

**GUJARAT NATIONAL LAW UNIVERSITY
GANDHINAGAR**
Course: **Business Policy and Strategic Management**
Semester- VI (Batch: 2019-24)

End Semester Online Examination: May 2022

Date: 14th May, 2022

Duration: 8 hours

Max. Marks: 50

Instructions:

- The respective marks for each question are indicated in-line.
- Indicate correct question numbers in front of the answer.
- No questions or clarification can be sought during the exam period, answer as it is, giving reason, if any.
- Word Limit: 10 Marks: 500 words, 5 Marks: 250-300 words.

- | | Marks |
|---|--------------|
| <p>Q.1 Identify the value chain relationships that make the businesses of Johnson & Johnson related in competitively relevant ways. In particular, you should consider whether there are cross-business opportunities for (1) transferring skills and technology, (2) combining related value chain activities to achieve economies of scope, and/or (3) leveraging the use of a well-respected brand name or other resources that enhance differentiation. The businesses of Johnson & Johnson are as follows:</p> <ul style="list-style-type: none"> • Baby products (powder, shampoo, oil, lotion) • Band-aids and other first-aid products • Women's health and personal care products (Stayfree, Carefree, Sure & Natural) • Neutrogena, Lubriderm, and Aveeno skin care products • Nonprescription drugs (Tylenol, Motrin, Pepcid AC, Mylanta, Monistat) • Prescription drugs • Prosthetic and other medical devises • Surgical and hospital products | (10) |
| <p>Q.2 Explain the statements with appropriate reasoning:</p> <p>a) "A business is not defined by its name, statutes, or articles of incorporation. It is defined by the business mission. Only a clear definition of the mission and purpose for the organization makes possible clear and realistic business objectives" – by Peter Druker.</p> <p>b) For all types of generic strategies, success in sustaining the competitive edge depends on having resources and capabilities that rivals have trouble duplicating and for which there are no good substitutes.</p> | (5x2=
10) |
| <p>Q.3 Perform an industry analysis for the Electric Car industry in India using Porter Five Forces Framework.</p> | (10) |
| <p>Q.4 Review Valve Corporation's company handbook online https://cdn.cloudflare.com/apps/valve/Valve NewEmployeeHandbook.pdf. Specifically, focus on Valve's corporate structure. Valve has hundreds of employees but</p> | (10) |

no managers or bosses at all. Valve's gaming success hinges on innovative and completely original experiences like Portal and Half-Life. Does it seem that Valve's corporate structure uniquely promotes this type of gaming innovation? How would you characterize Valve's organizational structure? Is it completely unique, or could it be characterized as a multidivisional, matrix, or functional structure? Explain your answer.

Q.5 Read the article and answer the questions given below:

(4+6=
10)

L&T Infotech, Mindtree may be merged to create \$22-billion firm¹ (Article dated 19 April, 2022)

With the Indian information technology (IT) services sector witnessing strong growth momentum on the back of digital transformation, multinational conglomerate Larsen & Toubro (L&T) is all set to merge its IT services business units — L&T Infotech (LTI) and Mindtree.

A Bloomberg report stated that the merger announcement could be announced as early as next week, with details of share-swap ratios. However, mid-cap IT services firm Mindtree in its earning call said that the news is pure hearsay and it wouldn't respond to speculation. An email sent to L&T read: "We do not comment on speculative news." An email sent to LTI did not elicit a response.

"The merger was always on the cards. The timing is right. Both companies have performed very well and the group wants to unlock this value, by merging these two companies into a bigger entity," said a source in the know. "This merger also fits in with the group's vision to morph into a services-focused conglomerate. More importantly, the merged entity does not have any overlaps," said another source.

The merged entity, which will have a market capitalisation of over \$22.05 billion (Rs 1.68 trillion), will have a combined revenue of \$3.5 billion. This will make it the sixth largest IT services player from India.

¹ Article dated 19 April, 2022:

https://www.business-standard.com/article/companies/l-t-infotech-mindtree-may-be-merged-to-create-22-billion-firm-122041900035_1.html

THE IT PECKING ORDER**By market cap**

As on April 18	₹ crore
TCS	12,91,078
Infosys	6,82,102
HCL Tech	2,99,249
Wipro	2,95,352
L&T Infotech + Mindtree	1,68,131
Tech Mahindra	1,30,639
Mphasis	54,086
Tata Elxsi	48,677
L&T Technology	45,457
Persistent Systems	32,232

TTM: Trailing-12 month basis; PAT: Profit after tax

By revenue and profit, on TTM basis

₹ crore	Net sales	PAT
TCS	1,91,754	38,327
Infosys	1,21,641	22,111
HCL Tech	82,695	11,008
Wipro	74,697	12,115
Tech Mahindra	42,260	5,142
L&T Infotech + Mindtree	24,374	3,702
Mphasis	11,208	1,356
L&T Technology	6,254	890
Coforge	5,951	587
Firstsource	5,840	452

Sources: Capitaline, Bloomberg Compiled by BS Research Bureau

For L&T, this merger ties in with the group's vision of becoming more services-oriented. The merger has business synergies since both companies have complementary portfolios. For instance, communications media and technology, retail, consumer packaged goods, and manufacturing are bigger focus areas for Mindtree.

In the case of LTI, it is banking and financial services, and insurance that are its largest verticals, with over 32 per cent and over 13 per cent of revenue, respectively, in the third quarter of 2021-22.

However, the merger buzz has not gone down well with the market as share prices of both companies were down. Mindtree stock was down 3.33 per cent to Rs 3,960.8 per share; LTI stock at Rs 5,866 per share was down 2.66 per cent at the end of trading day.

Analysts believe the merger is ill-timed. "A merger of these two entities is a foregone conclusion. Given the growth momentum these companies are witnessing, a merger at this time may not be sensible as it would defocus the management from capturing growth to managing merger complexities," said Pareekh Jain, founder and chief executive officer, Pareekh Consulting — an engineering consultancy services firm.

- What are the possible complexities that L&T will have to handle if it goes ahead with merger of LTI and Mindtree?
- Assume that you are a member of the team deliberating possible merger of LTI and Mindtree. Would you recommend the merger or not? Substantiate your argument with appropriate reasoning.
