

Executive Summary

The case study report examines how a group gains competitive advantage through related diversification to improve performance and create shareholder value based on an in-depth analysis done on MTD Walkers PLC group (MTDW). MTD Walkers PLC is a group engage in infrastructure development business which primarily focus on building construction, MEP services, piling, roads and highway construction and real estate property development. The government policies and actions over infrastructure development had created growth opportunities in construction and engineering sector.

The conceptual framework developed to examine the above scenario consists independent variable “Related Diversification”, a mediator “Sharing/Transferring Resources and Capabilities”, a moderator “External Environment in Industry” and the depended variable “Firm Performance or Shareholder Value Creation”. The case framework is supported through previous literature reviews. The case narrative was developed through primary data collected via conducting in-depth interviews and focus group discussions. Apart from that published data and internal company documents have used as secondary data for the case study.

MTDW had diversified its operations into related ventures in 2006-2007 through acquisition strategy. However isolated operating model of each company resulted in only adding line by line financial results and as a group failed to capitalize synergetic advantages which could gain through related diversification. Hence upto 2011, the group shown increase in numbers and there was no significant performance or profitability improvement. However from 2012 onwards, the group identified the significance of creating synergies among the related business operations in order to gain $1+1=3$ or improve the performance and profitability. Hence the group encouraged sharing resources and capabilities over the value chain activities and gain competitive advantage which resulted in significant improvement of group performance and profitability over the last 03 years and achieve ultimate objective of shareholder value creation.

The recommendation to the case is that related diversification and sharing and transferring resources and capabilities over the value chain activities should execute to gain competitive advantage and improve the corporate performance and shareholder value creation.