situation, develop strategies, put those strategies into practice, and assess the effectiveness of the management plans that have been implemented. In this report, the strategic management of Volkswagen company will be discussed.

Company profile:

Volkswagen is one of the most reputed car manufacturing companies in the world. Volkswagen was founded in 1937. In Germany, it is one of the best-known automobile manufacturers. Volkswagen offers a wide range of automobiles in addition to its yearly production capacity of 8.09 million cars. Volkswagen is the world's most successful car manufacturer, according to 2020 reports. In addition to caddy's, caddy maxi's, transporters, and new crafters, this company also creates distinctive vehicle bodywork, cylinder heads, and steering gearboxes. In 2020, the firm earned a total of \$254.6 billion in sales, according to its financial filings. 9.52 billion dollars is the total amount of profit earned by the firm. Despite employing a sizable workforce—6, 62,575 people—scattered across several departments, the company can deliver products of consistently excellent quality to its customers (Volkswagen, 2022).



Figure 1: Logo of VW

Source: (Volkswagen, 2022)

The key business strategies of VW over the past five years

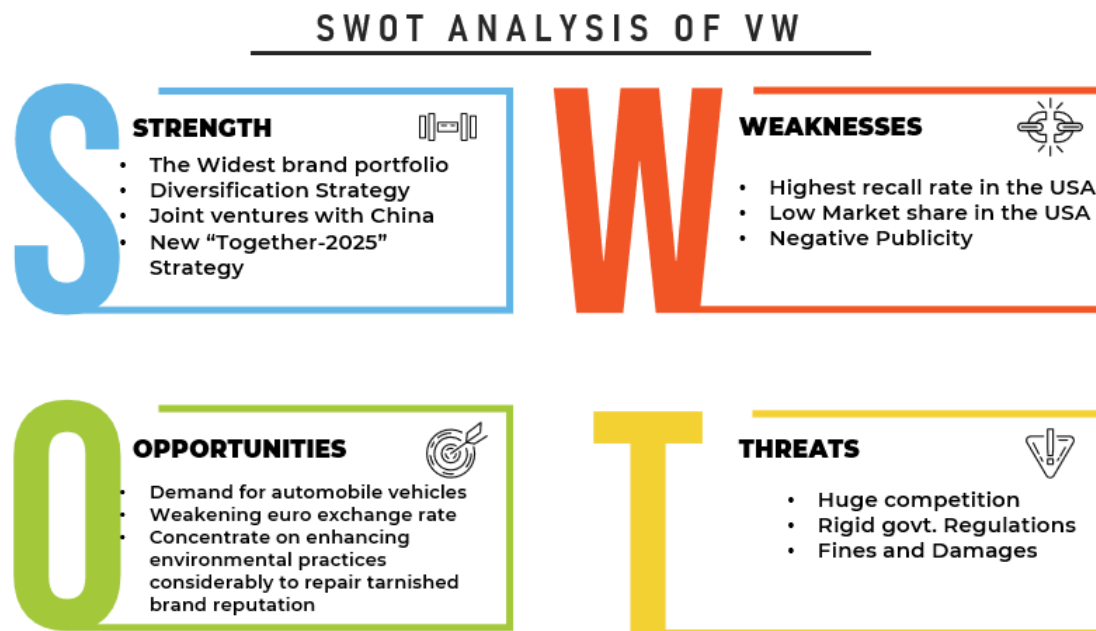
The many automobile manufacturers have their own unique set of competitive market circumstances in each place every one of them. Volkswagen is fortunate at the moment, to be fair. China, Brazil, Russia, and India are just a few of the countries where the organization has a stellar reputation. It has been difficult for Covid 19 to deliver the predicted sales rise in 2020. In that year sales dropped by 15%. Toyota, Honda, Nissan, Ford, and GM are just a few of the world's most well-known automakers (Ansoff et al., 2018). The company expects to be the worldwide sales leader in the future because of its effective strategic approach to business growth.

The Volkswagen Group has made significant strides in the European market over the past five years thanks to its use of manufacturing processes that are kind to the environment. A significant number of the competitors had just lately begun developing hybrid models. They took use of the psychological effect that customers' notions about "green concerns" had on them to increase sales of hybrid autos (Hassan, 2019) As a result of this, there was no cause for them to be afraid that their entry into the hybrid market would be

competed with by other products or services. They were one of the first goods to be sold on the market, which gave them an advantage over their competitors (Merwitz, 2020). Additionally, the Volkswagen Group expanded the scale of its manufacturing facilities to ensure continued sales growth. During this same period, the first Volkswagen Group production plant to be built in China was brought to completion. Following the opening of the facility, the Volkswagen Group quickly expanded its manufacturing activities throughout Asia in fewer than three years. At the end of the third year, they had increased the number of automobiles they produced from 200,000 to 500,000 (Merwitz, 2020). At the end of the first three years, the Volkswagen Group had expanded into automobile manufacturing in both India and Africa. These new operations were both established by the end of the first year. The company has been working hard to improve its image in anticipation of the enormous expansion that is coming (Lee et al., 2021). They have attempted to avoid making a bad impression in the Asian market by seeming to be an "invader from Europe."

Now the strategic analysis of VW will be discussed below:

Swot Analysis:



Strength:

Volkswagen is the brand with the most names. The company owns 12 brands. Compared to competitors, Volkswagen's income is more evenly distributed among more brands, products, and regions. The firm targets various client segments and satisfies their needs with the aid of its diverse brand portfolio. Volkswagen's income sources are diversified by its automotive, maritime, and finance goods. 74.5 percent of Volkswagen's total income comes from its main "Passenger Cars" business (Wasim, 2017). The remaining industries are Commercial Vehicles, Power Engineering, and Financial Services (12.4 percent, 1.9 percent, and 11.2 percent). Volkswagen's revenue is distributed throughout regions, with no one market accounting for more than 20% of total sales. Volkswagen's largest market is China, which also has the highest vehicle market share in the world. Volkswagen has joint ventures in China with SAIC Volkswagen and FAW-Volkswagen. The company

distributes 150 different brands of gadgets totaling around 3.5 million through these partnerships each year. Volkswagen is now second to GM with 14.6% of the Chinese auto market. Volkswagen has created a new strategic plan that will put a strong emphasis on achieving important goals by 2025. By developing a presence in China, Volkswagen will be better able to compete in the largest auto market in the world (Parnell, 2018).

Weakness: There are recalls for most mass-produced autos in the US market, with Volkswagen in second place. According to iSeeCars.com, the Volkswagen Group recalls 1805 of every 1000 vehicles it produces. Volkswagen's presence in the U.S. auto sector has dwindled to almost nothing (Boston, 2017). Despite being the world's largest automaker, Toyota only sold 850,000 vehicles in the United States, accounting for less than 5% of the market. Reputation has been tarnished by the "Dieselgate" scandal of 2015.

Opportunities:

Due to VW's international growth, the business can match the spending power of its customers. The increasing spending power of consumers is a fantastic opportunity for the company to increase sales (Jourdan, 2017). The firm has a fantastic opportunity to penetrate markets where it now has no direct competition due to increased demand and a strong financial position. The company has the potential to increase its global market share by entering new countries and effectively assimilating their cultures.

Threats:

The emission and fuel deception scandals have done significant harm to the company's reputation. Customers no longer trust the company, and many of them have shifted over as a result of its recent course change. The brand reputation of the organization is now at

risk. Another significant issue is the potential for rivalry. Volkswagen. Examples of this include how the diversification process has led to the growth of regional automakers in various countries. Customers are displaying their preferences, which put VW in grave jeopardy. Government rules and regulations are very dangerous because they establish huge barriers to industry (Parnell, 2018).

[The resources and capabilities Volkswagen used over the past five years](#)

Volkswagen has utilized several different resources, all of which have helped the corporation achieve its current position in the society in which it works. It started as a German enterprise but has since grown into a global company by utilizing a range of resources. Over the previous five years, the company has used several resources, one of which is human resources (Buiga, 2019). The company has taken care to fill its workforce with the best professionals on the market. Therefore, the leadership teams and middle-level employees of the firm may be credited for their intelligence, talent, and Rover qualification, which has contributed to the organization's success both locally and abroad. They hire more workers every year, increasing their workforce. As they establish a completely new model, they hire the best and most effective new employees and attract the highest quality new employees. They keep the present staff by paying them well and giving them promotions when necessary. Staff employees are responsible for submitting periodic reports on their performance for evaluation in connection to the achievement of organizational goals. Members of the company are required to report frequently due to the autocratic management control style (Parnell, 2018).

The corporation has also made advantage of its financial capacity, which it has put to use for business expansion. The company has made use of the financial assets it has generated. The company's revenue has been increasing at a rate that is seen as

reasonable when compared to the revenue growth of other German automakers. The level of international rivalry has increased, yet despite this, the rate of return on invested capital has been able to hold steady. Income growth at the moment is also accelerating quickly. New investments made in the form of international diversification, which require a relatively little financial expenditure compared to the advantages that would be realized, have also been linked to the growth in income (Buiga, 2019).

Another resource that the organization has used to generate and sustain a profit for the company is the use of technology. Due to the resources mentioned above, a certain company has gained not just widespread recognition in Germany but also in many other countries. The corporation has maintained its position as a dominant participant in the worldwide market while also maintaining its capacity to compete for thanks to the sound status of its finances. Without a strong financial position, the company would lose its market share and consumers' confidence in the company's products would decline. Intelligent, effective, and well-qualified staff members have helped the business with its branding, marketing, and innovation, giving it a competitive edge over its competitors (Ansoff et al., 2018)

[The way Volkswagen tried to become more competitive while taking into consideration sustainability and the environment.](#)

Volkswagen's current goals for success include diversifying its product line to fulfill the demands of clients in all the nations in which it does business. To remain competitive, the company's business activities are being outsourced to expand its product line and reduce costs. The company's well-organized brand image provides it with the most significant competitive edge in the automotive business. The company has built a powerful brand image for itself in addition to developing a successful product range. In addition, one of

the company's biggest strengths is its capacity to successfully expand its activities in a variety of locations across the world. This company has been successful to the point that it has outperformed its competitors in several countries (Merwitz, 2020). Volkswagen has enjoyed a great deal of success, as indicated by the fact that the company now has a presence in over 150 countries and approximately 70 production sites. The expansion of consumer recognition of the brand has also slowed down (Ansoff et al., 2018). The company is committed to providing its clients with timely service. It is possible to manufacture 40,000 autos in a single day (Lee et al., 2021). The strong state of the company's finances enables it to continue investing in new product lines and expanding its operations. Research and development are given a significant amount of importance in today's modern enterprises. The high quality of the company's cars and the innovative nature of its technology are the foundations of the business's success. The company's share of the global market for vehicles continues to rise (Bellin et al., 2014).

Because of Volkswagen, many individuals throughout the globe have always had access to affordable and personal mobility. Their 2030 Group plan is a reaction to today's and tomorrow's concerns (Boston, 2017). The company's goal is to provide viable transportation options for both the present and future generations. They list the primary goals for our environmental activities in their "Mission Statement Environment," which cover climate change, resources, air quality, and environmental compliance. The company's commitment to becoming an environmental role model is outlined in the Group Environmental Policy Statement (Zhang, 2017). This commitment includes leadership behavior, adherence to legal and regulatory requirements, and collaboration with stakeholders. Businesses and brands have individual environmental policies that adhere to the guidelines established by Group businesses and brands. Being a leader in

environmental stewardship at all of their manufacturing facilities is critical, but it falls far short of what is required. Volkswagen is committed to environmental conservation across the entirety of the company's product and service lifecycles, from conception to disposal. Consequently, the company's mentality and activities are focused on the full chain, from ore extraction to recycling. In doing so, they assure that they are not only shifting the environmental burden away from the plants but that they are truly reducing and eliminating the impact on the environment (Jourdan, 2017).

The way sustainability practices can help the VW company to develop competitive advantages

The strategy for sustainability is particularly essential because it aims to lessen the negative impacts on society and the environment while simultaneously increasing the outcomes of the organization, such as its economic performance. Although it is believed that sustainability strategies have an effect not only on the individual organization but also on the environment, the business community, and society, it is also true that these strategies increase the performance of sustainability for other systems and participants (Jourdan, 2017). Three different strategies for the development of business sustainability. These strategies are referred to as change, reformation, and maintaining the status quo. The individuals who advocated for the transformation method placed a strong emphasis on the significance of the active engagement of those who were located outside of power centers. In contrast to the status quo approach, which emphasizes economic development as the primary solution to environmental as well as social issues, the reform strategy aims to amend existing policies and laws (Zhang, 2017).

Volkswagen Company believes that implementing environmental sustainability measures is essential to attaining economic success. These methods include low-cost techniques,

waste management, and water conservation. This shows that improvements in competitiveness may be achieved by the decrease in consumption of energy and water, as well as the reduction of waste and its subsequent recycling, respectively. In addition, the adoption of systems to reduce harmful emissions, the implementation of systems to reduce the environmental impacts of packaging, and the establishment of an ex-ante target for the reduction of the company's carbon footprint all have a significant impact on the competitiveness of organizations. The findings suggest that the Volkswagen Group will have a better chance of achieving significant organizational success if it implements the environmental measures that were investigated (Zhang, 2017).

There are some recommendations for VW company. First and foremost, given the harm caused by the Diesel scandal, a culture reform at Volkswagen is an absolute must. Integrity, ethics, and employee empowerment must now be the primary concerns of the company's leadership. First and foremost, the corporation is moving toward a new era of shared rides and electric automobiles (Bellin et al., 2014). There is enormous promise in these two sectors, but the brand must also be prepared to take risks. Thirdly, the Asia Pacific markets have increased in importance, and the brand must focus on improved marketing in this region in addition to its local production. Volkswagen should continue to spend on R&D to achieve quicker growth despite the high level of production and sales. Fines may wreak havoc, which is why strict adherence to compliance must be enforced across the world (Jourdan, 2017)

Conclusion:

In conclusion, it is to be said that the strategic methods taken by the organization in the market may play an important role, particularly when thinking about the future. The management and the stakeholders both seem to agree that the approach is essential,

based on the findings of the actual executions and the identification of the needs of the organization. The management of the company is responsible for deriving the approaches for the future based on the needs of the business and concentrating on a single approach to reap the benefits of those approaches.

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