
CONGLOMERATE RESTRUCTURING IN THE 1980'S: A STUDY OF PERFORMANCE/STRATEGY LINKAGES

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Introduction

The 1980s appear to have been a period of decline and retrenchment for United States based conglomerates (Williams, Paez, and Sanders 1988). Several macro-level factors may have contributed to these trends. Scherer and Ross (1990) suggest that changes in anti-trust regulation and enforcement during the 1980s allowed companies to pursue strategies of increased related diversification. Corporations once limited to growth through unrelated diversification were able to alter strategies and benefit from the potential synergies of operating more related business portfolios. Conglomerates may have found it easier to focus on increasing the size of core businesses. Competition faced by secondary business units might have increased (as industry leaders gained levels of market share once precluded by law), thus making these secondary businesses less desirable. Or conglomerates may have found a better marketplace for the sale of secondary business units, as industry leaders looked for acquisitions in core areas.

Another possible explanation for these conglomerate trends comes from agency theory. This argument suggests that conglomerates originally formed, in part, due to the corporate manager's desire for growth and stability over profitability. However, recent innovations such as hostile takeovers and a more efficient market for corporate control have led to de-conglomeration (Hoskisson and Turk 1990). Along these lines, Davidson (1985) suggests that depressed stock prices, particularly during the early 1980s, have made many conglomerates more valuable dead and broken into pieces than alive.

These de-conglomeration trends are also consistent with a large body of diversification research which has hypothesized an inverse relationship between diversification and subsequent corporate performance (Rumelt 1974; Simon 1957).

However, the presence of many highly successful foreign-based conglomerates, such as Hanson from Great Britain and Mitsubishi from Japan, presents an interesting paradox. In fact, the conglomerate form may contain more benefits than commonly recognized. A greater understanding of these foreign-based conglomerates (as well as the few remaining U.S. based conglomerates) may be particularly helpful, given the increasingly global nature of competition in many industries. Unfortunately, the possible confounding effects of differences in national culture, economic differences between countries, and differences in political environments makes such a comparative study somewhat problematic. Instead this paper will examine the strategies of sixty-five United States based conglomerates during the 1980s. Are

certain conglomerate strategies associated with high levels of corporate performance? Are other strategies associated with lower levels of corporate performance?

This study is particularly important given the strong prescriptions to avoid the conglomerate form which have emerged from diversification research. Along these lines, diversification research generally assumes that strategy drives performance. That is, related diversification leads to higher performance than unrelated diversification. The diversification research paradigm seems to acknowledge a feedback loop from performance back to subsequent strategy, but this feedback loop has clearly been of secondary importance. Given the cross-sectional nature of many past research designs, the strength of this feedback loop has rarely been examined empirically.

The purpose of this paper is to examine performance/strategy and strategy/performance relationships in conglomerates. To what degree does poor corporate performance lead to strategic restructuring? Is this feedback loop strong enough to discourage conglomerates with adequate performance from restructuring? Or have the hostile macro-level changes facing conglomerates been so strong that the general trend to de-conglomerate is an overwhelming influence?

This paper will examine one type of restructuring, the divestiture of one or more major business segments. A business segment is a group of corporate businesses (business units) as defined by management for presentation in segment reporting within annual financial statements. Despite the fact that these business segment definitions are based upon management perceptions of business activity (which may not be consistent across corporations), these measures have been commonly used in diversification research (Grant, Jammine and Thomas 1988; Lee and Cooperman 1989). Business segments are, by definition, very broad. Therefore, the divestment of even a single business segment could suggest a major change in corporate strategic direction.

This paper will use the term conglomerate "focusing" to describe this type of restructuring. Other types of restructuring, not examined in this paper, include: 1) internal reorganizations, including the reshuffling of business units into other business segments, 2) repositioning of the corporate portfolio by divesting entire business segments, including acquiring completely new business segments, and 3) partial retrenchments within a business segment (by selling a few individual business units, but maintaining the core of the business segment).

The period of conglomerate restructuring in the 1980s provides an ideal opportunity for examining these performance/strategy linkages because: 1) despite the pressures facing conglomerates in general, a fairly large number of conglomerates did not engage in focusing during this period, 2) performance varied significantly between conglomerates (Dundas and Richardson 1982), and 3) many of the conglomerates had focused so dramatically that the conglomerate form had been abandoned (Lee and Cooperman 1989).

Literature Review

Diversification research draws upon the careful historical study of the rise of the diversified firm over the last sixty years (Chandler 1962; Rumelt 1974; Wrigley 1970). Rumelt (1974), in his seminal work, identified a link between corporate diversification

(strategy) and performance. He found that corporations which had diversified in a related (linked) manner outperformed corporations in other diversification categories.

Theoretically, the benefits of related diversification have been explained as emerging from the presence of synergies (Ansoff 1957; Chatterjee 1986), distinctive competencies (Hitt and Ireland 1985; Hitt, Ireland, and Palia 1982) or the increased development of core skills (Rumelt 1974; Wernerfelt 1984). Common to all these explanations is the basic assumption that diversification (strategy) drives performance.

Since Rumelt's initial work, the prescription that related diversification is superior to unrelated diversification appears to have become very widely accepted (Leontiades 1986; Salter and Weinhold 1979). However, the research results from this stream have not been unequivocal (Grant, Jammine and Thomas, 1988; Michel and Shaked 1984). Still others have challenged the basic diversity/performance relationship as being spurious (Bettis 1981; Christensen and Montgomery 1981). For a review of this literature see Ramanujam and Varadarajan (1989).

More recent diversification research has continued to assume the basic strategy to performance linkage suggested by earlier research. This recent research has tended to either look for diversification to performance linkages in more specific business contexts or has focused on exploring possible methodological and measurement improvements.

For example, Nayyar (1993) examined the role of related diversification as it relates specifically to service firms. He suggests that implementation difficulties related to achieving economies of scope may have resulted in less favorable stock market performance for many companies. He also suggests the benefit of a finer-grained measure of related diversification, in order to identify the differing benefits of information asymmetry versus economies of scale.

Lubatkin and Chatterjee (1991) examined how the strategy/shareholder value phenomenon varied across stages of the business cycle. They found that related diversifiers (diversification based upon common core technologies) had lower levels of systematic risk (on average) across the business cycle. The ability of these related diversifiers to earn higher risk-adjusted rates of return was particularly noticeable during periods of market decline.

Several recent studies have further explored the concept of risk (Bettis and Hall 1982) within the context of the strategy/performance relationship. Hill and Hansen (1991) found evidence that companies in the U.S. pharmaceutical industry diversified to reduce the risks associated with a technologically dynamic environment. Similarly Kim, Hwang & Burgers (1993) found evidence that global market diversification was a useful way of managing corporate risk and return. Although they found evidence that these benefits accrue from either related or unrelated global diversification, they suggest that related diversification offers a more efficient risk-return tradeoff.

Research has also expanded more directly into the study of implementation issues. For example, Gomez-Mejia (1992) found that a "fit" between compensation strategies and corporate diversification posture contributes to higher corporate performance levels. Hoskisson and Johnson (1992) found a positive relationship between increased related diversification and R&D intensity.

Along these lines, recent studies have continued to suggest the limited benefits of unrelated diversification. Markides (1992) concluded that firm diversification levels during

the 1980s were higher than optimal. Hoskisson, Hitt and Hill (1991) claim that excessive diversification has resulted in control loss and corporate misallocation of resources via managerial risk aversion.

Another characteristic of this research stream has also been the increased attention to methodological issues. Lubatkin, Merchant and Srinivasan (1993) found evidence of acceptable construct validity for several diversification measures commonly used in research. On the other hand, Nayyar (1992) based upon questionnaire data received from 80 large service firms found that internal conceptualizations of relatedness varied significantly from external measures.

As can be seen, as diversification research has advanced, the primary assumption that strategy drives performance has remained intact. One study, Grant, et.al. (1988) noted that performance seemed to drive strategy, although a line of reasoning for these results was not developed. The focus of diversification research has also been influenced by massive corporate restructuring that has taken place during the 1980s (Bowman and Singh 1993). In fact, the virtual disappearance of the conglomerate form by the early 1990s (in the U.S.) precludes continued study of conglomerate strategies.

The development of the concept of a feedback loop between performance and strategy (where performance drives strategy) has come not from diversification research, but from the emerging research stream on organizational learning (Senge 1990). This research stream has emerged from the works of Cyert and March (1963) as well as Simon (1957). Recent work has been more conceptual than empirical (Woodman, Sawyer, and Griffin 1993). For example, Mezias and Glynn (1993) have conducted computer simulation experiments to evaluate various renewal strategies within the context of a corporate learning model.

Some empirical investigation has been conducted in this area. Grinyer and McKiernan (1990) proposed an extension of Cyert and March's (1963) behavioral theory of the firm which could be used to explain the possible presence of a performance to strategy feedback loop. They suggest that corporations with satisfactory performance will not alter strategy. Drawing upon the concept of "satisficing" (Simon 1957), only corporations with less than satisfactory performance will alter strategy in an attempt to improve performance. Furthermore, strategic change will only be attempted after less severe "operational" corrections have been attempted. Grinyer and McKiernan model three separate phases in the corporate attempt to close performance gaps moving from operating level cost-controls to alteration of market or product strategies to divestiture of businesses or business segments. They found empirical support for their model in a study of 25 United Kingdom based corporations which had changed from positions of stagnation to positions of sustained performance.

Lant, Milliken and Batra (1992) found that poor past performance was associated with corporate reorientation, particularly in stable environments (where poor performance is more likely to be attributed to the firm rather than to the environment).

Although these two research streams (diversification research and organizational learning) have yet to merge, this study moves in this direction by examining the prior performance to strategy linkages as they relate to conglomerate activity.

Hypotheses

Poor performance would be expected to be an antecedent to conglomerate restructuring. Formally stated:

Hypothesis 1 - Prior corporate performance will be inversely related to the number of conglomerate divestments of major business segments.

This is a test of the Grinyer/McKiernan model. They suggest that the performance-to-strategy linkages may be particularly strong during periods of general economic retrenchment. On the other hand, conglomerates facing particularly turbulent business environments (during the 1980s) may be inclined to abandon the conglomerate form, regardless of prior performance. Thus, by considering non-turnaround situations, this study may provide additional evidence to support the Grinyer/McKiernan model.

Following the prescriptions of diversification research, focusing upon core businesses would be expected to lead to improved corporate performance. Formally stated:

Hypothesis 2 - Conglomerate divestment of major business segments will result in higher levels of corporate performance.

By examining corporate performance two years after the completion of major restructuring efforts, this study avoids some of the limitations of cross-sectional designs.

Data and Methodology

Sample

A comprehensive sample of conglomerates was obtained by compiling a list from Forbes Annual Industry surveys 1980-1988 (See Williams, et.al. (1993) for a discussion of various conglomerate data sources). Statistical power was a concern and additional conglomerates were identified from the Varadarajan and Ramanujam (1987) list of the 10 largest companies in each of 25 United State Industries. To insure that only conglomerates were added, the list was screened to include only companies which had at least four different business segments, where the largest segment accounted for less than 70% of corporate revenues. This set of screening criteria is consistent with past conglomerate research (Rumelt 1974).

Only companies which were in existence for the entire 1980-1988 period were included. This resulted in a sample of 86 conglomerates.

Preliminary analysis of the restructuring activity suggested a taxonomy of four types of strategic behavior. Twenty-eight (28) conglomerate "holders" maintained all existing business segments throughout the 1980-1988 period. Furthermore, these "holders" did not acquire any new business segments. Thirty-seven (37) "focusers" divested major business segments without acquiring any new business segments. Eighteen (18) "repositioners"

divested major business segments and also acquired new business segments. Finally, three (3) conglomerate “expanders” continued to acquire new business segments without making any major divestitures.

Although the “repositioners” as a group were empirically quite similar to the “focusers,” conceptually, “repositioners” seemed to be engaged in a trading strategy rather than a focusing strategy. Because of this, repositioners were excluded from this study. This resulted in a final conglomerate sample of 65 conglomerates, including 28 holders and 37 focusers. A list and classification of the corporations used in this study is shown in Appendix A.

Model Specification and Variable Definitions

This study will test the following model:

$$S = f(PP, AT, DV, DT)$$

where S is strategic behavior over time, i.e., the number of business segments divested,
 PP is prior corporate performance,
 AT is an industry profitability composite measure used to control for industry performance effects (a control variable),
 DV is the initial level of diversity (a control variable), and
 DT is the initial debt-equity level (a control variable).

The number of major business segment divestitures occurring during the 1980-1988 period was used as a measure of strategic behavior (the dependent variable). Supplemental analysis, using the percentage of 1980 corporate revenue divested, produced similar results.

Average 1976-1980 return on capital (ROC) was used as a measure of prior performance. Similar results were obtained when using return on equity (ROE) and return on sales (ROS) measures.

Industry performance (return on assets at the 3-digit SIC level) was used to assess industry effects. The importance of controlling for industry effects in diversification research has been established (Christensen and Montgomery 1981; Rumelt 1982). A composite industry performance measure was created for each conglomerate following Rumelt (1982). This measure is an unweighted average of industry performance (for all corporate 3-digit SIC operations) and was calculated using data from IRS Source Books. Corporate SIC codes were obtained from the Directory of Corporate Affiliations. Comparison of 1980 and 1985 IRS data showed that relative industry performance was fairly stable over time. IRS data from 1980 were used to test the model.

A Jacquemin-Berry (June 1979) entropy measure was used to assess 1980 diversification levels (following Palepu (1985)). A second measure of diversification based upon SIC codes, (using Varadarajan and Ramanujam’s (1987) measures of broad spectrum and mean narrow spectrum diversity) revealed diversification levels consistent with the entropy measure.

1980 debt-equity levels were used to control for differences in initial financial leverage. Early conglomerate research indicated that conglomerates may benefit from lower costs of capital via risk pooling, i.e., the greater use of financial leverage (Lewellen 1971). More recently, Lee and Cooperman (1989), in studying 43 conglomerates for the time period 1980-1985, found that conglomerates were de-leveraging to a significant degree. They

suggest that changes in real (inflation-adjusted) interest rates may have limited the continued viability of financial leverage strategies.

Data were obtained from Compustat, Forbes Annual Industry Surveys, corporate 10ks, the Directory of Corporate Affiliations, and IRS source books.

Results

Performance to Strategy Linkages

Multiple regression was used to test Hypothesis 1, which proposed a strong performance/strategy feedback effect. Pearson correlations between all variables are shown in Table 1. Multicollinearity between debt-equity and prior performance (five year return on capital) appears to be an issue. The correlation coefficient was $-.6533$ ($p=.001$). As suggested by Miller and Wichern (1977), the inclusion of independent variables that are highly correlated with each other (generally correlation coefficients greater than $.50$) can lead to misleading results and inflated beta estimates. High correlations also existed between debt-equity levels and other performance measures (both return on sales and return on equity).

Table 1 - Means, Standard Deviations and Intercorrelation Matrix for all Variables (n=61)

	mean	s.d.	(1)	(2)	(3)	(4)
Divested Segments	1.46	1.57				
Prior Performance	11.81	4.96	-.51**			
Diversification Level	1.42	.36	.48	-.10		
Industry ROA	6.24	1.32	-.28	.31	-.15	
Debt-Equity Level	.45	.30	.69**	-.65**	.12	-.28

** $p=.001$

In order to avoid these multicollinearity problems, two separate regression models were tested. The first regression model, shown in Table 2, excludes the debt-equity control variable. In the second model (also shown in Table 2), the measure of prior performance is excluded and the debt-equity variable is included.

As the first model shows, both poor prior performance and high initial diversification levels were significant predictors of divestment activity. Even though all conglomerates are (by definition) very diverse, some conglomerates had initial diversity levels which were significantly greater than others. These results are consistent with both diversification research prescriptions and the expectation of a strong performance/strategy feedback loop.

Table 2 - Multiple Regression Results

(Dependent Variable = Number of Business Segments Divested)

	Model (1)		Model (2)	
	Betas	p	Betas	p
Prior Performance (1976-1980 ROC)	-.403	.001		
1980 Debt-Equity Level			.402	.001
Diversification Level	.341	.004	.307	.009
Industry ROA	-.213	.069	-.223	.055
F Statistic	11.518		11.359	
R-squared	.266		.263	

The industry performance (control) variable is significant at $p=.07$. Low industry performance is associated with divestiture activity. To the degree that industry performance may be a proxy for future business attractiveness, managers may be more inclined to divest businesses in low performance industries.

The overall results are fairly strong with an adjusted r-square value of .266. This test suggests support for Hypothesis 1.

Model 2 results show that high debt-equity levels are also strongly related to divestment activity. Initial diversification level and industry performance effects are similar to those shown in model 1. The results of the second model are also quite strong, with an adjusted r-square of .263.

Given the design of this study and the nature of the data, it was difficult to unravel the causal patterns between highly leveraged financial positions and poor performance. Lee and Cooperman (1989) suggest that the high cost of capital during the 1980s may have caused highly leveraged conglomerates to de-leverage. Thus, high leverage may have induced poor performance by burdening some conglomerates with extremely high interest expenses. On the other hand, debt may have been used to fund growth despite poor earnings. In any event, it is less important to untangle the financial leverage/poor performance linkages than it is to examine the possibility that strategic redirection during the 1980s was based primarily upon financial considerations. Under financially motivated redirection, receipts from divestitures would be used to reduce corporate debt. Strategic redirection to achieve more manageable levels of diversity would be a secondary issue.

Additional analysis, however, tended to refute a financial explanation. The average annual debt-equity levels of focusers (as a group) did not decrease from 1980 through 1988. In fact, debt-equity positions of the focusers tended to increase slightly over this time period. During this same time period, holders (as a group) maintained very stable, though much lower, debt-equity levels. Although further examination of this phenomenon is needed, it appears as if focusers were investing more heavily in core businesses. There is no evidence that focusers, as a group, were divesting to reduce financial leverage.

Conglomerate Groups

Logistic regression (not shown in the tables) was used to assess the degree to which the performance/strategy results applied to focusers as a group. The strategic categorical variable holder/focuser was used as the dependent variable in place of the number of segments divested. Results were similar to those reported in Table 1. This further supports the validity of discussing strategic group characteristics (holders versus focusers), despite the fact that the number of divested segments varied among focusers. Descriptive statistics of the focuser group are shown as Appendix B.

Stock Market Performance

Stock market performance measures were also modeled. Because holders, by definition, did not have a strategic "event," standard CAPM event methodology could not be used. Following the methodology outlined by Lubatkin and Rogers (1989), alpha and beta estimates were developed for each conglomerate, using month end stock market prices for five years (various five year time periods from 1980 to 1987 were examined). Mean differences in alpha estimates (Jensen's Alpha is a measure of cumulative abnormal returns over the time period) between focusers and holders were calculated. No statistically significant performance differences were found between holders and focusers for any of the time periods examined. Although limitations of the methodology used may have affected these findings, it does not appear that the stock market rewarded the holders, despite nearly a decade of relatively superior (accounting-based) performance. Although some may not find this lack of stock market differentiation (between holders and focusers) surprising, it is interesting in light of the strategic directions taken by these conglomerates. (See Rappaport (1986) for a discussion of the limitations of accounting-based measures). Strategic action appeared to be triggered by poor accounting performance rather than by poor stock market performance. Despite the potential of being undervalued by the market, the top management teams of conglomerate holders maintained portfolios of diverse businesses.

Performance Implications of Restructuring

Hypothesis 2 suggested that conglomerate focusing would result in improved corporate performance. This hypothesis was tested using paired t-tests for a subsample of 19 conglomerates which had completed major divestment programs by 1986. Subsequent performance was measured by using corporate performance two years after the completion of conglomerate focusing programs. This was judged to be a sufficient period of elapsed time, since the post-divestiture adjustment period should be fairly short (unlike the adjustment period

needed for some acquisitions). Since performance data was available through 1988, only corporations which had completed restructuring by 1986 were included in the sub-sample. Table 3 shows the results for both corporate return on equity and profit margins for these focusers.

Table 3 - Focuser Performance Differences Over Time

	Paired t-tests			
	Return on Capital		Return on Sales	
	mean	s.d.	mean	s.d.
End of Restructuring	7.64	6.83	2.43	1.93
Subsequent (2 years)	14.31	6.25	4.27	2.20
p=	.007		.030	

As shown in Table 3, significant improvements in corporate performance were evident two years after the completion of major business segment divestment programs. This was true, both in terms of return on capital and return on sales.

To rule out the possibility that the significant improvements of focusers were a function of general business conditions rather than an effect of restructuring activity, changes in holder performance over the same time period were examined. Assessing two year performance patterns in a similar manner, holders (from analysis not shown in the table) showed no significant improvements in either return on equity or profit margin. Average holder performance remained relatively flat over the entire period of study (a return on capital mean over time of 14.57 and a return on sales mean over time of 4.48). This analysis suggests support for Hypothesis 2.

Discussion

This study has many of the limitations common to diversification research (Venkatraman and Grant 1986). Internal validity, in particular, is a concern. Although the trends reported here are consistent with theory, this study lacks an in-depth examination of specific strategic actions. For example, what internal or external events triggered divestitures of specific segments?

Despite these weaknesses, this study has found evidence of a strong performance to strategy feedback linkage. These findings suggest that the Grinyer/McKiernan model can be generalized beyond turnaround situations. Further research is needed to explore the relationship between diversification strategy and organizational learning.

This study also found that some conglomerates benefited from becoming more focused. Corporate performance (on average), both in terms of return on equity and profit margin,

nearly doubled within two years after the completion of conglomerate focusing actions. (Because of the differences in duration and timing of restructuring activity, these performance differences do not emerge when examining the cross-sectional performance levels of focusers). However, performance improved primarily as a result of divesting low-performing units, which says very little about the benefits of related diversification. That is, divesting low-performing units (either units related or unrelated to core segments) will improve performance.

The long-term performance trends of focusers and holders seem to be consistent with the "satisficing" predictions of the Grinyer/McKiernan strategic behavior model. Conglomerate focusers, on average, significantly improved performance, but only to levels approaching those maintained by the conglomerate holders. Although additional research is needed in this area, it appears as if the top management teams of conglomerate focusers were unwilling to shrink corporate size to the degree needed to achieve "maximum" profitability. Such findings would be consistent with agency theory arguments which suggest that managers maximize corporate size rather than profitability.

This study also suggests the benefit of assessing strategic actions over time to develop a taxonomy of conglomerate groups. Although conglomerate focusers divested anywhere from one to seven major business segments, the decision to focus, in itself, appears to be important. Differences between holders and focusers appeared to be substantial. The emergence of these two groups leads to several interesting future research questions. What historical patterns led to the emergence of the highly leveraged, low-performing conglomerate focusers? Did focusers (relative to holders) rely particularly heavily upon financial leverage strategies during the 1960s and 1970s? Were the management teams of conglomerate focusers more prone to agency problems? Did focusers expand rapidly via the use of debt, despite patterns of poor performance?

Finally, given the apparent divergence between accounting and stock-market performance measures, this conglomerate sample may be quite useful for examining performance issues, including the degree to which top corporate managers consider the price of corporation stock and potential stock market reactions before making strategic decisions. Corporate managers may find these diverging performance results interesting, particularly in light of the widespread criticism that U.S. corporations are overly focused on short-term (share-price driven) results. The conglomerate holders, in particular, appeared to be much more driven by long-term internal performance measures rather than external stock prices. On the other hand, stock market influences cannot be ignored forever. Many holders subsequently focused (in the 1990s) and were often rewarded with higher stock prices (despite a lack of improvement in internal performance measures).

This study also holds additional implications for top management and corporate boards of directors. This study has shown that there have been some conglomerates which have maintained high levels of corporate performance over long periods of time. Understanding these patterns may be relevant not only to managers of the few remaining U.S. conglomerates, but to any manager facing global competition from foreign-based conglomerates. Additionally, managers should (as they often do) take academic prescriptions with a grain of salt. Rumelt (1974), in discussing the adoption of the M-form structure, found evidence that top

managers can become susceptible to the latest management fad. Given both the significant restructuring trends of the 1980s and the propensity for management scholars to provide strong warnings about unrelated diversification (Leontiades 1986; Porter 1990), managers may underestimate the ability of some corporations to achieve benefits from the unrelated diversification. This is not to suggest that the conglomerate form should re-emerge in the U.S. or that there are not real benefits to related diversification. However, prescriptions against unrelated diversification may be somewhat overstated. A balanced strategic view is particularly important during the 1990s as many companies shift from retrenchment strategies back to growth strategies.

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Appendix A: Conglomerate Sample by Classification Type

FOCUSERS	HOLDERS
1. Alco Standard	1. Allied Products
2. Allegheny International	2. AMAX
3. Allis-Chalmers	3. American Brands
4. American Express	4. American Home Products
5. ARMCO	5. Consolidated Food
6. Borg-Warner	6. Corning Glass Works
7. Brunswick	7. Dover
8. Curtiss-Wright	8. Emerson Electric
9. Easton	9. Figgie International
10. Fuqua Industries	10. GAF
11. GATX	11. General Electric
12. General Tire & Rubber	12. General Signal
13. Gulf & Western	13. Halliburton
14. Household International	14. Harsco
15. IC Industries	15. Interco
16. ITT	16. Minnesota Mining & Mfg.
17. Litton Industries	17. National Services Ind.
18. LTV	18. Northrop
19. Manville	19. Pfizer
20. National Distil. & Chem.	20. PPG
21. NL Industries	21. Raytheon
22. Norton	22. Rockwell International
23. NVF	23. Sears Robuck
24. Occidental Petroleum	24. Southdown
25. Ogden	25. Teledyne
26. Olin	26. United Technologies
27. Rollins	27. Walter (Jim)
28. Standex	28. Westinghouse
29. Tenneco	
30. Time	
31. TransAmerica	
32. TRW	
33. Union Carbide	
34. Vulcan Materials	
35. Warner Communications	
36. Whittaker	
37. Zapata	

Appendix B: Descriptive Statistics of Focuser Group

Number of Segments Divested	Corporate Frequency	Percentage of 1980 Corporate Revenue Divested (Group Mean)
1	8	25%
2	13	34%
3	6	52%
4	6	52%
5	2	75%
> 5	2	43%
Total	37	39%

Year in Which Major Divestment Activity Was Completed

Year	Corporate Count
1981	1
1982	1
1983	1
1984	6
1985	5
1986	5
1987	6
1988 - present	12
Total	37