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Presents: The Effects of Product Diversification and Globalization on the Performance of Large International Firms.

Product diversification is one of the most important decisions in marketing management. Despite the continuing efforts in multidisciplinary research to understand the impact of product diversification on firm performance and the growing attention to the advance of globalization, how the degree of globalization may exert on the success or failure of product diversification strategy is a question largely overlooked in the literature. My study fills the research gap by presenting an empirical investigation of how product diversification affects firm financial performance through the mediation of firm reputation and the moderation of social and economic globalization. I collect secondary data on 485 firm-year observations for the period 2006-2009 from multiple secondary data sources. The empirical findings from hierarchical linear modeling technique demonstrate that product diversification leads to better firm reputation through the moderation of social and economic globalization, and firm reputation subsequently impacts firm financial performance.

The earlier version of the paper has won the Best Paper Award in Global and Cross Cultural Marketing Issues Track at 2012 Summer Marketing Educators’ Conference. All comments are welcome!