企業変容、多角化、経営者の認識 -ゼネラル・エレクトリックとウェスティングハウス・エレクトリックの比較研究-

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Corporate Transformation, Diversification, and Managerial Perception: A Comparative Study of General Electric Company and Westinghouse Electric Corporation

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Abstract

1. The Purpose of Research

Contemporary debates on large industrial enterprises, the Chandlerian enterprises, have emphasized an inability to rapidly adapt to changes in economic environment as a disadvantage. However, the decline amongst U.S. enterprises in the late twentieth century has not been consistent, some firms continued to grow and hold dominant positions in their markets while others failed to survive. Although these disparities in performance amongst Chandlerian enterprises have garnered attention and have been quantitatively studied, these have not been deeply investigated at a case study level. Consequently, the reasons for divergence among enterprises have not been fully demonstrated.

The purpose of this thesis is to deepen this debate on corporate divergence, by taking up General Electric Company (GE) and Westinghouse Electric Corporation (WH) as case subjects. The thesis contributes to the construction of an alternate explanation for corporate divergence, through empirical evidence and by demonstrating the link to Chandler's understanding of unrelated diversification and conglomerates.

2. Summary of each chapter

In Chapter 1 I discuss the approach taken to examine the question of why some larger U.S. industrial enterprises continued to grow when faced by negative environmental changes in the second half of twentieth century while others declined. Through considering Alfred Chandler's works and discussing post Chandler's model, the necessity to look closely at managerial capabilities and top management decisions arises. To explore the empirical approach for managerial capabilities and decisions, various approaches and concepts in business history and other disciplines are compared. Consequently, the approach proposed is to analyze top management decisions in terms of their perceptions and conceptions, and diversification as an actual action. In conducting the research, GE and WH are selected as research subjects because of contrasting corporate transformations by the end of twentieth century. Finally the research materials to investigate GE and WH in terms of managerial perception, diversification, and corporate transformation in the second half of twentieth century are described.

In Chapter 2 I demonstrate the interrelation of diversification strategy and business competitiveness, from 1946 to 1970. Although both electrical manufacturing firms had similar perceptions-conceptions-actions in the 1950s, the top managements of GE and WH gradually took different courses in the 1960s. They were obliged to diversify into military products, partially in response to a public responsibility in the 1950s, and commenced diversification to unrelated businesses under the concept of "system provider" in the 1960s. This rapid expansion of business, however, influenced the competitiveness of their core business line (i.e. conventional steam turbine). While GE had ample business resources to invest in both its core business and expansion, WH was unable to sustain sufficient in-vestment in its core business. Consequently, GE could maintain its competitiveness while WH was losing market share, diverging their relative business competitiveness by 1970.

In Chapter 3 I examine the different responses to economic conditions that prevailed during the 1970s, when the American economy was in stagnation, with particular focus placed on the first oil crisis. GE and WH top managements eventually took different perceptions-conceptions-actions in the 1970s, particularly after the

first oil crisis in 1973. GE's top management situated the first oil crisis within the context of galloping inflation as the broader dimension of the economic system, and began seeking cures to inflation though the acquisition of unrelated businesses and with studies to countermeasure inflation. On the other hand, WH attempted to cope with the energy crisis and rampant inflation through focusing on nuclear power and by transforming back into an electrical equipment firm. However, WH also encountered a number of problems in its conventional and turbine nuclear power business in the 1970s. As a consequence, WH was clearly faced with a much harder financial position in the late 1970s than GE, with their financial standings notably divergent by 1980.

In Chapter 4 I verify the differences in restructuring and their corporate transformations in the 1990s. Upon entering the 1980s, GE and WH had similar perceptions and conceptions but took different actions because they had become greatly different firms. GE and WH commenced the process of restructuring their business portfolios in response to fierce competition from foreign firms. Even though both undertook a somewhat similar restructuring, there were differences due to their divergent operations. When both had to absorb huge losses in there financing businesses, WH could not cover the losses while GE was able to weather the effects due to an abundance of internal funds achieved through higher corporate growth. This reveals that the historically accumulated gap of operating businesses and financial standings led to rather different corporate transformations by the end of the century. Driven by a historical divergence in business competitiveness and financial standings, a divergence in corporate transformation resulted by the end of twentieth century.

In Chapter 5 I integrate findings from previous chapters into the context of the different corporate transformations, and provide the theoretical implications arising from management research. This reveals that it is less important whether a firm selects related or unrelated diversification for corporate growth, but it is vital that top management is capable of integrating a number of businesses into a unified enterprise. From the case of GE and WH, GE's top management developed a new governance system rather than build a more hierarchical organization that would integrate unrelated businesses. It raises the possibility that successful unrelated business firms develop specialized structures to integrate the businesses, instead of relying on a traditional organizational structure (e.g. U-form or M-form) and its limits in structural differentiation. In short, it is proposed that the "visible hand" has been evolving, even among Chandlerian firms.

In Addendum A I explain the Model of Investment Trajectory Analysis (ITA) that is used in Chapter 4. Corporate investment is a key indicator that provides evidence of top management directions and influence, and is often a result of managerial perceptions and conceptions. While describing the original model on which ITA is based, the research looks at how the influence of business history discussions led to modifications, through a comparative case study that analyzes American and Japanese electronics enterprises.