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Promoting Synergies in Multiproduct Firms: Toward a Resource-Based View

This article address the issue of how to pro-mote synergies in divisionalized, diversified firms from the perspectives of the resource-based view and recent work on corporate headquarters, thus connecting the analysis of sustained competitive advantage with organizational issues. The article suggests three questions for future research, namely 1): How should we theoretically understand synergies? 2): How, and by whom, are they promoted?, and 3): May we utilize insights developed under 1) and 2) when seeking a rationale for the existence and functions of the corporate headquarters? The article then provides some tentative answers to these questions, arguing that the concept of complementarity is particularly likely to capture most meanings of synergy. Furthermore, it is proposed that the CHQ promotes synergies through four different influence activities, and that these activities provide the raison d'etre of the corporate headquarters by creating value unobtainable for specialized firms. The reasoning is illustrated with examples from Danish corporations, specifically Danfoss and Bang & Olufsen.