Journal of Global Economics and Business **April 2023, Volume 4, Number 13, 111-137**
ISSN: Print 2735-9344, Online 2735-9352

ADOPTING STRATEGIC DIVERSIFICATION MEASURES AND ORGANIZATIONAL PERFORMANCE IN MANUFACTURING CONCERNS: AN EMPIRICAL OVERVIEW

Jonah OJIRU,

Department of Business Administration, Delta State University, Abraka.

Abstract

The study was on strategic diversification measures and organizational performance. Two research questions were raised to guide the study. The study was anchored on the cost transaction theory. Also, a sample size of 217 was determined using the right statistical formula. Findings revealed a positive relationship between product and geographical diversification on performance. Recommendations and conclusions were drawn along that line.

Keywords: *Strategic Diversification, Organizational Performance, Manufacturing, Product, Geographical.*

DOI: 10.58934/jgeb.v4i13.144

1. Introduction

The growing demand for product varieties by consumers & their continuous substitution has forced organizations to come up with strategies on how to improve performance. Irrespective of opportunities in the business environment, organizations face threats that distort their performance, hence increasing the difficulty of survival (Schommer, Richter & Karna, 2019). For a company, Diversification is a form of Corporate Strategy (Oladimeji & Udosen, 2019). It is a form of strategy through which the firm increased profitability through greater sales volume achieved from the increased line of production, new products & new markets (Kifordu, Ogbo, &, Maduagu. (2016).

Organizations may choose to diversify to survive the dynamics of the business environment (Nyangiri & Ogollah, 2015); for expansion (Su & Tsang, 2015); increase profitability foster efficiency in the use of resources & create investment opportunities (Emel & Yildirim, 2016; Hasby 2017); to achieve economies of scale to explore market options and opportunities (Sindhu 2014); and as a turnaround strategy (Harrigan, 2012). Similarly, Krivikapic. (2017) concluded that organizations diversify to have a better position in the market, while Kifordu and Chukwuma (2018) opined that a diversification strategy enables an organization to expend its excess resources for economic use.

The Problem

Diversification does not necessarily lead to improved performance and not all diversified organizations are profitable. Also, an increased variety within a business portfolio may bring about a loss in management by using pinnacle executives, which also deteriorates commercial enterprise performance the performance of diversified organizations declines with time, and decision-makers who form diversification strategies find it increasingly difficult over time to avoid retrogressive performance. Corporate strategy of diversification either in the product line, subsidiary, income or regional line is crucial for the firms to compete favourably and survive in the long run. Most empirical research found a positive relationship between diversification and corporate performance. But due to self-interest, inexperience, incompetence and opportunistic behaviour of most managers, most diversification strategy leads to negative or low performance of companies in Nigeria. To overcome these challenges, the study identified two key diversification strategies of Product and Geographical attributes. Hence the kernel of the study.

Research Questions

i. To what extent does product diversification strategy influence the performance of manufacturing organizations?

ii. How does geographical diversification strategy influence the performance of manufacturing organizations?

Formulated Hypotheses

H_{01}: Product diversification influence Strategy has no significant influence on organisational performance.

H_{02}: Geographical diversification strategy has no significant influence on organisational performance

2. Related Literature

Diversification Strategy

Corporate diversification refers to a firm's method of entering and competing in new product markets. Diversification allows firms to maximize fees by way of enhancing the scope of markets & industries in which they compete and delivering product offerings to newer clients (Purkayastha, Manolova, & Edelman, 2012). The extent of diversification is described in keeping with a fourfold taxonomy based totally on the percentage of sales derived from numerous products. These consist of single-product firms, dominant-product corporations, associated product corporations & unrelated product companies. The varieties of diversification techniques that are of interest to us in this examination are related–product diversification and unrelated-product diversification (Purkayastha, Manolova, & Edelman, 2012). According to Rumelt (1977) as cited by Nwakoby & Ihediwa (2018), associated–product corporations derive much less than 70 per cent of their sales from a single product domain and the remainder of their revenues is from an associated product area. These corporations are characterized using medium heterogeneity of customers, identical product similarity, medium unit interdependence, both inner and outside acquisitive diversification modes and a quick charge of diversification increase.

Organizational Performance

The success of a corporation has a crucial role in our day-by-day lives; consequently, a hit corporation represents a key aspect for developing countries consisting including Nigeria. Continuous overall performance is the focal point of any organization due to the fact best through replicating overall performance businesses are seen to develop & development. Thus, organizational overall performance is one of the most vital variables in management research & arguably the most critical indicator of organizational overall performance (Kifordu, Ogbo & Okagu 2017).

Concept of Product Diversification Strategy

Product diversification includes the addition of recent merchandise to present merchandise both being manufactured and being marketed. It is also defined as the improvement of a firm beyond the prevailing product and market however nonetheless consists of the extensive confines of the enterprise price chain (Oyedijo, 2012). Corporate diversification is considered a strategy for companies to enlarge their operations to maximize their profits. Corporate diversification according to Kim, Al-Shammari, Kim, and Lee, (2009) refers to a company's expansion into 'associated and unrelated' investments. Product diversification may be categorized as either associated or unrelated.

Concept of Geographical Diversification Strategy

Due to the globalization of global markets and production, many corporations are experiencing a whole lot of environmental changes and demanding situations. To advantage aggressive gain the corporations are expanding their operations to one kind of area. Internationalization or multinational is useful for organizations due to price discounts, innovation, and information sharing and acquisition (Geringer et al., 1989) cited by Njuguna (2019). Internationalization is described as 'company' growth throughout worldwide areas and nations' borders to exceptional geographic places or markets. The companies try this to revel in the several advantages which permit them to decorate their aggressive gain.

Product Differentiation Strategy and Organization Performance

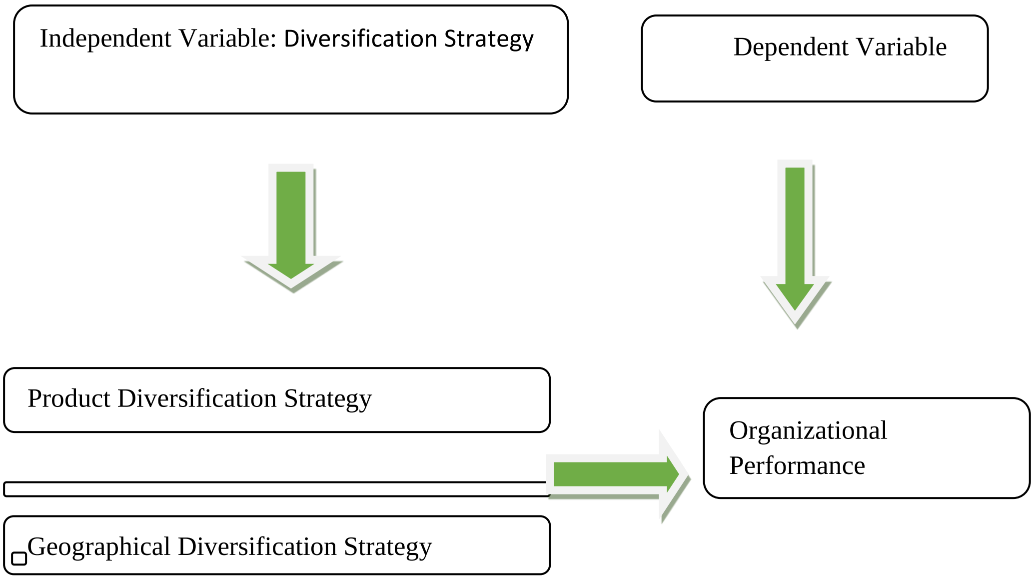
According to Chatterjee and Wernerfelt (2001), the type of diversification strategy depends on the firm's resource specificity as this dictates which product diversification strategy the firm can adopt. It can adopt either related or unrelated product diversification strategies. If the firm is well endowed with physical resources then this implies that it can only venture into related products. However, finances are highly flexible and this would allow a firm to venture into both related and unrelated. Additionally, a resource that can only be used in one product is not suitable for diversification into unrelated businesses but rather into related businesses. In the resource-based approach, managerial expertise has the potential to create value when shared across businesses (Miller, 2006). This expertise if well managed can benefit the different business units of a firm, Kifordu,(2014).

Geographical Diversification and Organizational Performance

The study supports that geographical diversification supports organizational performance The transaction price theory supported this finding, as companies challenge outside their domestic markets there's want to research the transaction traits and companies' management has to make sure that those transactions are efficaciously controlled as this could be considered as a firm's pressure of competitiveness. This finding is by Ayobola, Ekundayo & Muibi (2018) and Mulwa & Kosgei (2016), which established a significant relationship between geographical diversification strategy and organizational performance but contrary to the findings of Manyuru, Wachira & Amata (2017), which established an insignificant relationship between geographical diversification strategy and organizational performance.

The Conceptual Model of the Study

The conceptual model of the study incorporated the independent & dependent variables of the study, which is illustrated with the aid of the diagram below;



Researcher Conceptual Model, 2023

3. Theoretical Framework

Transaction Cost Theory

The study was anchored on the Transaction price theory (TCT) as advanced by Coase (1937) and cited in Kifordu (2014). The Transaction theory value inside a company takes root when the business enterprise of production fee through the exchanges within the market alternate is better than within the company, this way that a firm prefers to perform activities in-residence to avoid expenses of transacting with different corporations inside the marketplace. Transaction prices in step with the course encompass the value of finding, promoting, negotiating, tracking & dispute resolving methods with other companies in open market transactions.

According to Joskow (1988) as cited by Njuguna (2019) the main recognition of TCT is the definition of the coordination determinants of transactions through markets or hierarchies. According to Williamson (1994) as cited by Njuguna (2019) TCT seeks to address why monetary transactions are prepared in the way they are in present-day society. Different firms' economic transactions are internalized inside their boundaries even as others are procured from outside parties. Firms commonly internalize activities inside it whilst there is some shape of marketplace failure & mainly if that is the source of its intermediate inputs.

The concept also argues that there are expenses to behaviour transactions through the marketplace; Coase (1937) & Williamson (1985) noted that those transaction prices may be decreased via other mechanisms apart from markets. This idea claims that transaction fees incurred are as crucial as production fees and they form a vital part of total charges ex-ante charges and ex-publish expenses. TCT views a company as a hierarchy that provides cost by way of economizing on those transactions. It claims that a firm gives a more green technique of organizing relative to the market whilst it optimizes the transaction fees.

It rests upon numerous assumptions about human and their behaviour & the characteristics of their surrounding (Williamson, 1979) cited by Njuguna (2019). These assumptions throw light into why companies face higher charges for marketplace-based total transactions & why they will be greater efficient at transaction business enterprise than the markets. A company also selects the form of governance that minimizes each transaction & manufacturing fee. Opportunism with guile views the people as individuals who might also interact in behaviour this is deceitful each earlier than & after agreeing to contracts. The assumption is about the motivation of human behaviour and Williamson (1985) regarded human beings as sincerely self-fascinated.

This assumption is important because, in its absence, contracts might be enforced without charges & there could be no want for different types of enterprise except the market. It has been criticized for ignoring the contextual grounding of human action as it has presented and socialized view of human motivation and over socialized view of organization management (Granovetter, 1985) as cited by Njuguna (2019). Ghoshal & Moran (1996) cited by Njuguna (2019) claim that opportunism with guile is horrific for practice & that TCT is normative or prescriptive and opportunism if taken severely by managers should result in terrible results for groups.

Bounded rationality is an assumption method that individuals are not able to system large stages of statistics & is likewise hard for them to assign probability values to the prevalence of destiny occasions, this results in incomplete contracts because of the uncertainty of destiny in the contracting second. Jones (1998) who adopted a tremendous or entrepreneurial view criticizes it and argues that the assumptions are not troubles to be managed & triumph over but are possibilities to be taken advantage of. Asset specificity, uncertainty and frequency of transactions are assumptions about the surroundings.

Asset specificity as described with the aid of Williamson (1985) is "durable investments which can be undertaken in aid of unique transactions, the possibility price of which investment is plenty lower in satisfactory alternative uses need to the unique transaction be prematurely terminated". TCT specializes in asset specificity and the role it performs in the determination of ways higher to prepare exchanges. When belongings are not specific to trade the marketplace may be the maximum green manner to organize it otherwise, the firm might be green. Uncertainty is a country of not knowing approximately the destiny or incapacity to decide who is extra susceptible to behave opportunistically (Williamson, 1993) cited by Njuguna (2019). This is a crucial assumption because corporations plan for their destiny which is very unpredictable and it is impossible to inform how employees would behave while faced with such situations of uncertainties.

Without the existence of bounded rationality and opportunism, Williamson asserts that uncertainty would be much less trouble since well-known rules might commonly be successful. Contract might not be costlessly written and enforced as it is not smooth to decide earlier than who will behave opportunistically. The degree of frequency of transactions varies from occasional to recurrent, relying on the extent, range or temporal unfold of transactions a company may determine to have opportunity governance shape. A principal critique of TCT is its tautological nature; Williamson did not operationalize the measures of the transaction price.

According to Whyte (1994) cited by Njuguna (2019) based on transaction value economics, the author explains that the occurrence of vertical integration is by asset specificity with substantial transaction-specific sunk expenses and uncertainty. Frank & Henderson (1992) cited by Njuguna (2019) assert that this concept predicts that the organization of transactions over the marketplace will outweigh the control's internal cost & this may result in an inter-company earnings claim, for this reason, making the firm worthwhile. This strategic decision is then a transaction-value-minimizing response to the confined records and contracting fee.

The principal informs the vertical integration approach. This may be inferred from the following that for reason that 19th-century firms have used vertical integration to accomplish economies of scale and decrease transaction costs. For example consistent with Harrigan (1984) cited by Njuguna (2019) possession of mining ores, ship foundries, rolling mills and plant fabrications have been necessary for metal organizations to reduce their fees and improve productivity. This means that the firms that had adopted vertical integration have been better located to lessen their transaction charges. The idea can be carried out to each variant of vertical integration (backwards & forward) as a means of reducing general fees.

It is inexpensive for a firm to carry out the function of suppliers and vendors than to spend money and time on these events. It courses the firm's control on the way to vertically integrate and in the identification of firm limitations & the activities therein and those procured from outside parties. It additionally identifies the character of transaction costs both earlier than and after the firm's activities. All firms incur prices consisting of data prices, costs at some stage in negotiation and tracking expenses. The principle requires these corporations to decrease the transaction expenses concerned whilst at the same time maximizing possible contracts.

Arguments using Coase (1937) cited by Njuguna (2019) are that there exist situations in which it is extra green for a corporation to create a marketplace internally instead of venturing into foreign ones. Transactions are free of price in a super marketplace due to the fact; information is free to be had, choices are made rationally, there are constantly exceptional alternatives of suppliers and consumers and the unique transactions do not have convey-over results between two parties from one period to another. However, in reality, those situations do not exist. Due to the non-life of these conditions, transaction prices are incurred.

This method assumes that a company has developed company unique benefits in its domestic marketplace. The benefits are generally in the form of the development of intangible assets internally, and a few shapes of understanding which give the company superiority in terms of manufacturing, product, advertising and /or management understanding. Due to the imperfections characterized through the marketplace for knowledge, headaches in phrases of pricing & transfer are an upward push which in turn increases the associated cost of transacting with an associate. According to Madhok (1997) cited by Njuguna (2019) a preference for internalizing the transaction consequences when there's an excessive level of transaction fee inside the outside imperfect marketplace. However, companies will choose to produce abroad after they perceive that the expenses of organizing transactions internally are greater than the prices of the outside imperfect marketplace.

Johanson and Mattson (1987) cited by Njuguna (2019) allude that this approach predicts that the worldwide marketplace starts to evolve with the markets nearby, this is because the internalization is related to administrative and danger-taking costs. These expenses may be lower in instances wherein the foreign market is much less one of a kind than the house marketplace. This method additionally argues that companies select the shape of organization and location for which the general transaction prices are minimized (Coviello & Martin, 1999) cited by Njuguna (2019). Transaction characteristics are analyzed and their green control is viewed as a company's force of competitiveness (Madhok, 1997) as cited by Njuguna (2019).

The theory additionally informs the geographical diversification method. It does this inside the experience that geographical diversification may lead to a company incurring heavy fees such as marketplace access expenses, prices of coordinating enterprise units in specific nations & areas in addition to information-processing fees. The control of the company, therefore, needs to be keen approximately this approach as below certain situations as become referred to through Sambharya (1995) cited by Njuguna (2019) the charges can also surpass the blessings. As companies challenge outside their domestic markets there's want to research the transaction traits and companies' management has to make sure that those transactions are efficaciously controlled as this could be considered as a firm's pressure of competitiveness.

Empirical Reviews

Oladimeji & Udosen (2019) examined the effect of a diversification strategy on an enterprise's overall performance within the manufacturing quarter. Quasi-experimental studies with an ex-post facto research design were used for the study. The respondent population includes thirty-one companies listed in the Nigerian Stock Exchange (NSE) for a duration of twenty years (1997-2017), at the same time as the pattern size is constituted of six companies purposively decided based totally on their lifestyles-span and degree of diversification. Three hypotheses have been formulated and tested with the use of ratio analysis, even as performance changed into measured in terms of ROA, ROI & ROE; business enterprise length, enterprise fee and increase; as well as leverage and liquidity. Data turned into drawn from the monetary reviews of the chosen groups, with E-View model nine used for the information evaluation. The study found that assorted organizations outperform undiversified ones in phrases of ROA and ROI. While related varied organizations have been discovered to be wonderful in terms of ROA (26.8%), unrelated & hybrid diverse corporations have been fantastic in ROE (81.7% & 20.5%). A diversification strategy ends in an increase and profitability (20%) and a robust capital structure to cowl liabilities (26%). The study concluded that diversification is a strategic device for reaching strategic relevance and spontaneous overall performance.

Findings of a study carried out by Forbes and Lederman (2019) on the US airline industry revealed that vertical integration had a positive effect on the operational performance of large US airlines. The integrated airlines performed better than the non-integrated and performance advantage increased especially on days when the weather was bad and the airports were congested. These airlines used regional partners to operate some of the flights and these regional partners could either be owned or governed through contracts.

4. Tools and Methodology

The study used a cross-sectional research design. The total population was estimated at 500, which consists of the customers of the organization under study. It was challenging to identify the total number of customers of the organization's understudy, therefore the researcher adopted a purposeful population size of 500 customers to guide the study. The sample size this determined using Krejcie and Morgan (1970) as cited in Kenpro's (2012) sample size determination table. Stood at 217.

Outcomes and Discussions

Product Diversification Strategy and Performance

S/N	Statement	Scale					Mean (X)	Standard Deviation
		SA 5	A 4	U 3	D 2	SD 1	4.667	.6748
1.	The decision to purchase a product is influenced majorly by the way it is presented	79 (39.3)	83 (40.8)	16 (8.0)	20 (10.0.)	4 (2.0)	4.0547	1.0256
2.	My decision is highly influenced by quality presentation through media appearance	110 (54.7)	75 (37.3)	16 (8.0)	- -	- -	4.4677	.6404
3.	Information about a product before purchase enhances customers which hereby influences the performance	70 (34.8)	78 (38.8)	32 (15.9)	12 (6.0)	9 (4.5)	3.9353	1.072
4.	Product diversification strategy provides consistent lead pipelines to product search	81 (40.3)	80 (39.8)	26 (12.9)	4 (2.0)	10 (5.0)	4.0846	1.0285

Source: fieldwork, 2023

The descriptive statistics showing the pattern of sample response, in the relationship of product diversification strategy and performance questionnaire items, is indicated in Table 1 above.

162(80.1%) of the respondents agreed that decision to purchase a product is influenced majorly by the way it is presented, while 4(2.0%) of the respondents strongly disagreed with the above statement.

A total of 100(54.7%) of the respondents strongly agree that decision is highly influenced by quality presentation through media appearance 75(37.3%) of the respondents agree while 16(8.0%) of the respondents were undecided.

To the statement information about a product before purchase enhances customers which hereby influences performance 70(34.8%) of the respondents strongly agree, 32(15.9%) were undecided and a total of 12(6.0%) disagree.

A total of 81(40.3%) of the respondents strongly agree that product diversification strategy provides consistent lead pipelines to product search while 26(12.9%) of the respondents were undecided and 10(5.0) of the respondents strongly disagreed.

Table 2: Geographical Diversification Strategy and Performance

S/N	Statement	Scale					Means (X)	Standard Deviation
		SA 5	A 4	U 3	D 2	SD 1		
5.	Management can make sure that transaction is efficaciously controlled as this can be considered as the firm's pressure of competitiveness	76 (37.8)	79 (39.3)	29 (14.4)	8 (4.0)	9 (4.5)	4.0199	1.043
6.	Geographic diversification tends to add value to a firm through economies of scale, location-specification advantages and synergy effects thereby raising performance	110 (54.7)	75 (37.3)	16 (8.0)	- -	- -	4.467	.6404
7.	New foreign operations within the boundaries of a firm can inculcate in the firm	70 (34.8)	78 (38.8)	32 (16.9)	12 (6.0)	9 (4.5)	3.9353	1.072
8.	Increasing operational flexibility by accessing a global diversification strategy can invariably lead to a reduction of risks across markets	70 (34.8)	78 (38.8)	32 (15.9)	12 (6.0)	9 (4.5)	3.935	1.0285

Source: fieldwork, 2023

From Table 2 above 76(37.8%) strongly agree that Management can make sure that transactions are efficaciously controlled as this can be considered as a firm's pressure of competitiveness, 29(14.4%) were undecided, while 9(4.5%) disagreed on the above statement.

To the statement ‘Geographic diversification tend to add value to a firm by economic of scale, location-specification advantages and synergy effects thereby raising performance’ 110(54.7%) of the respondents strongly agree, 75(37.3%) agree, while 16(8.0%) of the respondents were undecided.

70(34.8%) of the respondents strongly agree, 78(38.8%) of the respondents agreed New foreign operations within the boundaries of a firm can inculcate in the firm, a total of 32(16.9%) were undecided while 12(6.0%) disagreed.

78(538.8%) agree that increases operational flexibility by accessing global diversification strategy can invariably leads to a reduction of risks across markets, 32(15.9%) were undecided, while 12(6.0%) disagreed on the above statement.

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std Deviation
PDS	201	12	20	16.88	1.981
GDS	201	12	20	16.03	2.162
Valid N	201				

Source: SPSS Output, 2023.

The descriptive statistics are shown in Table 3 which include the minimum, maximum, mean, and standard deviation values of the various variables employed in this study. The dependent variable (Performance) was analyzed in connection to the independent factors of product diversification strategy and geographical diversification strategy.

Product diversification strategy descriptive statistics show a mean of 16.88, a standard deviation of 1.981, and an 8-point gap between the maximum and minimum values. Because the mean value is bigger than the standard deviation, this means that the variation in Product Positioning Strategy (PPS) is enormous.

Data Analysis

Correlation Matrix

The link between dependent and independent variables is investigated using correlation analysis. Its values range from -1 to +1. A positive linear sense exists between two variables that are perfectly connected, while a negative linear sense exists between two variables. This indicates if there is a moderate or low degree of correlation between the independent and dependent variables.

Table 4: Correlations

		PER	PDS	GDS
Pearson Correlation	P	1.000		
	PDS	.380	1.000	
	GDS	.305	.448	1.000

Source: SPSS Output, 2023.

The coefficient of the kind of association between the independent variables product diversification strategy (PDS), geographical diversification strategy (GDS), business subsidiary diversification strategy (BSDS) and vertical integration strategy (VIS) and also the dependent variable Performance was shown in table 4.

A product diversification strategy (PDS) has a coefficient of (r= 0.380>0.05), indicating that it has a strong positive correlation with Performance (BP). This means that increasing Product diversification strategy (PDS) in the Nigerian manufacturing industry would have significant effects on Performance.

The coefficient of geographical diversification strategy (GDS) is (r= 0.305>0.05), indicating that geographical diversification strategy (GDS) has a strong positive correlation with Performance, implying that an increase in geographical diversification strategy (GDS) in the Nigerian manufacturing industry would have significant effects on Performance (BP).

5. Discussion of Findings

Table 5: Multiple Regression Analysis of Measures of Diversification Strategy and Performance

Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	.179	.322		.556	.579
	PDS	.119	.029	.118	4.103	.019
	GDS	.037	.016	.039	2.313	.024

a. Dependent Variable: Performance

Table 6: Model Summary

Model	R	R Square	Adjusted R Square	Std. The error in the Estimate	Durbin-Watson
1	.980[a]	.960	.959	.415	1.908

a. Predictors: (Constant), PDS, GDS,
b. Dependent Variable: Performance

Table 7: ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	798.141	4	199.535	1158.810	.000[b]
	Residual	33.749	196	.172		
	Total	831.891	200			

a. Dependent Variable: Performance
b. Predictors: (Constant), PDS, GDS, BSDS, VIS

Source: SPSS Output, 2023.

The effect of diversification strategy tactics on the performance of manufacturing enterprises in Nigeria was studied using multiple regression analysis. A product diversification strategy (PDS), and geographical diversification strategy (GDS).

The findings backed up the H_1 test findings, which showed a substantial positive link between product diversification strategy (PDS) and Performance (BP) (=0.119; P=0.0190.05). Because it is smaller than 0.05, the computed p-value of 0.019 is significant (5 per cent). It also signifies that the level of confidence (confidence interval) is 98.1 per cent higher than the 95 per cent threshold. As a result, we support the alternative hypothesis and reject the null hypothesis (Ho_1), which claims that there is no significant relationship between manufacturing businesses' product diversification strategy (PDS) and Performance. With a regression value of 0.019, this means that a 1% improvement in product diversification strategy (PDS) will result in a 1.9 per cent change in Performance. This finding is consistent with Morris et al (2017) diversification, especially on product resizing, which is mainly responsible for diversification consequences found in past research; on the other hand, unrelated diversification had no relationship to accounting performance and also with the findings of Njuguna, Orwa and Kwasira (2018) who found out, from the study, that there is a substantial positive relationship between product diversification and corporation performance. The conclusion of the study was that product diversification approaches are essential for broadening corporations' markets.

Geographical diversification strategy (GDS) activities, meanwhile, were found to have a substantial positive link with Performance (BP) (=0.037; P0.024). The data confirmed H2's finding that there is a substantial relationship between geographical diversification strategy (GDS) and Performance (BP) (0.0240.05). Because it is less than 0.05, the computed p-value of 0.024 is significant (5%). It also signifies that the level of confidence (confidence interval) is 98 per cent higher than the 95 per cent threshold. As a result, we support the alternative hypothesis and reject the null hypothesis (Ho2), which claims that there is a substantial association between manufacturing businesses' geographical diversification strategy (GDS) and Performance (BP). With a regression value of 0.026, this means that a 1% rise in geographical diversification strategy (GDS) will result in a 3.7 per cent change in Performance. This corroborates with the finding which is consistent with Ariffin ., (2016) the findings revealed that the move to invest abroad had a positive impact on these firms' performance,

Furthermore, Performance is significantly affected by business subsidiary diversification strategy (BSDS) (=0.108; P=0.009). Because it is less than 0.05, the computed p-value of 0.009 is significant (5 per cent). It also signifies that the level of confidence (confidence interval) is 99 per cent higher than the 95 per cent threshold. As a result, we support the alternative hypothesis and reject the null hypothesis (Ho_3), which claims that there is no significant relationship between manufacturing businesses' business subsidiary diversification strategy (BSDS) and performance. This means that a 1% improvement in business subsidiary diversification strategy (BSDS) would result in a 10.8% boost in Performance. This is in line with the findings of Harzing (2010), gaining of reputation by the organization is usually through an increased and enlargement of market share which can be obtained through their leader's influence thus increasing its bargaining competence

In addition, the correlation coefficient (R) of the regression in Table 4.10 (model summary table) is 0.980 (98 per cent), indicating a very strong positive relationship between the dependent variable [Performance] of manufacturing firms and the independent variables [product diversification strategy (PDS), geographical diversification strategy (GDS), business subsidiary diversification strategy (BSDS). The strong positive relationship is further validated with an R2 value of 96 per cent. The adjusted R2 measures the model's quality or fit. This indicates the model's quality of fit and also explains the dependent variable in 96 ways about the independent variables. The error term and other variables outside the model account for the remaining 4%. Because the Durbin Watson computed value of 1.908 is less than "2," there is conclusive evidence of serial or autocorrelation.

Finally, the Anova table 4.11, which displays the overall significance of the model, has F(1158.810) with a p-value of 0.000. This shows that the model is sound because all of the independent variables [product diversification strategy (PDS), and geographical diversification strategy (GDS), affect the dependent variable [Performance] of manufacturing firms in Nigeria.

6. Conclusion

According to the study's findings, diversification strategy had a considerable impact on performance in Nigerian manufacturing firms. Specifically; Performance and product diversification strategy (PDS) have a considerable positive relationship. As a result, Nigerian manufacturing firms should preserve and grow strategic features on how items/services are positioned in the market premise, as this has induced performance and even attracted local and international clients to buy Nigerian products. Also, the geographical diversification strategy (GDS) has a major impact on Performance (BP). According to the data, the geographical diversification strategy (GDS) has played a significant role in improving performance in Nigerian manufacturing enterprises.

Recommendations

i. Firms should diversify in regions where competition is not stiff and intense and also capitalize on the freedom to determine prices that are optimal enough to ensure profitability.
ii. Firms should always engage in research to identify new strategic regions to introduce their products. The study further recommended that the management of the listed firms should come up with sound policies to guide them when diversifying.
iii. Managers should take the initiative as regards vertical integration strategy, this initiative should include making vertical integration issues a part of their performance review.

REFERENCES

Aftab, M., Ehsan, R., Naseer, S., & Awan , T. (2012). The Effect of Corporate Strategy & Capital Structure on Performance of Banking Sector of Pakistan. *Global Journal of Management & Business Research, 12*(17), 20-32.

Aggarwal, R. K., & Samwick, A. A. (2003). ''Why Do Managers Diversify Their Firms? Agency Reconsidered'. *The Journal of Finance, 58*, 71-118.

Akewushola, R. (2015). Performance effectiveness & related product marketing diversification strategy in Nigerian companies: Information & communication technology as a virile tool. Journal of Policy & Development Studies, 9 (2), 211–218.

Amir, R. (2009). Merger performance under uncertain efficiency gains. *International Journal of Industrial Organisation, 6*, 264-273.

Anderson, & &ers E.S., (2002). All guts, no glory: Trading & diversification among online investors, European Financial Management 13, 448{471}.

Andrade, G. (2001). New evidence & perspective on Mergers. *Journal of Economic Perspectives, 6*, 103 - 120.

Andreu, R., Claver , E., & Quer, D. (2008). Type of diversification & company resources: new empirical evidence from the Spanish tourism industry. *International Journal of Tourism Research*, *11*(3), 229-239.

Ansoff, H. I. (1957). Strategies for diversification. *Harvard business review, 35*(5), 113-124.

Arasa, S. O. (2014). *Diversification strategy & performance of Kenya Commercial Banks.* Unpublished MBA Project, Nairobi: University of Nairobi.

Ayobola, C. Ekundayo, M. & Muibi, S.(2018). Resource endowment & export diversification: implications for growth in Nigeria. *Studies in Business & Economics no. 13(1).*

Bany-Ariffin, A., Matemilola, B., Wahid, L., & Abdullah, S. (2016). International diversification & firm's value: Evidence from developing nations. *Review of International Business & Strategy, 26*(2), 166-183.

Barney, J. B. (1991). Enterprise Resources & Sustained Competitiveness Advantage. *Journal of Management, 17*(1), 99-120.

Barney, J. B., Ketchen, D. J., & Wright, M. (2011). The future of resource-based theory: Revitalization or decline? *Journal of Management*, *37*(5), 1299-1315.

Besanko, D., Dranove, D., Shanley, M., & Schaefer, S. (2007). *Economics of Strategy* (4th ed.). New York: Wiley.

Capar, N., & Kotabe, M. (2003). The relationship between international diversification & performance in service firms. *Journal of International Business Studies, 34*(4), 345-355.

Castaldi, C., & Giarratana, M.S. (2018). Diversification strategy, branding and performance of professional service firm. *Journal of Service Research*, 21 (3), 353–354

Chakravarty, S. R. (1998). Efficient horizontal mergers. *Journal of Economic Theory, 82*(1), 277-289.

Chatterjee, S., & Wernerfelt, B. (2001). The link between resources & type of diversification: Theory & evidence. *Strategic Management Journal*, *12*, 33-48.

Chatterjee, S., & Wernerfelt, B. (2001). The link between resources and type of diversification: Theory and evidence. *Strategic management journal*, 12, 33-48.

Chen, C. J. & Yu, C. M. (2012). Managerial Ownership, Diversification & Firm Performance: Evidence from an Emerging Market. *International Business Review*, 54(21), 518-534.

Christensen, J. F., & Foss, N. J. (1997). Dynamic corporate coherence & competence-based competition: Theoretical foundations & strategic implications. (A. Heene, & R. Sanchez, Eds.) *Competence-based strategic management,* 287-312.

Coase, R. H. (1937). The nature of the firm. *Economica, 4*(16), 386-405.

Coviello, N., & Martin, K. (1999). Internationalization of service SMEs: An integrated perspective from the engineering consulting sector. *Journal of International Marketing, 7*(4), 42-66.

Cox, J. R., & Blackstone, J. H. (2001). *APICS dictionary* (11th ed.). Alex & Ria VA: The Educational Society for Resource Management.

David, F. R. (2013). *Strategic Management Concept & Cases* (14th ed.). Essex: Pearson.

Day, G. S., & Nedungadi, P. (2004). Managerial representations of competitive advantage. *Journal of Strategic, 58*, 31-44.

Denis , D., Denis , D. K., & Yost, K. (2002). Global diversification, industrial diversification & firm value. *Journal of Finance, 57*(5), 1951-19

Dhandapani, K., & Upadhayayula, R. S. (2015). Two paths to diversification: Performance implications of related diversification across two dimensions in professional service firms. *International Journal of Emerging Markets, 10*(1), 32-51.

Dinc, A., & Erel, I. (2010). *Economic Nationalism in Mergers & Acquisitions.* Fisher College of Business Working Paper. 79.

Dobashi, I., Fallon, F. C., Eizmendi, M., Loureiro, K., Matchett , R., & Raquet , B. (1999). The value chain for poultry. Pacific Basin Economic Council Working Committee on Food Products. *Working Paper*.

Elango, B., Ma, Y.-L., & Pope, N. (2016). An investigation into the diversification-performance Relationship in the U.S. property-liability insurance industry. *The Journal of Risk & Insurance,* 38(75), 567–591.

Emel, Y.,& Yildirim, B.O. (2016). Industrial diversification & performance in an emerging market. *Panoeconomicus*, 63 (4), 441–454.

Fan, J. H., & Lang, L. P. (2000). The measurement of relatedness: An application to corporate diversification. *The Journal of Business, 73*(4), 629-660.

Fatemeh, D., Mohammad, B., Mona, A., & Leila, T. (2015). A Study of Corporate Diversification on Firm Performance & Risk: Evidence from Tehran Stock Exchange. *Technical Journal of Engineering & Applied Sciences*, 3(21), 2951-2958.

Fauver, L., Houston, J., & Naranjo, A. (2003). Capital market development, international integration, legal systems, & value of corporate diversification: A cross-country analysis. *Journal of Financial & Quantitative Analysis, 38*(1), 135-157.

Forbes, S. J., & Lederman, M. (2019). Does vertical integration affect firm performance: Evidence from the airline industry. Journal of Economics, 41(4), 765-790.

Ghoshal, S., & Moran, P. (1996). Bad for practice: A critique of transaction cost theory. *Academy of Management Review, 21*(1), 13-47.

Granovetter, M. (1985). Economic action & social structure: The problem of embeddedness. *American Journal of Sociology, 3,* 483-510.

Harrigan, K. R. (1984). Formulating vertical integration strategies. *Academy of Management Review, 9*(4), 638-652.

Harrigan, K. R. (1985). Vertical integration & corporate strategy. *Academy of Management Journal, 28*(2), 397-425.

Harrigan, K.R. (2012). The synergy limitation paradox. *Columbia Business School Research Paper*, 15 (15), 69-87.

Hasby, H., Buyung, S., & Hasbudin, S. (2017). The effect of organization size & diversification on capital structure & organization value (study in the manufacturing sector in Indonesia Stock Exchange). The International Journal of Engineering & Science, 6 (6), 50–61.

Haug, J., & Ultich, P. (2013). Diversification and competitive advantage: A risk-based explanation. Academy of Management Annual Meeting Proceedings, 2013 (1), 13418-13418

Hitt, M. A., Hoskisson, R. E., & Kim, H. (1997). International diversification: Effects of innovation & firm performance in product-diversified firms. *Academic Management Journal*, *40*(4), 767-798.

Holcomb, T. R., Holmes Jr., R. M., & Hitt, M. A. (2006). Diversification to achieve scale scope: The strategic implications of resource management for value creation. *Ecology & Strategy Advances in Strategic Management*, *23*, 549-589.

Ibrahim, Y. M., Ibrahim , A. M., & Kabir, B. (2009). Geographic diversification, performance & the risk profile of UK construction firms. *Journal of Engineering, Design & Technology*, *7*(2), 171-185.

Jasper V.D.B. (2016). Corporate diversification & firm performance: The effect of the global financial crisis on diversification in India. A dissertation was submitted to the University of Groningen.

Jensen, M. C. (1986). Agency costs of free cash flow, corporate finance & takeover. *American Economic Review*, *76*, 323-329.

Jensen, M. C., & Meckling, W. H. (1976). Theory of the firm: managerial behaviour, agency costs & ownership structure. *Journal of Financial Economics*, 305-360.

Jiraporn, P., Kim, Y. S., & Davidson, W. N. (2008). Multiple Directorship & Corporate Diversification. *Journal of Empirical Finance*, *15*, 418-435.

Johanson, J., & Mattson, L. (1987). Inter-organizational relations in industrial systems: A network approach compared with the transaction-cost approach. *International Studies of Management & Organization*, *17*, 34-48.

Johnson, G., Scholes, K., & Whittington. (2006). *Exploring corporate strategy* (7th ed.). New York, NY: Prentice-Hall.

Jones, G. (1998). Don't throw the baby with the bathwater: A positive interpretation of transaction cost theory. *Working paper*.

Joskow, P. (1988). Assets specificity & the structure of vertical relationships: empirical evidence. *Journal of Law Economics & Organization*, *4*, 95-117.

Karimi, D.G. (2013). Relationship between investment portfolio choice & profitability of investment companies listed in the Nairobi securities exchange. Unpublished MBA Thesis, Kenyatta University.

Kifordu A.A and Chukwuma Stephen Chukwudumebi(2018).The Significance of Fringe Benefits on Employee Morale and Productivity. The Romanian Economic Journal, Year XXI no. 68

Kifordu, A.A, Ogbo, Ann & Nneka, Maduagu. (2016). Effective Management of Intellectual Capital and Organizational Performance on Selected Manufacturing Firms in Nigeria. International Research Journal of Management, IT & Social Sciences (IRJMIS). 3. 20 - 30.

Kifordu Anyibuofu Anthony, Ann Ogbo & Okagu Kosisochukwu(2017). An Assessment of Hygiene Maintenance Factors Effect on Employees Productivity in Nigerian Telecommunication Industry.International Research Journal of Management, IT & Social SciencesVol. 4 No. 1, January 2017, pages: 61~70

Kifordu Anyibuofu Anthony(2014).The Influence Of Diversity Management On Employee Morale in Brewing Industry In Southeastern Nigeria. Unpublished PhD Thesis. Department of Management, Faculty of Business Administration, University of Nigeria, Nsukka.

Kim, K.-H., Al-Shammari, H., Kim, B., & Lee, S.-H. (2009). 'CEO Duality Leadership & Corporate Diversification Behaviour'. *Journal of Business Research, 62*, 1173-1180.

Kimani, C. W., Wagoki, J., & Okello , B. (2016). Use of integration strategy on the competitive performance of rabbit meat production firms in Kenya. *International Journal of Science & Research, 5*(4), 928-935.

Kimani, C. W., Wagoki, J., & Okello , B. (2019). Use of integration strategy on the competitive performance of rabbit meat production firms in Kenya. International Journal of Science and Research, 5(4), 928-935.

Kostova T, & Zaheer S. (1999). Organizational legitimacy under conditions of complexity: The case of the multinational enterprise. *Academy of Management Review* 24 (1): 64–81.

Kotler, P. & Armstrong G., (2008). *Marketing: An Introduction*. New Jersey. Prentice-Hall International, Inc.

Krivokapic, R., Nladimir, V., & Stojic, D. (2017). Effects of corporate diversification on organization's performance: Evidence from the Serbian insurance industry. *Economic Research Journals*, 30(1), 1224–1236.

Madhok, A. (1997). Cost Value & Foreign Market Entry Mode: The transaction & the firm. *Strategic Management Journal, 18,* 39-61.

Mailanyi, P. (2014). *Effect of mergers & acquisitions on the financial performance of oil companies in Kenya*. Unpublished MBA project, Nairobi: University of Nairobi.

Makarfi, Y. I. (2005). The *impact of diversification on the performance of construction companies.* Unpublished MBA project, Nairobi: University of Nairobi.

Makau, M.M., & Ambrose, J. (2018). The impact of portfolio diversification on the financial performance of investment firms listed in Nairobi Security Exchange Commission, Kenya: Empirical review. *International Journal of Management and Commerce Innovation*, 5 (2), 177–187.

Manyuru, A. Wachira, M. & Amata, E. (2017). The impact of corporate diversification on firm value in Kenya. *African Journal of Business Management*. 11(11), pp. 241-249.

Manyuru, A., Wachira, M., & Amata, E. (2017). The impact of corporate diversification on organization value in Kenya. African Journal of Business Management, 11 (11), 241–249.

Marangu, W., Oyagi, B., & Gongera, E. (2014). An analysis of concentric diversification strategy on organization competitiveness: Case of sugar firms in Kenya. *European Journal of Business & Management, 6*(19), 175-180.

Marinelli, F. (2015). *The Relationship between Diversification & Firm Performance: Is there causal?* New York: Free Press.

Mashiri, E. & Sebele, F. (2014). Diversification is a Corporate Strategy & Its Effect on Firm Performance: A Study of Zimbabwean Listed Conglomerates in the Food & Beverages Sector. *International Journal of Economics & Finance; 6(5*); 2014.

Masulis, R., Wang, C., & Xie, F. (2007). Corporate governance & acquirer returns. The Journal of Finance. http://dx.doi.org/10.1111/j.1540-6261.2007.01259.x

Maurizio, L. R., Tiziana L. R. F. & Javier, S. V. (2018). Multibusiness firms & performance in Italy. What role does relatedness play? European Research on Management & Business Economics 24 (2018) 63–70

Miller, M. J. (2015). *Graduate Research Methods*. Available from: http:// www.michaeljmillerphd.com/res500.../reliability_and_validity.pdf.[Last accessed on 2015 Oct 10].

Mitema, V. M. (2014). *The effects of mergers & acquisition on value creation of Insurance companies in Kenya.* Unpublished MBA project, Nairobi: University of Nairobi.

Montgomery, C. A. (1994). Corporate Diversification. *Journal of Economic Perspectives, 8*(3), 163-178.

Montgomery, C. A., & Wernerfelt, B. (1988). Diversification, Ricardian rents & Tobin's q. *Rand Journal of Economics, 19*(4), 623-632.

Mpoyi, T., & Bullington, E. (2004). Performance implications of changing vertical integration strategies. *American Business Review, 22*(1), 93-101.

Mulwa, J. M. & Kosgei, D. (2016). Commercial bank diversification & financial performance: the moderating role of risk. *Journal of Finance & Investment Analysis,*

Myers, S. C. (2001). Capital structure. *Journal of Economic Perspectives, 15*, 81-102.

Njuguna, N. V. (2019). Influence of Diversification Strategies on Performance of Non-Financial Firms Listed at the Nairobi Securities Exchange in Kenya. *A Thesis Submitted in Partial Fulfillment for the Degree of Doctor of Philosophy in Business Administration at the Jomo Kenyatta University of Agriculture & Technology,* Kenya.

Nwakoby, N. P. & Ihediwa, A. (2018). Effect of Diversification on the Financial Performance of Selected Firms in Nigeria. *International Journal of Advanced Academic Research | Social & Management Sciences,* 4(12), 1-16.

Nyaingiri , S., & Ogollah, K. (2015). Influence of Unrelated Diversification Strategy Components on Corporate Performance: Case Sameer Group in Kenya. *Journal of Business & Management, 17*(4), 78-83.

Odeleye, A..T. & Olunkwa, N. C.(2016). Export Diversification & Economic Growth in Nigeria. https://www.researchgate.net/publication/323615961

Oladimeji, M. S. & Udosen, I. (2019). The Effect of Diversification Strategy on Organizational Performance. *Journal of Competitiveness*, 11(4), 120–131.

Oloda, F. O. (2017). Vertical Integration Strategy & Organisational Survival in Manufacturing Firms in Port Harcourt, Rivers State, Nigeria. *International Journal of Advanced Research, 3*(1), 36-43.

Oloda, F. O. (2017). Vertical Integration Strategy and Organisational Survival in Manufacturing Firms in Port Harcourt, Rivers State, Nigeria. International Journal of Advanced Research, 3(1), 36-43.

Oyedijo, A. (2012). Effects of product-market diversification strategy on corporate financial performance & growth. An empirical study of some companies in Nigeria. *American International Journal of Contemporary Research, 2*(3), 199-210.

Oyewobi, L. O., Windapo, A. O., & Cattell, K. S. (2013). Impact of business diversification on South African construction companies' corporate performance. *Journal of Financial Management of Property & Construction, 18*(2), 110-127.

Pearce, J., & Robinson, R. (2010). *Strategic Management; Formulation Implementation & Control.* New York: McGraw Hill Irwin.

Penrose, E. T. (1959). *The theory of the growth of the enterprise*. London, UK: Basil Blackwell.

Phung, D. N., & Mishra, A. V. (2016). Corporation diversification & firm performance: Evidence from Vietnamese listed firms. *Australian Economic Papers*, 386-408.

Prahalad, C., & Hamel, G. (1990). The core competencies of the corporation. *Havard Business Review, 68*(3), 79-91.

Priem, R., & Butler, J. (2001). Is the resource-based "view" a useful perspective for strategic management research? *The Academy of Management Review, 26*(1), 22-40.

Ravichandran, A., & Bhaduri, S. (2015). Diversification & firm performance: A study of Indian manufacturing firms. *Munich Personal RePEc Archive*.

Rehber, E. (1998). Vertical integration in agriculture & contract farming: private strategies, public strategies & food system performance. USDA l& grant university research project, working paper. *Journal of Scientific Research, 2*(1), 14-20.

Rothaermel, F. T. (2012). *Strategic Management: Concepts & Cases.* New York: McGraw-Hill/Irwin.

Rumelt, P. R. (1977). Diversification Strategy & Profitability. *Journal of Strategic Management, 3,* 359-369.

Sambharya, R. (1995). The combined effect of international diversification & business diversification strategies on the performance of US-based multinational corporations. *Management International Review, 35*(3), 187-218.

Schommer, M., Richter, A. & Karna, A. (2019). Does the diversification firm performance relationship change over time? A meta-analytic review. *Journal of Management Studies*, 56(1), 91–133.

Sindhu, M., Haz, E., Ali, S., & Ali, M. (2014). Impact of diversification on the organization's performance: An evidence from Pakistan. *European Journal of Business Management*, 6 (4), 106–111.

Sudarsanam, S. (2010). *Creating value from mergers & acquisitions: The challenges* (2nd ed.). Essex: Pearson Education Limited.

Sulaimon, A. A., Ogunkoya, O. A., Lasisi, J. O., & Shobayo, P. B. (2015). The impact of marketing capability & diversification strategy on performance. *Journal of Marketing & Consumer Research*, 20 (13), 50–59.

Theuven, L. (2004). Vertical integration in the European package tour business. *Annals of Tourism Research*, *31*(2), 111-125.

Thomas, D. E. (2006). International diversification & firm performance in Mexican firms: A curvilinear relationship? *59*(4), 501-507.

Thompson Jr., A. A., Strickl& III, A. J., & Gamble, J. E. (2005). *Crafting & executing strategy, text & readings* (14th ed.). New York: McGraw Hill Irwin.

Uchenna, A. W., Nonye, U. J., Okelue, U. D., & Obinne, U. G. (2012). Impact of Corporate Diversification on the Market Value of Firms: A Study of Deposit Money Banks Nigerian. *European Journal of Business & Management*, *4*(8).

Ugwuanyi, G.O., & Ugwu, J.N., (2012). The effect of corporate diversification on the profitability of the financial service sector in Nigeria. *World Academy of Science, Engineering & Technology*, 6 (7), 1729–1732.

Videlis N.N, Josphat K. & George O. (2018) Influence of Product Diversification Strategy On Performance Of Non-Financial Firms listed at the Nairobi Securities Exchange, Kenya, *International Journal of Economics, Commerce and Management*, VI(6), 60-83.

Wahla, K.-U.-R., Shah, S. Z. A., & Hussain, Z. (2012). Impact of ownership structure on firm performance evidence from non-financial listed companies at Karachi Stock Exchange. *International Research Journal of Finance & Economics, 84, 6–13***.**

Wernerfelt, B. (1984). A resource-based view of the enterprise. *Strategic Management Journal, 5*(2), 171-180.

Whyte, G. (1994). The role of asset specificity in vertical integration decisions. *Journal of economic behaviour & organization*, *23*(3), 287-302.