

Copyright is owned by the Author of the thesis. Permission is given for a copy to be downloaded by an individual for the purpose of research and private study only. The thesis may not be reproduced elsewhere without the permission of the Author.

DIVERSIFICATION AND EXPANSION IN
LARGE DIVERSIFIED NEW ZEALAND COMPANIES

A Thesis Presented in Partial Fulfilment
of the Requirements for the Degree of
Master of Arts in Geography
at
Massey University

Kerry John Forrest

1976

ABSTRACT

Diversification and spatial expansion are investigated in relation to eight Type III companies in New Zealand. The case companies are delimited on the basis of a three stage classification of corporate growth and organisation. The conceptual background to the thesis also includes an examination of more general aspects of corporate decision making, strategy, and the expansion and impact of firms in space.

Two areas of research are examined - (a) the incidence and nature of diversification in the eight companies, and (b) spatial aspects associated with diversification and expansion.

A case study approach is used to outline the diversification and spatial expansion of the companies over time. A three-fold classification of diversification is proposed: diversification within and between activity groups and diversification function. Diversification is then viewed in relation to the respective growth developments of the case companies. On the basis of these accounts, a number of conclusions are drawn on the temporal development of diversification in the spatial expansion of the eight companies.

Diversification was found to be an important component in the corporate growth and geographic expansion of the case companies. Furthermore, a review of the geographic distribution of their activities suggests the companies have an important contribution to national and regional development in New Zealand.

ACKNOWLEDGEMENTS

In the course of writing a thesis, the help and assistance of a number of people is essential in the completion of the work. My appreciation extends to my supervisor, Dr. Richard Le Heron, for his encouragement and guidance during the year. His advice and constructive criticisms have been most beneficial. Thanks also to Professor Thomson for his interest and support in the research.

Without the co-operation of the personnel of the eight companies, the thesis would not have been possible. I would like to thank the many people that gave assistance and valuable time, often at some inconvenience, to assist me in the research. Their approachability and willingness to give assistance was most appreciated.

I would like to thank Mrs. P. Booker for her efficiency and patience in typing both the draft and final copies.

Finally, I must thank my parents and family for their concern and support during the last five years, for which I am most grateful.

CONTENTS

	<u>Page</u>
Abstract	ii
Acknowledgements	iii
Contents	iv
List of Tables	vi
List of Figures	viii
Chapter 1 : CORPORATE DECISION-MAKING, STRATEGY AND THE SPATIAL EVOLUTION OF FIRMS	1
The Firm and Decision-Making in Space	3
Strategy and Space	8
Growth of Firms in Space: Expansion in Space	10
Diversification and Space	14
Research and Design	16
Chapter 2 : THE GROWTH AND NATURE OF DIVERISIF- CATION	21
Diversification	21
The Emergence of Diversification as a Growth Strategy	26
Interpretation of Diversification	41
Chapter 3 : DIVERSIFICATION AND THE GROWTH OF FIRMS IN SPACE	47
Corporate Strategy, Corporate Evolu- tion and the Growth of Firms in Space	56
The Orderly Expansion of a Firm's Operational Space	73

Page

The Regional Growth Contribution of the Eight Case Companies	77
Chapter 4 : CONCLUSION	94
Bibliography	101

LIST OF TABLES

	<u>Page</u>
Table 1 : Three Stages of Organisational Development.	18
Table 2 : The Activities of the Eight Researched Companies.	22
Table 3 : Major Developments in the Diversification and Growth of Alex Harvey Industries.	27
Table 4 : Major Developments in the Diversification and Growth of the Challenge Corporation.	28
Table 5 : Major Developments in the Diversification and Growth of Feltex N.Z..	29
Table 6 : Major Developments in the Diversification and Growth of Fletcher Holdings.	30
Table 7 : Major Developments in the Diversification and Growth of I.C.I. N.Z..	31
Table 8 : Major Developments in the Diversification and Growth of U.E.B. Industries.	32
Table 9 : Major Developments in the Diversification and Growth of Wattie Industries.	33
Table 10 : Major Developments in the Diversification and Growth of Winstone Ltd.	34
Table 11 : The Diversification and Spatial Expansion of Alex Harvey Industries.	48
Table 12 : The Diversification and Spatial Expansion of the Challenge Corporation.	49

Page

Table 13 :	The Diversification and Spatial Expansion of Feltex N.Z.	50
Table 14 :	The Diversification and Spatial Expansion of Fletcher Holdings.	51
Table 15 :	The Diversification and Spatial Expansion of I.C.I. N.Z.	52
Table 16 :	The Diversification and Spatial Expansion of U.E.B. Industries.	53
Table 17 :	The Diversification and Spatial Expansion of Wattie Industries.	54
Table 18 :	The Diversification and Spatial Expansion of Winstone Ltd.	55
Table 19 :	The Expansion of Operational Space of the Case Companies.	74

LIST OF FIGURES

	<u>Page</u>
Figure 1 : The Expansion of Firms in Space.	12
Figure 2 : Diversification and its Spatial Impact in the Case Companies.	70
Figure 3 : Diversification and its Spatial Impact in the Case Companies.	71
Figure 4 : The Spatial Distribution and Impact of Alex Harvey Industries.	78
Figure 5 : The Spatial Distribution and Impact of the Challenge Corporation.	79
Figure 6 : The Spatial Distribution and Impact of Feltex N.Z.	81
Figure 7 : The Spatial Distribution and Impact of Fletcher Holdings.	83
Figure 8 : The Spatial Distribution and Impact of I.C.I. N.Z.	84
Figure 9 : The Spatial Distribution and Impact of U.E.B. Industries.	85
Figure 10 : The Spatial Distribution and Impact of Wattie Industries.	86
Figure 11 : The Spatial Distribution and Impact of Winstone Ltd.	88