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**REDIRECTING RESEARCH EFFORTS ON THE
DIVERSIFICATION-PERFORMANCE LINKAGE: THE SEARCH FOR
SYNERGY**

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Abstract

Our primary thesis in this review is that research on how diversification affects firm performance - after a glorious birthing and infancy - is now stuck in an extended childhood rather than old age. We suggest that while past research may not have provided a definitive final answer to the question of how diversification affects firm performance (and it probably cannot, as we explain in the article), it has provided significant insight by laying out the pieces of the puzzle. Our primary goal in this paper is to review the discoveries till now to illuminate the dimensions of the problem identified by this past work and use the progress so far to suggest a fundamental repositioning of the research approach to attack this question.

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Our primary thesis in this review is that research on how diversification affects firm performance - after a glorious birthing and infancy - is now stuck in an extended childhood rather than old age. We suggest that while past research may not have provided a definitive final answer to the question of how diversification affects firm performance (and it probably cannot, as we explain in the article), it has provided significant insight by laying out the pieces of the puzzle. Our primary goal in this paper is to review the discoveries till now to illuminate the dimensions of the problem identified by this past work and use the progress so far to suggest a fundamental repositioning of the research approach to attack this question.