



The Study of the Effect of Diversification Strategy, Cost Leadership Strategies and Product Differentiation on Business Unit Value

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ABSTRACT

This study aimed to investigate the effect of diversification strategy, cost leadership strategies and product differentiation on business unit value that the statistical sample is consisted of 104 companies listed on the Tehran Stock Exchange during the years 2010-2014 that have been selected using systematic elimination method that totally were 520 years-firm. This study in terms of the objective is practical. In terms of type of research design because of relying on historical data, is post-event and its inference method is inductive and in correlation type. This study includes six main hypotheses. In this study to assess the hypotheses, the linear regression has been used. To analyze the data and test hypotheses, EVIEWS software is used. According to the regression results, the company's cost leadership strategy has a significant and positive effect on company's value as well as attractiveness of the industry has an impact on the effectiveness intensity of the company's cost leadership strategy, and the company's diversification strategy also has an impact on the company's values and the results suggest the ineffectiveness of diversification strategy and product differentiation strategy on the company's value and also ineffectiveness of attractiveness of the industry on the effectiveness intensity of product differentiation strategy on the company's value.

1. Introduction

One of the factors that expected to improve performance is using diversification strategy that so far many business units have benefited from it as a strategy for growth. Considering that the sharing of skills, knowledge and resources, can improve business performance, researchers assessed this issue from different theoretical perspectives that have had numerous results. For instance, according to Kim and Mthure [7], the impact of applying diversification strategy on the business unit value is negative. They founded a positive relationship between diversification strategy and the business unit value. So it seems that detailed analysis of the impact of this strategy on the business unit value is essential.

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2. Theoretical Principles and Background

Diversity shows one of the management strategies and one of the most important strategic decisions. Diversity is important for the growth of business units and has impact on profit, risk and domestic culture as well as the resources, skills and capabilities [6].

Laksmana and Yang showed that more competitive companies compared with companies with less competition have more tendencies to manage commitment-based earnings. [9] Park and Jang showed the exact relationships between capital structure, free cash flow, diversity and corporate performance. [12]. Park and Jang showed that industrial diversification in short term will decrease the profitability and will increase it in long-term. Chen and Yu concluded that there is a relationship between management ownership and diversification strategy; there is a positive relationship between diversification strategy and companies' short-term performance; and there is no relationship between diversification strategy and companies' medium-term performance. Ozkan [2] showed that companies with strong social capital accept variety of strategies as well. La Rocca et al. [11] observed that the companies that use diversification strategy compared with the companies which do not use diversification strategy, have more debt ratios and the companies that use related diversification, compared with companies that use unrelated diversification, have lower debt ratios. Kafashpour et al. [8] show that the leading market-orientation mediating role is significant in the relationship between cost leadership strategy and organizational performance, and cost leadership strategy is also significantly related to performance. Heidarpour & Alavi [6] said that profitability at lower levels of related diversification is reduced and in high levels of related diversification is increased. Also profitability at lower levels of unrelated diversification is increased and in high levels of unrelated diversification is decreased [4]. Aqayi & Kazemipour showed that the entropy of products variety has a negative and significant effect on performance. Hajiha & Maqami [1] showed that there is a significant and negative relationship between the geographical diversification and cost of debt and the companies that have more growth, experience lower debt costs. Hemmati & Yoosefi Rad [3] showed that there is a negative and significant relationship between the diversification strategy and abnormal return and there has founded no significant relationship between the cash holding level and their abnormal returns [5].

3. The Research Hypotheses

According to the theoretical principles and in order to achieve the study goals, the following hypotheses are offered:

H1: The company's diversification strategy has a positive and significant impact on company's value.

H2: The industry attractiveness has an impact on the effectiveness intensity of company's diversification strategy and company's value.

H3: The company's product differentiation strategy has a positive and significant impact on company's value.

H4: The industry attractiveness has an impact on the effectiveness intensity of company's product's differentiation strategy on company's value.

H5: The company's cost leadership strategy has a positive and significant impact on company's value.

H6: The industry attractiveness has an impact on the effectiveness intensity of cost leadership strategy on company's value.

4. Research Methodology

The present study is practical and its design is quasi-experimental using post-event approach. Data has been collected using library method and research data through the company's data referring to financial statements and explanatory notes and Rahavard Novin and Tadbir Pardaz software has been collected.

4.1. Statistical Sample and Sample Selection

The statistical population of this study is all companies listed on the Tehran Stock Exchange in the time domain of 2010-2014. The sample selection process is presented in Table 1:

Table 1: Various stages of sampling

Stages of sample selection	No.
The number of companies listed on the Tehran Stock Exchange at the end of 1393(2014)	520
The number of companies that have exited from the Stock in time domain	47
The number of companies that have entered to the Stock in time domain	43
The number of companies that in the study time domain have had change in fiscal year	37
The number of companies that were financial investor and mediator.	104
The number of companies that have transactional interruption more than 6 months in time domain.	121
The number of companies that their fiscal year does not end to 12.29.	39
The number of companies that their related industry by applying the above constraints has less than 3 members.	25
The number of sample companies	

According to table 1, 104 companies have been calculated to test the statistical hypotheses.

4.2. The Research Model and Variables

In the present study, to investigate the hypotheses, the following regression model has been used that in the next, the first main hypothesis model in model (1) and other hypotheses will be presented:

$$R_{it} = \alpha + \beta_1 D_{it} + \beta_2 \ln(S_{it}) + \beta_3 T_{it} + \beta_4 C_{it} + \beta_5 C_{it} + \varepsilon_{it} \quad (1)$$

The second hypothesis model is as model (2):

$$R_{it} = \alpha + \beta_1 D_{it} * P_{it} + \beta_2 \ln(S_{it}) + \beta_3 T_{it} + \beta_4 C_{it} + \beta_5 C_{it} + \varepsilon_{it} \quad (2)$$

The third hypothesis is as model (3):

$$R_{it} = \alpha + \beta_1 S_{it} + \beta_2 \ln(S_{it}) + \beta_3 T_{it} + \beta_4 C_{it} + \beta_5 C_{it} + \varepsilon_{it} \quad (3)$$

The fourth hypothesis is as model (4):

$$R_{it} = \alpha + \beta_1 S_{it}^* P_{it} + \beta_2 \ln(S_{it}) + \beta_3 T_{it} + \beta_4 C_{it} + \beta_5 C_{it} + \varepsilon_{it} \quad (4)$$

The fifth hypothesis is as model (5):

$$R_{it} = \alpha + \beta_1 S_{it} + \beta_2 \ln(S_{it}) + \beta_3 T_{it} + \beta_4 C_{it} + \beta_5 C_{it} + \varepsilon_{it} \quad (5)$$

The sixth hypothesis is as model (6):

$$R_{it} = \alpha + \beta_1 S_{it}^* P_{it} + \beta_2 \ln(S_{it}) + \beta_3 T_{it} + \beta_4 C_{it} + \beta_5 C_{it} + \varepsilon_{it} \quad (6)$$

R_{it} : is return on assets and value representative of company in t duration; D_{it} : the variety strategy representative of company in t duration; S_{it}^* is the dummy variable for the product's differentiation strategy of the company i in t duration; S_{it} : is the dummy variable for cost leadership strategy for the company i in t duration; $\ln(S_{it})$: is sales natural logarithm of company i in t duration; T_{it} : is financial leverage of company i in t duration; C_{it} : is cash flow of company i in t duration; C_{it} : is the ratio of capital expenditures of company i in t duration; P_{it} : is the industry attractiveness; ε_{it} : is the regression error. The measurement practice of the research variables have been provided in the following:

4.2.1. Dependent Variables

1) The company's value: is the representative of those assets that are provided in model (7):

$$R_{it} = \frac{n}{t} \frac{p}{a} \quad (7)$$

4.2.2. Independent Variable

1) Diversification strategy: is presented in model (8):

$$DIVER_1 = 1 - \sum_{i=1}^n P_i^2 \quad (8)$$

P_i : selling of any product of company (i) in year (t) to company's sales in the year n, t: a variety of company's products and services

2) Corporate Strategy: to identify the corporate's strategy the following indices have been used:

- Differentiation strategy:

The amount more the middle of two above indices confirms using differentiation strategy that we use number 1 and otherwise we use zero:

A) The ratio of sales, general, administrative total cost to net sales (sga / sales)

B) The ratio of net sales to cost of sold products (sales / cogs)

- Cost leadership strategy: The amount more the middle of two above indices confirms using cost leadership strategy that we use number 1 and otherwise we use zero:

A) The ratio of net sales to net book value of machinery and equipment (sales / asset)

B) The ratio of total numbers of employees to total assets (empl / asset)

4.2.3. Control Variables

1) The natural sales logarithm: is calculated through company's total sales revenue natural logarithm at the end of the fiscal year.

2) Company's financial leverage: by dividing company's total debt to total assets of the Company will be achieved.

3) Cash flow: equals to (operating profit - taxes – interest cost- divided common stock profit) divided by total assets

4) The ratio of capital expenditures: equals to capital expenditure to the total assets

4.2.4. Moderator Variable

1) The industry attractiveness: the ratio of total sales of companies of one industry to total sales of all companies

5. Research Findings

5.1. Descriptive Statistics.

The research variables are investigated in table2, that are indices for describe the research variable:

In table 2, the average for company's value is equal to 0.13 and mean for company's value variable is 0.12. The standard deviation is one of the dispersion indices that for company's value variable is 0.129. The skewness for company's value variable is positive and near to zero and normal distribution and very low skew to the right. The elongation is positive for all variables and because the significance level of value is more than 5%, this variable has normal distribution.

Table 2: Descriptive statistics of companies' surveying variables

	Company's value	Diversification strategy	The impact of industry attractiveness on diversification strategy	Product's differentiation strategy	The impact of industry attractiveness on differentiation strategy	Cost leadership strategy	The impact of industry attractiveness on cost leadership strategy	Sales natural logarithm	Financial leverage	Cash flow	The ratio of capital expenditures
average	0.1303	0.7755	0.1356	0.2576	0.0230	0.3442	0.0776	13.768	0.5973	0.0319	0.3484
mean	0.1200	0.8062	0.0381	0.0000	0.0000	0.0000	0.0000	13.620	0.6100	0.0300	0.3050
Max.	0.4900	0.9999	0.5955	1.0000	0.5955	1.0000	0.5955	18.940	1.3200	0.4100	0.8700
Min.	-0.2600	0.0515	0.0001	0.0000	0.0000	0.0000	0.0000	8.9000	0.0100	0.3900	0.0400

Standard deviation	0.1286	0.1851	0.1624	0.4377	0.0733	0.4755	0.1678	1.4197	0.2079	0.0996	0.1863
skewness	0.2537	-1.4044	1.2208	1.1080	4.9824	0.6557	2.1357	0.7466	0.0044	0.0176	0.6566
elongation	3.0613	5.1532	3.2463	2.2277	31.044	1.4299	6.0673	4.9682	3.1827	5.1099	2.6184
Jarque and Bera	5.6621	271.41	130.48	119.32	19192	90.671	599.16	132.25	0.7252	96.481	40.527
significance	0.0589	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.6958	0.0000	0.0000
observations	520	520	520	520	520	520	520	520	520	520	520

5.2. Stationary Test of the Research Variables

The results of stationary test of the research variables have been provided in table 3:

Table 3: The results of stationary of variables:

variables	ADF-Fisher statistic	Significance level	First difference
			Significance level
Company's value	230.951	0.1316	0.0000
Diversification strategy	1057.69	0.0000	
The impact of industry attractiveness on diversification strategy	248.289	0.0094	
Product differentiation strategy	37.3911	0.8655	0.0470
The impact of industry attractiveness on differentiation strategy	79.9552	0.2976	0.0371
Cost leadership strategy	30.0762	0.8731	0.0225
The impact of industry attractiveness on cost leadership strategy	108.356	0.1478	0.0416
Sales natural logarithm	119.014	1.0000	0.0189
Financial leverage	225.106	0.0379	
Cash flow	232.922	0.0459	
The ratio of capital expenditures	213.542	0.0413	

In table 3 the significance level of unit root test in diversification strategy variables, the impact of industry attractiveness on diversification strategy, financial leverage, cash flow, and the ratio of capital expenditures was less than 0.05 that is from zero- and is in stationary level; it means that the average and variance of variables and variables' covariance between the years 2010-2014 were fixed and variables including company's value, product differentiation strategy, the impact of industry attractiveness on the product differentiation strategy, cost leadership strategy, the impact of industry attractiveness on cost leadership strategy, and the sales natural logarithm will be stable with one differencing is dumped and cumulative was from one- and using of these variables in the model does not create the pseudo-regression.

5.3. The F Limer and Hausman Test

The results of F Limer and Hausman test are provided in table 4.

Table 4: The F Limer and Hausman test of research hypotheses

	F Limer test	Significance level	result	Hausman test	Significance level	result
H1	13.461465	0.0000.	panel	34.423536	0.0000	Fixed effects
H2	11.130762	0.0000	Panel	84.431712	0.0000	Fixed effects
H3	11.939714	0.0000	Panel	65.841572	0.0000	Fixed effects
H4	13.671029	0.0000	Panel	29.942271	0.0000	Fixed effects
H5	14.671029	0.0000	Panel	35.248281	0.0000	Fixed effects
H6	13.789535	0.0000	panel	54.269470	0.0000	Fixed effects

6. Analysis by the Separation of Each Hypothesis

6.1. H1 Analysis

The results of surveying the H1 are provided in table 5:

Table 5: Summary of H1 pattern results

variables	coefficients	Standard error	t-statistic	Significance level
intercept	-0.141071	0.075223	-1.875121	0.0615
Company's diversification strategy	0.023903	0.031061	0.769558	0.4420
Sales natural logarithm	0.030878	0.005165	5.978885	0.0000
Financial leverage	-0.253707	0.023785	-10.66650	0.0000
Cash flow	0.320741	0.029527	10.86261	0.0000
The ratio of capital expenditures	-0.088833	0.024580	-3.614024	0.0003
R ²	0.915722	F-statistic	41.34942	
Adjusted R ²	0.893576	Significance level	0.000000	
Durbin-Watson		1.951315		

In table 5, the probability of t-statistic for coefficients of variables including sales natural logarithm, financial leverage, cash flow and the ratio of capital expenditures to company's value is less than 5%, therefore, the above relationship statistically is significant. Because the probability of t-statistic of company diversification strategy variable to company's value is more than 5%, therefore the above relationship statistically is not significant and by 95% of confidence, the H1 for this variable is rejected. Adjusted R² shows the explanatory power of the independent variables which could explain the changes of dependent variable by 89%. Probability of F-statistics indicates that the whole model is statistically significant. So the company's diversification strategy does not have significant positive impact on company's value. Despite the theoretical independence, the Pearson linear correlation coefficient has been used to evaluate the linear independence of pattern independent variables that in table 6, the summary of the results of this evaluation is presented:

Table 6: The co-linearity results of H1 pattern

	Company's value	Company's diversification strategy	Sales natural logarithm	Financial leverage	Cash flow	The ratio of capital expenditures
Company's value	1					

Company's diversification strategy	0.010421	1				
Sales natural logarithm	0.065031	0.260789	1			
Financial leverage	-0.693067	-0.002171	0.151285	1		
Cash flow	0.589115	0.075144	0.089495	-0.375819	1	
The ratio of capital expenditures	0.112749	-0.019214	0.010506	-0.293668	0.044708	1

In table 6, the correlation coefficient between independent variables is less than 0.75 and co-linearity is ignorable.

6.2. H2 Analysis

The results of the H2 evaluation is presented in table 7:

Table 7: The summary of the H2 pattern results

variables	coefficients	Standard error	t-statistic	Significance level
intercept	-0.098982	0.073325	-1.349910	0.1778
The impact of industry attractiveness on diversification strategy	0.168873	0.042022	4.018729	0.0001
Sales natural logarithm	0.027502	0.005097	5.395945	0.0000
Financial leverage	-0.253075	0.023310	-10.85710	0.0000
Cash flow	0.314059	0.029000	10.82962	0.0000
The ratio of capital expenditures	-0.089214	0.024070	-3.706425	0.0002
R ²	0.918792		F-statistic	43.05626
Adjusted R ²	0.897453		Significance level	0.000000
Durbin-Watson			1.929222	

In table 7, the probability of t-statistic for coefficients of variables including the effect of industry attractiveness on diversification strategy, sales natural logarithm, financial leverage, cash flow and the ratio of capital expenditures to company's value is less than 5%, therefore, the above relationship statistically is significant, so the industry attractiveness has an impact on the effectiveness intensity of company's diversification strategy on company's value. In table 8, the summary of co-linearity test results is presented:

Table 8: The H2 pattern co-linearity results:

	Company's value	The impact of industry attractiveness on diversification strategy	Sales natural logarithm	Financial leverage	Cash flow	The ratio of capital expenditures
Company's value	1					

The impact of industry attractiveness on diversification strategy	0.322706	1				
Sales natural logarithm	0.065031	0.302151	1			
Financial leverage	-0.693067	0.135244	0.151285	1		
Cash flow	0.589115	-0.164396	0.089495	-0.375819	1	
The ratio of capital expenditures	0.112749	-0.187663	0.010506	-0.293668	0.044708	1

In table 8, the correlation coefficient between independent variables is less than 0.75 and the co-linearity is ignorable.

6.3. H3 Analysis

The H3 evaluation results are presented in table 9:

Table 9: The summary of H3 pattern results:

variables	coefficients	Standard error	t-statistic	Significance level
intercept	-0.141799	0.075262	-1.884084	0.0603
Company's differentiation strategy	0.005108	0.006268	0.814924	0.4156
Sales natural logarithm	0.032146	0.005141	6.252908	0.0000
Financial leverage	-0.253645	0.023783	-10.66493	0.0000
Cash flow	0.321548	0.029478	10.90801	0.0000
The ratio of capital expenditures	-0.087604	0.024515	-3.573476	0.0004
R ²	0.915737		F-statistic	41.35731
Adjusted R ²	0.893595		Significance level	0.000000
Durbin-Watson			1.962060	

In table 9, the probability of t-statistic for coefficients of variables including sales natural logarithm, financial leverage, cash flow and the ratio of capital expenditures to company's value is less than 5%, therefore, the above relationship statistically is significant. Because the probability of t-statistic of product differentiation strategy variable to company's value is more than 5%, therefore the above relationship statistically is not significant, and by 95% of confidence, the H1 for this variable is rejected and the company's product differentiation strategy has not positive and significant impact on company's value. In table 10, the co-linearity test results are presented:

Table 10: The H3 pattern co-linearity results:

	Company's value	The product diversification strategy	Sales natural logarithm	Financial leverage	Cash flow	The ratio of capital expenditures
Company's value	1					

The product diversification strategy	0.298606	1				
Sales natural logarithm	0.065031	-0.021182	1			
Financial leverage	-0.693067	-0.161633	0.151285	1		
Cash flow	0.589115	0.047144	0.089495	-0.375819	1	
The ratio of capital expenditures	0.112749	0.060315	0.010506	-0.293668	0.044708	1

In table10, the correlation coefficient between independent variables is less than 0.75 and the co-linearity is ignorable.

Table 11: The summary of H4 pattern results

variables	coefficients	Standard error	t-statistic	Significance level
intercept	-0.124820	0.075066	-1.662802	0.0971
The impact of industry attractiveness on product's differentiation strategy	0.020648	0.33144	0.622975	0.5336
Sales natural logarithm	0.031145	0.005133	6.067908	0.0000
Financial leverage	-0.256276	0.023864	-10.73899	0.0000
Cash flow	0.323358	0.029546	10.94429	0.0000
The ratio of capital expenditures	-0.087285	0.024525	-3.559057	0.0004
R ²	0.915681		F-statistic	41.32703
Adjusted R ²	0.893524		Significance level	0.000000
Durbin-Watson			1.943609	

Table 12: The H4 pattern co-linearity results

	Company's value	The impact of industry attractiveness on product diversification strategy	Sales natural logarithm	Financial leverage	Cash flow	The ratio of capital expenditures
Company's value	1					
The impact of industry attractiveness on product diversification strategy	0.34598	1				
Sales natural logarithm	0.065031	0.049816	1			
Financial leverage	-0.693067	-0.106448	0.151285	1		
Cash flow	0.589115	-0.003040	0.089495	-0.375819	1	
The ratio of capital expenditures	0.112749	0.026905	0.010506	-0.293668	0.044708	1

6.4. The H4 Analysis

The H4 evaluation results are presented in table 11. In table 11, the probability of t-statistic for coefficients of variables including sales natural logarithm, financial leverage, cash flow and the ratio of capital expenditures to company's value is less than 5%, therefore, the above relationship statistically is significant. Because the probability of t-statistic of the impact of industry attractiveness variable on

product differentiation strategy to company's value is more than 5%, therefore the above relationship statistically is not significant, and by 95% of confidence, the H1 for this variable is rejected and the null hypothesis is confirmed and the industry attractiveness has not impact on the effectiveness intensity of company's product differentiation strategy on company's value. In table12, the summary of co-linearity test results is presented. In table 12, the correlation coefficient between independent variables is less than 0.75 and the co-linearity is ignorable.

6.5. The H5 Analysis

The results of H5 evaluation are presented in table 13:

Table 13: The summary of H5 pattern results

variables	coefficients	Standard error	t-statistic	Significance level
intercept	-0.178741	0.072679	-2.425940	0.0157
Cost leadership strategy	0.028150	0.006813	4.131969	0.0000
Sales natural logarithm	0.033541	0.005014	6.689746	0.0000
Financial leverage	-0.252784	0.023286	-10.85576	0.0000
Cash flow	0.306697	0.029139	10.52515	0.0000
The ratio of capital expenditures	-0.060857	0.024888	-2.445198	0.0149
R ²	0.918967		F-statistic	43.15751
Adjusted R ²	0.897674		Significance level	0.000000
Durbin-Watson			1.957548	

In table 13, the probability of t-statistic for coefficients of variables including sales natural logarithm, financial leverage, cash flow and the ratio of capital expenditures to company's value is less than 5%, therefore, the above relationship statistically is significant therefore the null hypothesis is rejected. It means that the company's cost leadership strategy has a positive and significant impact on the company's value. The probability of F-statistic suggests that the whole model statistically is significant. In table14, the summary of co-linearity test results is presented:

Table 14: The H5 pattern co-linearity results

	Company's value	Cost leadership strategy	Sales natural logarithm	Financial leverage	Cash flow	The ratio of capital expenditures
Company's value	1					
Cost leadership strategy	0.49573	1				
Sales natural logarithm	0.065031	-0.091118	1			
Financial leverage	-0.693067	0.023995	0.151285	1		
Cash flow	0.589115	0.038182	0.089495	-0.375819	1	
The ratio of capital expenditures	0.112749	-0.483084	0.010506	-0.293668	0.044708	1

In table14, the correlation coefficient between independent variables is less than 0.75 and the co-linearity is ignorable.

6.6. The H6 Analysis

The results of H5 evaluation are presented in table 15:

Table 15: The summary of H6 pattern results

variables	coefficients	Standard error	t-statistic	Significance level
intercept	-0.152242	0.073046	-2.084177	0.0378
The impact of industry attractiveness on cost leadership strategy	0.086554	0.021503	4.025161	0.0001
Sales natural logarithm	0.032225	0.004999	6.446855	0.0000
Financial leverage	-0.257463	0.023314	-11.04350	0.0000
Cash flow	0.307227	0.029165	10.53424	0.0000
The ratio of capital expenditures	-0.068397	0.024527	-2.788616	0.0055
R ²	0.918802		F-statistic	43.06193
Adjusted R ²	0.897465		Significance level	0.000000
Durbin-Watson			1.963845	

In table 15, the probability of t-statistic for coefficients of variables including the effect of industry attractiveness on cost leadership strategy, sales natural logarithm, financial leverage, cash flow and the ratio of capital expenditures to company's value is less than 5%, therefore, the above relationship statistically is significant therefore the null hypothesis is rejected. It means that the industry attractiveness has impact on the intensity of the effectiveness of cost leadership strategy on the company's value. In table 16, the summary of co-linearity test results are presented:

Table 16: The H6 pattern co-linearity results

	Company's value	The impact of industry attractiveness on the cost leadership	Sales natural logarithm	Financial leverage	Cash flow	The ratio of capital expenditures
Company's value	1					
The impact of industry attractiveness on the cost leadership	0.191563	1				
Sales natural logarithm	0.065031	0.012810	1			
Financial leverage	-0.693067	0.130030	0.151285	1		
Cash flow	0.589115	-0.095539	0.089495	-0.375819	1	
The ratio of capital expenditures	0.112749	-0.307104	0.010506	-0.293668	0.044708	1

In table 16, the correlation coefficient between independent variables is less than 0.75 and the co-linearity is ignorable.

7. Discussion and Conclusion

This study aims to investigate the impact of diversification strategy, cost leadership strategies and product differentiation on the value of companies listed on the Tehran Stock Exchange, which according to the results of the research hypotheses, the cost leadership strategy has a positive and significant

impact on the company's value; the attractiveness of the industry has impact on intensity of the effectiveness of cost leadership strategy and the diversification strategy on company's value. Finally, other results suggested the lack of effectiveness of the company's diversification strategy and company's product differentiation strategy on company's value as well as lack of effectiveness of industry attractiveness on the intensity of effectiveness of company's product differentiation strategy on company's value. The results of the present study are somewhat consistent with research theoretical principles and background; Kim and Mather [7] examined the impact of both business diversification and geographic diversification on the company's value. They concluded that business and geographical diversification will cause reduction of company's value and diversified companies will experience lower value in unrelated business sectors that have a high level of foreign participation that in some ways is consistent with our results.

7.1. Suggestions

Regarding the rejection of the first hypothesis, the company's diversification strategy alone cannot be an efficient criterion to predict the company's value and along with this variable, other financial and non-financial variables must also be considered. According to the second hypothesis, it is suggested that participants in the capital market, along with respecting the importance of the company's diversification strategy, consider these research findings about the company's value. According to the results of the third hypothesis, addressing the issue of product differentiation strategy by the separation of details, such as separation of variables' observations to different parts, or separate companies based on better industries can clarify the nature of the problem. In addition, according to the recent results on the potential impact of competitive strategies on the company's value, it appears that the possibility of effectiveness of product differentiation strategy on the company's value is not ruled out and requires further investigations. According to the fourth hypothesis, economic managers, financial analysts, the researchers can make decisions based on the facts available considering the industry attractiveness phenomenon and have greater assurance of favourable results of their final decision. According to the fifth hypothesis, changes in the cost leadership strategy led to a change in the company's value and also correction and improvement in the forecasting and decision-making of accounting information users. Therefore, regarding the main task of managers is promoting the shareholders' capital to the possible maximum; the managers must pay more attention to the competitive strategies variable and implement solutions to improve the prediction of company's value to increase returns of investors. According to the sixth hypothesis, the organizations should identify the factors affecting the company's value including cost leadership strategy and through enough attention to these factors promote the organization's performance.

7.2. Suggestions for future Researches

It is suggested to the researcher to consider the following subjects in their future researches:

-) The impact of diversification strategy, cost leadership strategies, and product's differentiation on investment efficacy.
-) The impact of diversification strategy, cost leadership strategies and product's differentiation on unusual stock return volatilities.

- The impact of diversification strategy, cost leadership strategies, and product's differentiation on profit quality.

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