

Data

Data come from the Longitudinal Research Database (LRD) and the Ownership Change Database (OCD) at the U.S. Bureau of the Census. The LRD include data on output, employment, and costs for individual U.S. manufacturing establishments. The output data include total value of shipments and value added. Data on costs include information on capital, labor, energy, materials, and selected purchased services. The employment data include total employees and production workers and their wages and production worker hours.

An important feature of the LRD is its plant classification and identification information: firm affiliation, location, product and industry, and various status codes that identify birth, death, and ownership changes. These identifying codes are used in developing plant linkages across time and common ownership. For a more complete description of the LRD, see McGuckin and Pascoe (1988).

We use only the census years in the LRD, which occur in 1972, 1977, 1982, 1987, and 1992 because those data contain all plants (the LRD contains only a sample of plants in noncensus years). We chose the period 1977-92 because it encompasses the beginning and ending years of the latest merger movement. It also allows us to evaluate the performance of plants 5-9 years after their acquisition, providing sufficient time for the acquiring firm to integrate acquired plants into their operations or to dispose of them.

The OCD is a plant-level database that contains U.S. manufacturing plants that were acquired at least once. For a detailed discussion of the identification of ownership changes (through M&As), see Nguyen (1998).

We combined the OCD and the LRD by first using the OCD to identify all meat, poultry, dairy, grain, and oilseeds plants that were acquired during 1977-82 and 1982-87. Then, we merged the OCD into the LRD by firm identifier. The resulting dataset included all of the plants owned by acquiring and nonacquiring firms at the beginning of 1977 or 1982 in the eight food industries in our sample. Not all of the plants processed meat, poultry, dairy, grain, or oilseeds because acquiring firms owned plants inside and outside their designated food industries.