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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