



## A study of different aspects of the company's growth in different periods of product diversification

Seid Hosein Sajadi\*, Javad Nikkar\*\*, Saeed Hajizadeh\*\*\*

### Introduction

The aim of this paper is to investigate different aspects of the company's growth (including sales growth, employment and assets) in different periods of product diversification (early courses, during and after diversity) in companies listed in TSE. In general, in this study, diversity is considered as an innovation.

### Hypotheses

**H1:** *Employment growth has a significant relation with product diversification before, during and after diversification.*

**H2:** *Revenue growth has a significant relation with product diversification before, during and after of diversification.*

**H3:** *Asset growth has a significant relation with product diversification before, during and after of diversification.*

### Methods

This study employs financial data of companies listed on Tehran Stock Exchange during 2003-2016 periods, and the fix effect panel data regression model is used to test hypotheses.

---

\* Corresponding Author: Professor of Accounting, Shahid Chamran University, [sajadi@scu.ac.ir](mailto:sajadi@scu.ac.ir)

\*\* Ph.D. Student of Accounting, Shahid Chamran University, Iran

\*\*\* Ph.D. Student of Accounting, Shahid Chamran University, Iran

### **Results**

According to theoretical considerations, it was expected that the relationship between the growth and diversity of the product in the previous period was positive and positive variation during and after the diversification. In this regard, statistical analysis of data shows that employment growth, revenue growth and asset growth are positively associated with product diversification before and during the diversification process, but this relation is not significant after diversification process.

### **Discussion and Conclusion**

According to the results, when companies decide to diversify, they need to invest in assets. On the other hand, in time of diversification, companies that have begun to offer new products will gain greater markets, which will increase sales. However, new employees take longer time and effort to internalize. Thus, hiring new employees for the company at the time of diversification may not be useful because they require a long time for training and becoming familiar with the work environment.

**Keywords:** *Firms Growths, Product Diversification, Employment Growth, Revenue Growth and Asset Growth.*