This book examines product-line diversification of large manufacturing firms. It introduces and applies methodology about complementarities in production, marketing, distribution, and research and development (R&D) activities. Manufacturing firms intentionally vary production to exploit these complementarities, and Professor Scott uses evidence from U.S. manufacturing and ensuing economic performance, including product diversification's effects on both static efficiency and the optimality of R&D investment.

The study of hypotheses about purposive diversification and ensuing multimarket contact of manufacturing firms yields new perspectives on the policy debate about cooperation versus competition among firms: Will industrial performance be better if leading firms cooperate on research, production, and marketing? Professor Scott shows that the answers depend on circumstances that vary with different industrial environments. His analysis offers insights about business strategy and public policy toward business combinations in conglomerate, vertical, and horizontal mergers, and in cooperative R&D ventures. The author concludes by using the findings about purposive diversification and rivalry among U.S. companies to provide an explanation of the relative success of Japanese firms in international competition.
PURPOSIVE DIVERSIFICATION
AND ECONOMIC PERFORMANCE
Purposive diversification and economic performance

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For Jan and Troy
CONTENTS

List of tables and figures
Acknowledgments

Introduction: An overview

Part I  Static efficiency and the diversified firm
  1  The multimarket firm
  2  Theories linking multimarket contact and market power
  3  Diversifying mergers and strategic congruence
  4  Multimarket contact and resource allocation
  5  The market power of diversified oligopolists

Part II  Firm and industry effects versus traditional models
  6  Profitability effects
  7  R&D intensity effects

Part III  Dynamic efficiency and the diversified firm
  8  Theories linking diversification and R&D investment
  9  Diversification of R&D and productivity
  10  Multimarket rivalry and R&D intensity
  11  Research diversity induced by rivalry

Part IV  Industrial policy
  12  Diversification versus cooperation in R&D
  13  From cooperative research to cooperative production
  14  Damoclean taxation and innovation

List of tables and figures  page ix
Acknowledgments  xiii

Introduction: An overview  1

Part I  Static efficiency and the diversified firm
  1  The multimarket firm  11
  2  Theories linking multimarket contact and market power  19
  3  Diversifying mergers and strategic congruence  32
  4  Multimarket contact and resource allocation  42
  5  The market power of diversified oligopolists  56

Part II  Firm and industry effects versus traditional models
  6  Profitability effects  71
  7  R&D intensity effects  84

Part III  Dynamic efficiency and the diversified firm
  8  Theories linking diversification and R&D investment  93
  9  Diversification of R&D and productivity  119
  10  Multimarket rivalry and R&D intensity  133
  11  Research diversity induced by rivalry  148

Part IV  Industrial policy
  12  Diversification versus cooperation in R&D  169
  13  From cooperative research to cooperative production  187
  14  Damoclean taxation and innovation  203
Contents

Afterword: Perspectives through time and across countries 215

Notes 227
References 241
Index 253
LIST OF TABLES AND FIGURES

Tables
1.1 Frequency distribution showing the number of companies with a given number of manufacturing lines of business (LBs) ................................................................. 12
1.2 The significance of grouping of manufacturing LBs into wholesaling categories for companies with x = 6 sampled LBs ................................................................. 15
3.1 Manufacturing areas of the producers of new cars for passenger trains, before and after Pullman’s 1951 acquisition of Trailmobile ......................................................... 35
3.2 The extent of congruence: C = 3; Z = 3 ................................................................. 36
3.3 Manufacturing areas of the producers of bottled liquors, before and after National Distillers Products Corporation’s 1951 acquisition of United States Industrial Chemicals, Inc. ........................................ 37
3.4 The extent of congruence: C = 9; Z = 6 ................................................................. 37
3.5 Probability \( p(f) \) that \( f \) of the 95 pairs coincide with pairs among the 935 .................. 39
4.1 Probability \( p(f) \) of multimarket contact, \( n = 259 \) .................................................. 46
4.2 Number of random pairs for which the probability of ICMSR \( \geq \) observed ICMSR, given the null hypothesis, is \( p \) ................................................................. 47
4.3 Significance of differences between observed advertising and R&D intensities for firms having significant multimarket contacts and those intensities for “conglomerates” ......................... 48
4.4 Number of significant contact pairs for which the observed value of advertising (traceable) intensity or company-financed R&D (traceable) intensity is significantly different from its predicted value ................................................................. 49
List of tables and figures

4.5 Expected value of a company's profits in a line of business, in 1974 .......................... 51
4.6 Regression of company profits in a line of business, in 1974, on multimarket contact and other structural variables ........................................................................ 52
6.1 Traditional model with \( p \) as the dependent variable ............................................ 77
6.2 Firm and industry effects with \( p \) as the dependent variable .............................. 80
6.3 Structure-performance within two-digit industries, with and without additional interactions, with \( p \) as the dependent variable .................................................. 82
8.1 Noncooperative Nash equilibria ................................................................................. 110
8.2 Expected social profits ............................................................................................... 110
8.3 Expected time elapsed before introduction ............................................................... 111
9.1 Diversification of the sampled firms' manufacturing R&D efforts across four-digit FTC industry categories ................................................................. 120
9.2 Some of the 127 groups .............................................................................................. 123
9.3 Percentage distribution of \( t \)-statistics on 653 differences of means of R&D intensity (RS) for firms within a group and a matched set of firms ................................................................. 125
9.4 Industry categories with significant differences in means between group and nongroup firms' R&D intensity ................................................................. 127
9.5 Impact of R&D intensity (RS) on the average annual rate of growth in total factor productivity (TFP/TFP) in U.S. manufacturing ................................................................. 129
10.1 Some of the 165 groups: Examples from those combining research in chemicals with research in other areas ......................................................... 140
10.2 Significance of R&D differences between group and nongroup firms .................. 141
10.3 Industry R&D concentration and LB R&D intensity ............................................. 144
10.4 Group R&D concentration and LB R&D intensity ................................................. 145
11.1 The extent of component gestalt: \( C = 5; Z = 840 \) ............................................. 151
11.2 Proportion of the sample space for which there is no component gestalt .......... 153
11.3 Observations for 352 sample firms reporting R&D throughout the sample period ................................................................. 161
12.1 Probability of \( f \) identical sets of “close” industry categories ............................. 182
List of tables and figures

Figures

6.1 Capital intensity and the effect of seller concentration on profits

7.1 The inverted-U relation

8.1 The cumulative probability of introduction

8.2 The probability density of introduction

8.3 The expected time of introduction

8.4 \( h(x) \) for different values of \( a \)

8.5 \( h(x) \) for different values of \( b \)

8.6 \( h(x) \) for different values of \( c \)

8.7 A firm’s up-front R&D investment cost

8.8 Society’s expected profits

8.9 A monopoly’s expected profits

8.10 Expected profits for the \( i \)th firm, given \( n = 2 \)

8.11 Expected profits for the \( i \)th firm, given \( n = 3 \)

8.12 Expected profits for the \( i \)th firm, given \( n = 4 \)

8.13 Expected profits for the \( i \)th firm, given \( n = 5 \)

8.14 Expected profits for the \( i \)th firm, given \( n = 6 \)

8.15 Expected profits for the \( i \)th firm, given \( n = 7 \)

14.1 A monopoly’s expected profits, given the tax credit

14.2 Expected profits for the monopolist facing a Damoclean tax

14.3 Expected profits for the monopolist facing a preinnovation periodic tax
ACKNOWLEDGMENTS

The U.S. Federal Trade Commission (FTC) made this book possible by allowing me to work with the confidential Line of Business (LB) data. Of course, the views here are my own and not necessarily those of the staff of the FTC or any of its members. As certified in the disclosure avoidance procedures for each of the working papers from which my FTC LB results herein come, and as noted in the journal publications that ensued, the commission ensured that the results presented do not disclose data of any individual company. I am grateful to the FTC and to William F. Long (who at the time was the manager for the FTC LB Program) for giving me the opportunity of working with the LB data and to the FTC’s George Pascoe for research assistance and computer programming that made possible many of the initial research papers on which this book is based. Joseph P. Cholka also provided assistance with computer programming. F. M. Scherer, Zvi Griliches, and Leonard W. Weiss provided some of the data that I used with the LB data, and they also provided helpful comments on early drafts. Many economists commented on the initial papers, and my thanks to them of course extends beyond the specific journal articles where their help has been individually acknowledged; their patient comments on those earlier papers made this book possible. William L. Baldwin, Richard E. Caves, Paul A. Geroski, Dennis C. Mueller, and Richard T. Shin also provided many constructive criticisms of the initial manuscript of the book. The Lewis H. Haney 1903 Endowment in Economics and The Nelson A. Rockefeller Center for the Social Sciences at Dartmouth College provided financial support. I also thank Karen Endicott, who provided countless suggestions that improved my writing, and Scott V. Parris, who as editor provided encouragement as well as much guidance throughout the project.