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DIVERSIFICATION STRATEGY AND PERFORMANCE OF MANUFACTURING FIRMS IN NIGERIA

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Abstract

Several numbers of factors has been account for the strategic approach to corporate diversification in the manufacturing sector in developing nations. Thus; Firms could consider diversification due to market saturation, declining demand competitive pressure, product line obsolescent, or if fair antitrust action no longer allow profit objectives to be met solely through an expansion of its current product and market activities. This research therefore examines the impact of diversification on the performance of Dangote Group of companies. The objective of the research is to specifically examine the extent to which product and market diversifications have improved the corporate performance in Dangote Group of Companies. The research elicited data from primary source while the respondents were reached using questionnaire. The data were analyzed using a five point's likert scale and hypotheses were tested using linear regression analysis. The research revealed that diversification is a strategy for firms' survival. In addition, diversification strategy increases market share of the organization as well as minimizing risk of operations. The research therefore recommends that diversified enterprises should strengthen their product diversification drive so as to remain in business. More so, the firms should study and improve their diversified techniques through product and market innovative strategies as this measure would guarantee sustainable performance of firms.

Keywords: *Product, Market, Diversification, Performance.*

Introduction

Diversification is still the most viable strategy for several firms across the globe in the last century. The idea of diversification as a survival strategy has been previously neglected firms. Consequently, this has become the impeding factor for survival as empirical evidence has shown that this approach is the fundamental avenue for corporate survival of firms. The purpose of this study is to evaluate the effect of diversification on corporate performance in manufacturing firms with the view to broadening the knowledge of organizations and its employee on how diversification can be used by corporate organizations to achieve effective and efficient use of its human and material resources at its disposal

Though, there are several diversification approaches firms could adopt as a strategy for achieving organizational goals, diversified firm have leverage than undiversified firms, diversification strategy is used by firms in order to minimize the risk that it might face during its operational activity. Hans etal, (2004), Nasiru etal (2011) and Ade (2018) noted that in the sixteenth century, the house of Fugger was in banking, textile, spaces, copper, silver and finance, all over the Europe. The East Indian Company in eightieth

century was quite diversified. Yalokwu (2006) argued that every business has to diversify because the "right" product sooner or later becomes obsolescence. The term diversification can really refer to a host of different types of strategies. Diversification can refer to change in products, market, or functions. It can be done internally or externally, horizontally or vertically and it can involve related or unrelated changes.

Dangote Group of companies in recent time adopted this strategy and it is incumbent to appraise the extent to which this managerial strategic approach has been able to enhance its performance.

Sey and Anguhar (2014) argued that diversification strategy is a strategy which involves broadening or enlarging the product range by introducing new product or extending the ranges of existing product. It translates the policy of not channeling all your resources into one end.

Thus, considering the global trends, dynamics, perpetual customers' tastes, preference as well as advancement in modern technology, there is need to periodically appraise how this strategies strived in this objective, this is the thrust of the study.

Objectives of the Study

This research is carried out to examine how diversification strategy enhances the performance of manufacturing firms in Nigeria. However, this study is set to accomplish the following specific objectives;

1. To determine the relationship between product diversification and Performance.
2. To determine the relationship between market diversification and Performance.

Statement of Hypotheses

Based on the research objectives this study formulates two hypotheses which are in their null form.

1. H_1: There is no significant positive relationship between product diversification and Performance.
3. H_2: There is no significant positive relationship between market diversification and Performance.

Literature Review

Diversification is a firms' blue-print or management philosophy of operating an enterprise so that its business and profits come from several sources, usually from diverse products that differ in market or production characteristics (Ade, 2012).

Diversification is aimed at attaining greater varieties of products in order to minimize cost and maximize profits. It translates the policy of not channeling the firms' resources into one end. Diversification is one of the four basic strategies proposed by (Ansoff ,1979).

Shvyrkov and Pastovkhova (2010) viewed diversification as when a business develops a new product or expands into a new market. Additionally, sometimes enterprises diversify to manage risk by minimizing potential harm to the business during economic downturn. The fundamental ideology is to consciously expand into a business activity that does not adversely conform to the same economic variables as compared to the current business activities. If some of the business enterprises encountered crises in the market, the firm could offset the losses and keep the company viable; however, Oluwakemi etal (2017) noted that a firm could also adopt diversification as a growth strategy.

Thus, Thompson and Strickland (2008) argued that diversification strategy has been fundamentally divided into two broad categories which is concentric and conglomerate diversification thus:

a. **Concentric Diversification:** The concentric diversification is a technique used when the firm lines of business although distinct, but still possess some meaningful kinds of strategic fit. In concentric diversification, the related nature of the various lines of business could be modeled to common technology, customer, usage, distribution channels, and methodology of operations, managerial knowhow, or product. For instance, a firm that manufactures industrial products might decide to diversify into product to be sold through retail. The technology could be the same but the marketing effort would need to change. It also seems to expand its market share to launch a new product which helps the particular firm to maximize returns.

b. **Conglomerate Diversification:** The conglomerate diversification is an unrelated diversification approach. Through this approach, there is no common thread or element of true strategic fit among the firm's several lines of businesses, concurring with this; Clarke (2004) also classified diversification strategy into two broad forms such as:

1. **Related Diversifications:** The related diversifications approach involves when two or more products or businesses are related to each other by common manufacturing facilities, market, distribution channels or sale and advertising effort. Thus, this is the same with the enterprise product diversification.

2.**Unrelated Diversification:** The unrelated diversification is when a firm move or diversify into product areas which are not related to existing products, or diversify into areas which are not related by common technology, or market, etc, but belong to the different industry or market groups.

Forms of Diversification

Diversification as a strategic approach adopts different forms. Depending on the applied technique, there are different classifications of firms' diversification. Raffaele and Maurizio (2011) and Ade (2012) argued that depending on the direction of firms' diversification, the different types are:

Horizontal Diversification: The horizontal diversification approach involves tackling products or services that are in a sense, not related technologically to certain products but attract the interest of current customers. This strategy is more effective, considering the fact that customers are loyal to the existing products or services, and if the new products or services are well priced and adequately promoted customers could expand patronage, this could be likened to market diversification. This is because the strategy increases the new product's dependence on an existing one. This integration normally occurs when a new enterprise is initiated, but, unrelated to the existing one.

Vertical Diversification: This occurs when the firms goes back to previous stages of its production cycle and therefore gets forward to other stages of similar cycle production of raw materials or distribution of the final product. Thus, this kind of diversification guarantees a regular supply of materials with better quality and at a considerable price.

Concentric Diversification: This specifies that there exist similarities between the industries in terms of the technological application. It is through this that firm could compare and apply their technological knowhow as an added advantage. This is therefore through a systematic change or technical delay in the marketing strategy conducted by the enterprise. This strategy is aimed at increasing the market value of particular product and therefore sustains a higher profit. This diversification approach is often used by small producers of consumer goods such as bakery starts producing pastries or dough products.

Heterogeneous (Conglomerate) Diversification: This approach requires moving to a new product or services that have no technological or commercial relation with current products, equipment, channel of distribution, but which could appeal to new groups of customers. The major motive behind this kind of

diversification is the high return on investment in the new industry. Therefore, the decision to adopt his kind of diversification could lead to additional entrepreneurial prospects indirectly related to further developing the main company business access to new technologies and opportunities for strategic partnership.

Corporate Diversification: The corporate diversification strategy Involves production of unrelated but definitely profitable products. This is often tied to large investments where there could also be high returns.

Lateral Diversification: The lateral diversification strategy could be described as a move to expand product line beyond the confines of the immediate enterprise boundary; the management does not necessary care to relate its latest product with the previous one and is absolutely permissive in a sense.

C**onglomerate Diversification:** In conglomerate diversification strategy the enterprises might desire to operate new businesses that have no relationship with the company's current technology, product or market.

Forward Integration: Forward Integration is where the manufacturer or main supplier tries to reach customers through their own distribution channel. Firms therefore do adopt forward integration strategy to take advantage of the intimate contact with their customers and to ensure a control over retail price of their products.

Backward Integration: Backward integration is the acquisition or establishment of facilities by a firm to produce inputs on its own manufacturing process as against buying or procuring input from outside sources. The main objective of this strategy is to minimize or eliminate uncertainly as to price, quality and availability of inputs, thus acquiring greater control over the resources.

Methods of Diversification

Nzotta (2010) explained three possible ways of implementing the policy of product diversification, such as: Internal research and development operation may provide a company with new products which may be distinctive thereby serves as a potential for consumer need satisfaction.

Amalgamation and absorption are also employed by firms to execute the policy of product diversification. In amalgamation, two or more firms come together and form an entirely new company whereas, in absorption; one enterprise acquires a going concern. In both the cases, the product range of the firm expands when the firm being amalgamated or absorbed have different product lines. This technique helps to reduce product competition in the market. Also, there are more possibilities of supplementing technical and managerial skills of the firms being amalgamated or absorbed. Again, instead of developing product by itself, a firm could decide to produce "patents and manufacturing license" of new products developed by others so as to diversify. In addition, a firm with a sound resource base and marketing organization but reluctant to wait for internal research to throw new product usually adopts such a method.

In Nigeria, a number of pharmaceutical firms have procured patents and licenses from abroad to manufacture new drugs. This method absolves a firm from the resource consuming activity of internal research and development and provides opportunities of exploiting market for licensed products during their life cycle. However, the patentee in most instances will have to pay fees and royalties for being granted license. Firms considering this measure must have been convinced of the viability of such enterprises for reasonable number of years.

Though, practically speaking, firms seldom resort to only one technique, they often integrate these methods so that identified areas of opportunities could be maximally explored while the weaknesses be typically addressed through the consolidation of such weaknesses with the identified enterprise opportunities.

Diversification Strategy and Corporate Performance

Oyefesobi (2013) and Oluwakemi etal (2017) argued that diversification as a strategy accounts for increase in number or products thereby increase customers' patronage. In addition, it reduces the area of fringe market and the zone of indifference in the total market of a firm and match large number of consumers self-images. Moreover, the product market integration brings in higher profitability thereby compensating for the declining profits of the old products. Furtherance to this, by exploiting new markets it ensures growth of the firm. However, among the major weaknesses of the product diversification include: consideration investment, long-pay back periods, enormous risks, uneconomic production and the trap of full line competition and inter-production competition. Chikere (2004) opined that the conglomerate diversification guaranteed rapid growth, broader economic sustainability and greater profit potentials. On the other hand, there are higher risk and potentially greater losses if not strategically managed. Therefore, successful diversification requires management depth to develop a strategy for managing complexities associated with such enterprise decision. However, studies have shown that effectiveness of concentric (internal) diversification by entry into a diversified line on a large scale is related to eventual success and firms' growth.

Thompson and Strickland (2008) noted that conglomerate diversification strategy can lead to improved sales, profitability and growth when an organization diversifies into industries where the economic potential is more viable than its existing business.

Nalk (2011) and Ogada etal (2016) supported this and went further to state that the wealth or firms experience with diversification categorically demonstrates that there is right diversification as well as the adverse diversification. Therefore, enterprises mostly their businesses diversified within the specific market units perceived to be profitable while the successful single-product businesses also pursued along which could lead to firm performance. Therefore, Santos and Ninko (2013) argued that conglomerate being an assembly, under one management of a wide variety of diversified businesses without a common-core of unity which cannot expect superior results and performance in the long-run and especially not in turbulent times; this implies that diversification reduces systematic risk and diversified firms are often concentrated in rapid growth market with high increase in labour productivity and high ratio of technically.

Salma (2018) noted that diversification is concentric or conglomerate could neither be completely recommended nor condemned for firms as it largely depends on the environmental variables. More so, several enterprises are engrossed in pursuing diversification of one sort or the other and they viewed this as good and sufficient business actions. It therefore fundamentally makes sense for a firm to consider diversification when its existing business has been expanded to its maximum limits or when it is severely threatened by external environmental variables.

In addition, the benefits and challenges of what kind and how much diversification firms require to get the best result vary from one firm to the other. A logical place for an organization management to begin its evaluation of diversification alternatives is with a consideration of what is the least diversification required to attain objectives and remain a healthy and viable entity capable of competing successfully (Sev & Angaha, 2014, Oluwakemi, etal, 2017).

More so, at the other extreme the management is equally obliged to evaluate the notion of what is likely identified as the most viable diversification strategy to float considering the complexity. Thus, after deciding what to include and not, the next step is to make the diversification strategy adequate to define the fundamental role of each line of businesses within the entire organization. The reserve technique of operating corporate strategy is seen as a mere aggregation of each line of business strategy prone to business

failures. It can be quickly deteriorate into marching in too many directions at the same time (Ade, 2012, Ngo & Surendranath, 2009).

The investor disfavor which conglomerate have acquired the poor performance of several prominent conglomerates, and the most important issue of how to effectively manage the adverse number of business effectively have caused highly diversified firms to avoid or discard the conglomerate label by developing "corporate unity themes" multi-product firms therefore comes up with broad labels such as leisure time, high technology, consumer products, material processing communication systems, and cumulative services to mask the variety of different enterprises being operated. Therefore, the moment this strategic approach of diversification is adopted by firms, it guarantees an effective performance such as market share, sales volume, profitability, growth and survival. Based on this, it is pertinent to point out that diversification enhances firms performance.

Empirical Review

There is various studies conduct on the concept of diversification and performance of manufacturing firms in Nigeria. This research examined some of these studies with the view to justifying the research gap. Hans etal (2004) conducted a study on Measurement of International and Product Diversification in the Publishing Industry was conducted to examine how International and product Diversification strives the performance of publishing firms in Europe. The study adopted product correlation and the study covered period between 1999 through 2002. The study revealed that International and Product Diversification have propelled the performance of Publishing Industry in Europe. In addition, Nasiru etal, (2011) conducted a research on evaluating the impact of product Diversification on Financial performance of selected Nigerian Construction Firms. The study adopted specialization ratio method to measure and categorized firms into diversified, moderately diversified and highly diversified. Again, the student t- test was adapted to test the between variables and finding revealed a non linear relationship between extent of diversification and performance. Raffaele and Maurizio carried out a research in 2011 on Theoretical Foundation of Diversification Decisions: Opportunism or Financial Benefits. The study adopted a qualitative approach and revealed that there is no consensus on the direction of relationship between variables. Again, Ade conducted a study on the Effect of Product – Market Diversification Strategy on Corporate Financial performance and Growth in 2012. The study adopted correlation, multiple regressions, ANOVA, independent sample test and Scheffe Ad Hoc test. The research revealed that there is a high and positive correlation between financial performance and related diversification strategy. In addition, Oluwakemi etal carried out a research in 2017 on Diversification strategy and Organization market share in the Nigerian manufacturing industry. The study was revealed to adopt ANOVA as well as correlation technique for statistical analysis and it revealed that diversification strategy has a positive impact on manufacturing firm market share and market position. Kabeyi conducted a study in 2018 on Organizational Strategic Diversification with the case studies of successful and unsuccessful diversification. The study applied a qualitative research approach and it shows that there is a significant positive relationship between Organizational Strategic diversification and performance. Finally, Finally, Sev and Angahar conducted a study in (2014) on corporate level strategic analysis and choice as a measure of achieving performance in organizations. The study adopted quasi experimental survey technique and cross – sectional design method. Finding revealed that factors responsible for firms' growth include market share, sales turnover, profitability, strategic application, competitive advantage and share capital size. Though most of these studies examined Diversification and Firms performance however, none of these firms considered how product or market diversification specifically influences performance thus, that is the gap this study intends to cover.

Business Action Theory

The Business Action Theory (BAT) is anchored on the theoretical postulations on the existence of actions that are needed to be carried out while carrying out business. These actions according to Orogbu et al (2015) includes all cumulative enterprise activities ranging from communicative business activities to other business real actions ranging from purchases, offer to payment etc. thus; such business actions emphasized that business interactions exist to yield a valuable outcome that would be beneficial to all interest groups within the business relationship.

Therefore, the theory postulates that the business model consisting of firms, consuming public and suppliers carrying out the action of communicative and material character that are seemingly related in generic terms anchoring its view on both communicative action theory and business relationship theory that would satisfy customers through continuous innovative actions. This theory is relevant to the concept of diversification and firms' performance since action oriented phenomenon would improve the innovative pattern of business, reinvigorate cultural and structural patterns towards business performance.

Research Methodology

The research adopted a descriptive research design. This research method is a research survey design involving surveying the respondents with the view to collecting responses for the purpose of statistical analysis. In addition, this study which examines diversification strategy and firms' performance involved collecting data through primary sources. The primary data obtained were through a structured questionnaire while the data were subjected to descriptive and inferential analysis. The population of this study comprised the entire employees of Dangote Group of companies which according to 2017 annual report is 30,000. This population specifically includes employees of Dangote salt, Dangote sugar, Dangote cement plc and Dangote Flour mills. However, considering the fact that the population for this study may not be manageable effectively, it becomes impossible to study the entire population. Thus, the research adopted Godden' statistical formula.

The Godden (2004) sample size determination statistical technique is appropriate for determination of sample size with a finite population less than 50,000

The Godden (2004) formula denoted as.:

$$SS = \frac{Z^2 (P)(1-P)}{C^2} \quad \text{-- equ (1)}$$

$$\text{New SS} = \frac{SS}{1 + \frac{(SS-1)}{\text{Population}}} \quad \text{equ (2)}$$

Where SS = Sample size

Z = Confidence level 95 %

P = Percentage of population (70%)

C= Confidence interval = 5 % (0.05)

$$SS = \frac{1.96^2 \ (0.7)\ (1- 0.7)}{0.05^2} \quad \text{- - - - - equ (1)}$$

$$SS = \frac{3.8416\ (0.7)\ (1 - 0.7)}{0.0025}$$

$$SS = \frac{0.806736}{0.0025}$$

SS = 322

Population = 30,000

$$\text{New SS} = \frac{322}{1 + \frac{(322 - 1)}{30{,}000}}$$

$$\frac{322}{1 + 0.11}$$

$$SS = \frac{322}{1.011}$$

New SS = 318

Therefore, the sample size = 318

However, out of the total 318 questionnaire distributed only 269 were duly completed and returned giving a retrieval rate of 85%.

The questionnaire was the only source of primary data therefore in doing this the study designed a structured questionnaire which was close ended while a five- point Likert-scale responses of strongly agree, Agree, Undecided, Disagree and strongly disagree was used. The decision criterion is to accept any item with a mean of 3.00 and above otherwise such a mean will be rejected. However, only the inferential statistical result which is regression analysis adopted in testing the two hypotheses was presented.

Reliability of the Instrument

Reliability of this study was used to determine the internal consistency of the instrument. To test the reliability of the instrument, the study conducted a pilot study by distributing questionnaires numbering twenty (20) to the target respondents through the help of two trained research assistants; the Cronbach Alpha coefficient measure of internal consistency was adopted. The reliability of the instrument using Cronbach alpha reliability test with the Statistical Package for Social Sciences (SPSS) which yielded the result of 0.82 for product diversification, 0.87 for market diversification and 0.84 for firms' performance. Specifically, the clusters of the instruments were computed in order to determine the degree of consistency within them and the reliability of the entire instrument is 0.84 which is considered reliable. The reliability result is showed in table 1.

Table 1. Reliability Test Results

Decomposed variables	Number of items	Cronbach Alpha
Product diversification	4	0.82
market diversification	4	0.87
Performance	4	0.84

Source: SPSS statistical analysis version 20.

Data Analysis and Results

The study tests two hypotheses using the linear regression statistical analysis with the aid of Statistical Packages for Social Sciences (SPSS). The independent variable is diversification strategy and proxies are product and market diversifications respectively while the dependent variable is firms' performance. However, in other to make specific inferences the study adopted model summary, analysis of variance (ANOVA) and coefficients. The decision rule is to accept P. value if the alpha value is ≥ 0.05 otherwise the null hypotheses be rejected.

Test of Hypothesis

Hypothesis 1

H_1:There is no significant positive relationship between product diversification and Firms Performance in Kogi State.

Table 2 Model Summary

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.818[a]	.724	.723	.32142	.026

a. Predictors: (Constant), product diversification
b. Dependent Variable: Firms performance

Table 2 shows that there is a significant positive relationship between the dependent variable (Firms performance) and independent variable (product diversification) as indicated by a strong R of 0. 818. The coefficient of determination R^2 (R square) which measures the percentage of the total change in dependent variable that can be explained by independent variable indicating that product diversification increase 0.724 which means that product diversification increase the 72% of firms' performance. This also implies that a 1% increase in product diversification will lead to 72% firm performance. However, this could be overstated so the adjusted estimate for the whole result was explored and it also gives 0.723 and the standard error of the estimate is considered low at 0.32142. Finally, the model shows that there is no auto regression in the variables as the Durbin Watson of 0.026.

Table 3 ANOVA

ANOVA[b]

Model	Sum of Squares	df	Mean Square	F	Sig.
1Regression	521.314	1	521.314	3052.041	.000[a]
Residual	17.223	267	.072		
Total	538.537	268			

a. Predictors: (Constant), product diversification

b. Dependent Variable: Firms performance

The ANOVA table for regression line shows that the P-value is 0.000 which is lower than 0.05 alpha values. The table also shows the f statistics of 3052.041. Therefore, it shows that significant positive relationship exist between product diversification and Firms' performance which implies that the null hypothesis is rejected.

Table 4 Coefficients

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	T	Sig.
1	(Constant)	.135	.021		3.705	.000
	Product diersification	.631	.009	.437	82.83	.000

a. Dependent Variable: Firms performance

To test the significance of the regression for the two variables product diversification (independent variable) and Firms' performance (Dependent variable) the P-value was considered. The result shows that the average Firms' performance is 0.135 when product diversification is zero. The t-test value is 3.705 and its sig-value is 0.000 which is less than alpha value of 0.05 hence, it means that it is statistically significant. This implies that if there is no product diversification the average Firms' performance is 0. 631. The average rate of change in Firms' performance due to single change in product diversification is 0.631. The t-test value of 82.83 and its sig-value is 0.000 which is less than alpha value of 0.05. It means that it is statistically significant.

Hence, single unit change in product diversification impact in the shape of increase on Firms' performance which means that the null hypothesis that there is no significance relationship between product diversification and Firms' performance is rejected.

Hypothesis 2

H_2:There is no significant positive relationship between market diversification and Firms Performance in Kogi State.

Table 5. Model Summary

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.822[a]	.791	.789	.38321	.028

a. Predictors: (Constant), Market diversification

b. Dependent Variable: Firms' performance

Table 5 shows that there is significant positive relationship between the dependent variable (Firms' performance) and independent variable Market diversification as indicated by a strong R of 0.822. The coefficient of determination R^2 (R square), which measures the percentage of the total change in dependent variable that indicates that Market diversification increase 0.791 which means that Market diversification increase the 79% of Firms' performance. This also implies that a 1% increase in market diversification will lead to 79% Firms' performance. However, this could be overstated so the adjusted estimate for the whole result was explored and it also gives 0.789 and the standard error of the estimate is considered low at 0.38321. Finally, the model shows that there is no autoregression in the variables as the Durbin Watson of 0.28.

Table 6 ANOVA

ANOVA[b]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	421.118	1	421.118	2131.118	.000[a]
	Residual	61.442	267	.212		
	Total	482.56	268			

a. Predictors: (Constant), Market diversification

b. Dependent Variable: Firms performance

The ANOVA table for regression line shows that the P-value of significance is 0.000 which is less than 0.05 alpha values. The table shows the F statistic of 2131.118. Therefore, it shows that significant positive relationship exist between Market diversification and Firms' performance which implies that the null hypothesis is rejected.

Table 7. Coefficients

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	T	Sig.
1	(Constant)	.461	.042		3.002	.000
	Market diversification	1.071	.018	.662	31.14	.000

a. Dependent Variable: Firms performance

To test the significance of the regression for the two variables market diversification (Independent variable) and Firms performance (dependent variable) the P-value was considered. The result shows that the average Firms performance is 0.461 when market diversification is zero.

The t-test value is 3.002 and its sig value is 0.000 which is less than alpha value hence, it means that it is statistically significant. This implies that if there is market diversification there, the average Firms performance is 0.461. The average rate of change in Firms performance due to single change in market diversification is 1.071. The t-test value of 31.14 and its sig value are 0.000 which is less than the alpha value of 0.05. It means that it is statistically significant. Hence, single unit change in market diversification impact on the shape of increase in Firms performance which means that the null hypothesis that there is no significant positive relationship between market diversification and Firms' performance is rejected.

Discussion of Findings

Based on the empirical evidence this research has been able to establish that that is a significant positive relationship between diversification strategies and firms performance. The finding relates to the Business action theory which postulates that the business model consists of firms, consuming public and suppliers carrying out the action of communicative and material character that are seemingly related in generic terms anchoring its view on both communicative action theory and business relationship theory that would satisfy customers through continuous innovative actions. More so, the study revealed that there is a significant positive relationship between product diversification and firms' performance. This finding support the findings of Nasiru etal, (2011) and Oluwakemi (2017) who revealed that diversification has a positive impact on manufacturing firm market share and market position but do not conform to the finding of Raffaele and Maurizio (2011) who revealed that there is no consensus on the direction of relationship

between variables. In addition, the study revealed that there is a positive significant relationship between market diversification. This study also support the Business action theory and the findings of Kabeyi (2018), Sev and Angahar (2014) that that factors responsible for firms' growth include market share, sales turnover, profitability, strategic application, competitive advantage and share capital size.

Conclusions and Recommendations

The research revealed that diversification is a strategy for firms' survival. This is obvious because it allows firms to covert cost canters to revenue or profit centers. In addition, it increases market share of the organization as well as minimizing risk of operations. More so, diversification strategy enables firms to achieve a sound competitive advantage in terms of goodwill, improvement in asset base, reliable means of transportation, increase in market and labour productivity

Though, there are indications that firms diversify into conglomerate (unrelated firms) it suffers organizational conflict and increases cost and time waste in taking decision, the study revealed that product and market diversification increases firms' performance in terms of market share, profitability and cost minimization. Consequent upon the finding of this study, the research recommends that diversified firms should strengthen their product diversification strategies so as to remain in business. This would no doubt be able to position enterprises strategically towards improved performance.

In addition, through this mechanism, the diversified firms would be able to compete favourably at the global scene. Finally, the study recommends that the firms should study and improve their diversified techniques adopting product and market innovative strategies and such measure would be able to guarantee sustainable performance of firms.

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