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Impact of Diversification Strategy on Organizational Performance in Manufacturing Firms in Nigeria

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Abstract

This study investigated the impact of the Diversification Strategy on Organizational Performance in Manufacturing Firms in Nigeria. The specific objectives of the study are to ascertain the effect of the measures of Diversification Strategy, namely; Product Diversification (PD), and Geographical Diversification (GD), The data was collected through the aid of 5-Likert scale structured question from the respondents that comprised a sample size of one hundred and twelve (112) respondents. The Data collected from the questionnaire was coded using the Excel spreadsheet and entered into Statistical Package for Social Science (SPSS) for analysis using descriptive statistics and presented using inferential statistics where the test for significance, direction, and strength of the relationship was established. Inferential statistics such as correlation analysis were used to discover if two variables are related and the hypotheses of the study were tested using multiple regressions. The findings revealed that Product Diversification (PD) and Geographical Diversification (GD), has a significant relationship with Organizational Performance (ORGP). Based on the findings, the study concluded that there is a significant relationship between Diversification Strategy and Organizational Performance in manufacturing firms. Thereby it was recommended that organizations that wish to achieve economies of scale and redeem their financial position in the face of downturn or decline in the product life cycle should diversify their product lines to better meet customers' demands, as well as to achieve profitability and expansion as well as increase performance since diversified organizations were found to perform better than the undiversified entities.

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1 Introduction

The increasing 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 et al., 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 (Fatemeh et al., 2015).

Organizations may choose to diversify to survive the dynamics of the business environment (Nyangiri & Ogollah, 2015), for expansion (Su & Tsang, 2015), increase profitability (Karimi, 2013; Yiğit & Tur, 2012), foster efficiency in the use of resources & create investment opportunities (Yücel & Önal, 2016; Hasby et al., 2017), to achieve economies of scale to explore market options & opportunities (Sindhu et al., 2014), and as a turnaround strategy (Harrigan, 2012). Similarly, Krivikapic et al. (2017), concluded that organizations diversify to have a better position in the market, while Akewushola (2015), opined that a diversification strategy enables an organization to expand its excess resources for economic use. The theme of diversification-performance relation has inspired a large literature in many fields, including Industrial organization, Corporate Finance & Strategic Management (Oladimeji & Udosen, 2019). Corporate Diversification is a strategy to build the business by expanding into different areas, such as industries & product lines. It can be done either to exp&, or to revitalize or to save the company. The arguments of diversification in the management process have taken up the central & universal position. Diversification has become an increasingly important aspect of doing business in the world today (Elango et al., 2008).

Diversification strategy is an important component of the strategic management of a firm, & the relationship between a firm's diversification strategy & its economic performance is an issue of considerable interest to managers & academicians (Sulaimon et al., 2015). Corporate diversification is one of the fundamental strategic alternatives available to organizations to sustain growth & search for higher profits. Organizations whose products are threatened by environmental uncertainty or by declining phase of their life cycle curve will prefer to engage in diversification to overcome the risk arising from current industries. Furthermore, firms may engage in expanding their product line & activities to different sectors where environmental uncertainty is reduced &, profitability is higher, such that a company may confirm its survival which will make its cash flow more reliable (Nwakoby & Ihediwa, 2018). Due to intense competition & technological innovations that business organizations face & many other challenges that erode their profit levels, business organizations are forced to embrace new ideas for them to stay ahead of competitors. Diversification is one of the strategies that have been used by several organizations across the globe to enhance their business objectives. Most organizations around the world consider diversification as one of the ways of creating value. Diversification strategies allow firms to venture into business lines different from the current activities & also operate in several economic markets (Marinelli, 2015).

A significant issue in firms operating in the modern business world is diversification as a corporate strategy. As a corporate strategy, diversification seeks to increase profits through an increase in sales volume obtained from venturing into new markets & new products. It is a form of a growth strategy that involves a significant increase in the performance objectives surpassing past performance records. It has an impact on the firm performance, especially on its finance. To boost a firm's performance, diversification as a growth strategy is adopted by many business organizations, some of which have succeeded while others have failed (Andreu et al., 2009). According to Yuliani et al. (2013), there are numerous motives for corporate diversification which may include; the synergistic motive, the financial motive, the market power motive, the resource motive, the agency motive & the cost efficiency motive. Firms may also diversify in response to the harsh environmental changes, those in mature or declining industries characterized by low-profit levels & intense competition may also diversify. Shifting of buyer preference or advancement of alternative technologies could be other reasons for a firm to diversify to stay in business (Odiwo et al., 2017).

Organizations diversify to create positive spill over's since the resources' value in one industry is increased owing to investment in another. As a firm diversifies into an industry, this industry needs to yield higher returns on this investment. It also needs to ensure that there is synergy among the operating divisions to enhance the firm's performance unlike when the divisions operate separately. Although numerous strategists suggest that firms should concentrate on their core activities, diversification is still an appropriate strategy & more so for a firm in an unattractive industry (David, 2013). Also, the study of Nwakoby & Ihediwa (2018), observed that an increase in the performance of firms due to business diversification occurs when the marginal benefits are greater than the marginal costs of diversification. Firms with enough managerial & financial capacity could easily diversify into other industries since diversification is perceived as investment behaviour (Aftab et al., 2012; Aggarwal & Samwick, 2003; Chatterjee &

Wernerfelt, 1991). Therefore, performance is a possible determinant of diversification decisions. Thus, this study examines the impact of diversification strategy (Product Diversification, Geographical Diversification, Business Subsidiary Diversification, Vertical Integration & Horizontal Integration) on organizational performance in Nigeria.

The problem

Diversification does not necessarily lead to improved performance & 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, & decision-makers who form diversification strategies find it increasingly difficult over time to avoid retrogressive performance (Williamson, 1979; Williamson, 1985; Williamson & Ouchi, 1981). Corporate strategy of diversification either in product line, subsidiary, income or regional line is crucial for the firms to compete favorably & survive in the long run. Most empirical research found a positive relationship between diversification & corporate performance. But due to self-interest, inexperience, incompetence & opportunistic behavior of most managers, most diversification strategy leads to negative or low performance of companies in Nigeria. To overcome these challenges, there are numerous diversification strategies (Product Diversification and Geographical Diversification,) that manufacturing companies can adopt, however, it is not clear which of these strategies have the largest influence on organizational performance. Studies examining the influence of diversification strategies on organizational performance showed mixed findings. Many studies have been done on the relationship between diversification strategies & organizational performance; however, there has been no agreement on this relationship as many researchers have concurred (Wu et al., 2012; Bozarth et al., 2009; Nneka et al., 2016).

There is still disagreement as to whether diversification increases or reduces organizational performance. The relationship is still controversial, contradictory & inconclusive. These researches have not yet reached definitive & interpretable findings to determine whether diversification strategies create or destroy a firm's value. This means that the influence of diversification strategies on the organizational performance of manufacturing aluminum firms remains unclear (Whyte, 1994; Williamson, 1988; Williamson, 1975; Ogbo et al., 2017).

Study objectives

1) To determine the impact of Product Diversification Strategy on Organizational Performance in Manufacturing Firms
2) To determine the impact of Geographical Diversification Strategy in Manufacturing Firms

Research hypotheses

1) $H0_1$: There is no significant impact between Product Diversification Strategy & Organizational Performance in Manufacturing Firms
2) HO_2: There is no significant impact between Geographical Diversification Strategy & Organizational Performance in Manufacturing Firms

Review of related literature

Conceptual review
Diversification strategy

Corporate diversification refers to a firm's method of entering & competing in new product markets. Diversification allows firms to maximize fees by way of enhancing the scope of markets & industries in which they compete & delivering product offerings to newer clients (Purkayastha et al., 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 & unrelated-product diversification (Purkayastha et al., 2012). According to Rumelt (1982), as cited by Nwakoby & Ihediwa (2018), associated–product corporations derive much less than 70 percent of their sales from a single product domain & the remainder in 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 & outside acquisitive diversification modes & a quick charge of diversification increase (Sudarsanam, 2003; Thomas, 2006; Wernerfelt, 1984).

Diversification techniques are followed through corporations & are described because of the combination of business gadgets that function in distinctive industries with manipulation from a common single firm. It is likewise argued that they are strategies that permit corporations to enter industries or markets that are not much like their core enterprise in general they may be about starting up new agencies (Fauver et al., 2003). This extensive definition can be narrowed all the way down to one of kind kinds of diversification techniques. The product diversification method includes the addition of novel merchandise to existing merchandise either being synthetic or being marketed. It can be viewed as each associated & unrelated (Dhandapani & Upadhayayula, 2015).

Denis et al. (2002), allude that diversification can be both at countrywide as well as the international level which offers rise to geographical diversification techniques, geographical diversification way the organizational spread of a firm beyond its nearby borders or agency head office to another place both internally (in the USA) or externally (beyond the country's borders) (Ibrahim et al., 2009; Capar & Kotabe, 2003; Oyewobi et al., 2013). Besides they affect the above-noted strategies, companies may also opt to combine both vertically or horizontally. Many firms favor integrating vertically, which means that, they select to supply their raw materials & additionally distribute their completed goods in place of counting on unbiased providers & distributors. According to Besanko et al. (2009), new production technology deliver corporations the possibility to position into use economies of scope by a wide range of products at a decreased price in comparison to split manufacturing main to the firms integrating horizontally. This implies that companies can merge so that they are in a position to gain economies of scale or scope by using sharing & diffusing capacity (Priem & Butler, 2001; Rehber, 1998; Sambharya, 1995).

Concept of product diversification strategy

Product diversification includes the addition of recent merchandise to present merchandise both being manufactured & being marketed. It is also defined as the improvement of a firm beyond the prevailing product & 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 et al. (2009), refers to a company's expansion into 'associated & unrelated' investments. Product diversification may be categorized as either associated or unrelated.

Thompson et al. (2013), define associated product diversification as "a strategy that involves corporations whose price chains possess competitively precious go-enterprise value chain the match-United States of America or strategic fits". The strategic suits could exist on every occasion price chain sports of various corporations are sufficiently comparable as to give opportunities for the diversifying companies (Marangu et al., 2014). Related product diversification involves building shareholders' prices by way of capturing past business strategic fits. The appeal of related diversification is exploiting match-united states to recognize overall performance outcome & accordingly build shareholder price. Related diversification also includes the possibilities of a second business that benefits from getting entry to middle abilities of the business enterprise (Pearce & Robinson, 2010). Most corporations favor it as a good way to capitalize on synergies which include; shifting precious information, technological know-how from one commercial enterprise to another, combining related sports of separate corporations to achieve decreased costs, exploiting not unusual use of a well-known brand call & go-enterprise collaboration to create competitively valuable assets strengths & talents, use of common sales force to name on clients & promote its associated products.

According to Johnson et al. (2006), unrelated diversification refers to the pursuit of possibilities past the prevailing product & marketplace base of a firm outside the existing industry. Unrelated diversification method is an essential thing of the strategic control of a firm, & the relationship among a firm's diversification strategy & its financial performance is a difficulty of big hobby to managers & academicians (Armstrong & Kotler, 2008). Businesses are said to be unrelated while their cost chain is so numerous that no competitive treasured pass-enterprise relationships exist. An unrelated various employers have, below a single corporate umbrella, a couple of enterprise units that perform their sports in unique industries. As a result fee chain dissimilarity has no actual potential for the transfer of talents, technology, or other resources from one enterprise to any other. Many agencies decide to diversify into industries or corporations that have true profit opportunities (Thompson & Strickland, 2006). In maximum cases businesses that pursue unrelated diversification always collect an established business enterprise instead of by using forming a subsidiary.

Research on product diversification–overall performance linkage has lately long past of studies product range on the corporate degree, to an extra micro degree of examine, inclusive of within-enterprise & within-enterprise (Li & Greenwood, 2004; Stern & Henderson, 2004). A want to better recognize the price-advent mechanisms of product diversification strategy brought about this refocus. In evaluation, studies at the product line diversification method of establishment companies have tended to stay on the company degree, focusing best on its impact on corporate performance without considering the viable variations of one of these methods in a firm's person host-united states markets. Although multinational companies experience a competitive benefit in integrating a worldwide cost chain, country-wide environments & institutions continue to be as powerful constraints on a concerted international approach, & exert strong impacts on the survival of overseas subsidiaries (Kostova & Zaheer, 1999).

Concept of geographical diversification strategy

Due to the globalization of global markets & production, many corporations are experiencing a whole lot of environmental changes & demanding situations. To advantage aggressive gain the corporations are expanding their operations to one kind area. Internationalization or multinational is useful for organizations due to price-discount, innovation, & information sharing & acquisition (Michael Geringer et al., 1989), cited by Njuguna (2019). Internationalization is described as 'company' growth throughout worldwide areas & 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. Where an agency diversifies into country-wide markets or markets in one of kind international locations, this diversification gives firms opportunities to collect extra groups & extend operations into new markets in new international locations. The scope of operations degrees from one USA. To numerous international locations & in the end globalization. International diversification has some economic blessings along with allowing a firm to reap economies of scale with the aid of having huge markets for its merchandise (Penrose & Penrose, 2009; Phung & Mishra, 2016; Prahalad, 1990).

According to Johnson et al. (2006), international diversification allows a firm to stabilize its profits across markets whereby a drop in one region is offset with the aid of multiplied income in another place. Capar & Kotabe (2003), allude that international diversification is carefully associated with geographical diversification which involves pass-border enlargement of corporations' shops through either branches or subsidiaries. Geographical diversification is the proliferation of branches & carrier stores throughout a geographical boundary, frequently a rustic. Obinne et al. (2012), additionally define it is as the opening of branches with the aid of a company outside the head workplace area & in line with Granovetter (1985), as the spread of a company's belongings across exceptional geographical factors. Geographical diversification of an indexed non-financial employer will imply the organizational spread of a firm past its nearby borders or agency head office to another region either internally (inside us of a) or externally (past the country's borders) (Ibrahim et al., 2009; Oyewobi et al., 2013). Some of the definitions of geographical diversification in keeping with Lee & Kwok (1988), emphasize structural traits, whilst others take note of overall performance characteristics inclusive of overseas income to overall income, overseas property to general property, or overseas taxes to overall taxes.

Organizational performance

What Organisational performance means is an issue subject to debate among academic scholars, practicing managers, and researchers. As a recurrent theme of great interest, it is affiliated with the endurance and success of an organization. Organizational performance can be defined as the organization’s ability to attain its goals by using resources efficiently and effectively" or as "the ability of the organization to achieve its goals and objectives". It is also a measure of the change of the state of an organization or the outcomes that result from management decisions and the execution of those decisions by members of the organization. Organizational performance is considered to be the sum of accomplishments that have been achieved by all departments. The organizational goals that have been set in a given period, outline its accomplishments that are involved in each stage (Mpoyi & Bullington, 2004; Myers, 2001; Oloda, 2017).

The conceptual model

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

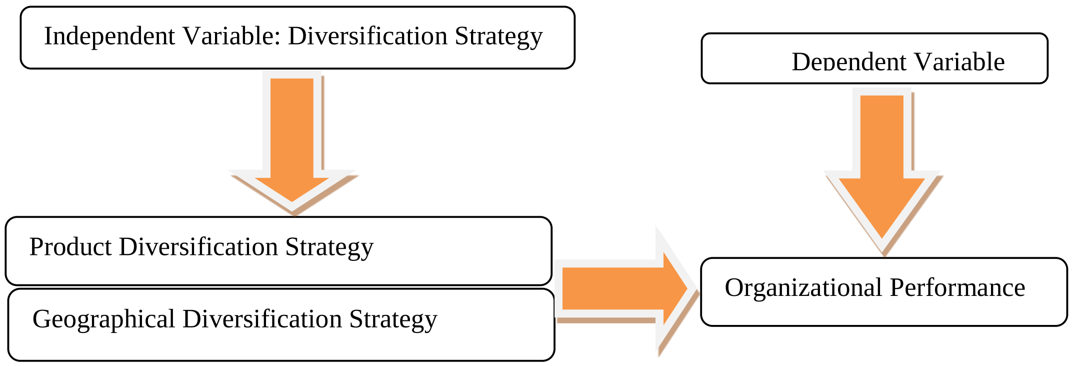

Figure 1. The conceptual of the study
Source: Researcher Conceptual Model, 2021

Theoretical review
Ansoff theory

The study was anchored on the Ansoff theory or using Ansoff who studied 100 largest United States organizations from 1909 to 1948 found out that the companies that stuck to their traditional products & strategies skilled growth (Ansoff, 1957), as cited by Njuguna (2019). He asserted that organizations can diversify either vertically, horizontally, or laterally. A firm that diversifies vertically is going back to the manufacturing of inputs inclusive of raw substances, additives elements & new product introduction. While that which diversifies horizontally may additionally achieve this through introducing new products which ought not to make contributions to the prevailing line in any way, but may additionally cater for the aspects of the employer's knowledge & revel in generation, finance & marketing (Mitema, 2014; Montgomery, 1994; Montgomery & Wernerfelt, 1988).

The theory informed the vertical integration & horizontal integration variables in the study where firms sought to venture into input production & production of new products which are not in any way related to the present line to grow & increase business profitability. Ansoff also developed a growth matrix that presents four directions that an organization may take in its quest for growth. The directions are; market penetration, market development, product development & diversification. Market penetration is achieved when a firm increases its income volume by way of promoting within the existing marketplace (Ansoff, 1957), cited by Njuguna (2019). This can be carried out through product merchandising. Market development is when a company sells its existing products in new markets, while product development is when a company develops new products & sells them to its existing marketplace. This calls for a firm to have improvements. Diversification is the riskiest of all which includes improvement of new products & the sale of the equal to new & present markets (Christensen & Foss, 1997; Coase, 1937; Coviello & Martin, 1999).

The objectives of the company determine the kind of diversification that has to be undertaken. If a firm indicates signs & symptoms of growth then vertical & horizontal integrations should be appropriate for it. Otherwise, a company that suggests decline inside the extent of the sale should no longer undertake vertical integration as this would best mean that the organization is suspending troubles that could finally trap it. It also stated that if a firm's objective is to obtain balance then such a firm has to undertake lateral diversification that is shifting beyond the enterprise confines to which the organization (Eukeria & Favourate, 2014; Masulis & Wang, 2007; La Rocca et al., 2018).

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 on based totally on their lifestyles-span & degree of diversification (Barney et al., 2011; Chakravarty, 1998; Chen & Yu, 2012). Three hypotheses have been formulated & tested the use of ratio analysis, even as performance changed into measured in terms of ROA, ROI & ROE; business enterprise length, enterprise fee & increase; as well as leverage & 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 out that assorted organizations outperform undiversified ones in phrases of ROA & 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 & profitability (20%) & a robust capital structure to cowl liabilities (26%) (Mailanyi, 2014; Makarfi, 2005; Manyuru et al., 2017). The study concluded that diversification is a strategic device for reaching strategic relevance & spontaneous overall performance.

Nwakoby & Ihediwa (2018), determined the effect of company diversification on the monetary performance of Nigerian companies. This takes a look at the following Ex-Post Facto studies design & blanketed ten years annual reports & debts of these corporations from 2008 to 2017. The facts accumulated were analyzed using financial ratios & the formulated hypotheses had been examined with simple regression evaluation with the useful resource of statistical package for social sciences (SPSS) 20.0. This concludes that the financial performance of Nigerian companies is significantly suffering from the product, for this reason, there was a tremendously statistical good sized correlation between monetary performance & associated diversification however enterprise diversification is not always statistically considerable. It, therefore, encouraged management Nigerian corporations to emphasize must be on enterprise diversification rather than product diversification against a multi-product approach (Arasa, 2014; Bany-Ariffin et al., 2016; Barney, 1991).

Charles et al. (2018) tested the connection between aid endowment & export diversification & its implication for the financial boom in Nigeria based totally on information from 1981 to 2015. They concluded that specialization is desired for diversification in the country's current circumstances. Because of the contradictory results regarding the connection between diversification & performance, the idea of whether or not diversification improves or worsens firm performance is still worthy of additional studies which include the one being undertaken. In addition, despite the life of these researches, very little interest has been given to the growing countries. Besides, studies on the effect of diversification on firm overall performance have not been given serious attention in Nigeria. Hence, to preserve boom in Nigeria is not within the wide variety of productive sectors but their efficiency (Kim et al., 2009; Kimani et al., 2016; Madhok, 1997).

2 Materials and Methods

The study adopted a descriptive survey design. The populations of this study were hundred & seventy-two (172) respondents. While a sample size of 120 was determined using Kothari (2014), sample size formula. reliability the study will employ Cronbach's alpha coefficient whose value falls between zero (0) & one (1). Cronbach's alpha (α) indicates the extent to which a set of test items can be treated as measuring a single latent variable. Higher values of this coefficient mean that scales are more reliable. A value of 0.7 is acceptable & a minimum level of 0.6 is also considered good. The recommended value of greater than 0.7 will be adopted for this study. The completed questionnaires were collected & analyzed by the use of descriptive statistics using SPSS version 23 & presented through percentages, means, standard deviations & frequencies (Amir et al., 2009; Anderson, 2007; Andrade et al., 2001).

Product Diversification (PD)

The descriptive statistics for Product Diversification (PD) indicate a mean of 16.79, a standard deviation of 2.094, with the difference in the maximum and minimum values standing at 8. This implies that Product Diversification (CCC) has witnessed a tremendous increase over the years since the mean value is greater than the standard deviation value.

Geographical Diversification (GD)

Similarly, the descriptive statistics for Geographical Diversification (GD) indicate a mean of 16.02, a standard deviation of 1.995 with the difference in the maximum and minimum values standing at 8. This implies that the

Geographical Diversification (GD) has been maximized by the organization over the years since the mean value is greater than the standard deviation value.

Table 1
Correlation output of the independent and dependent variables correlations

		ORGP	PD	GD	BSD	VI	HI
Pearson Correlation	ORG	1.000					
	PD	.227	1.000				
	GD	.591	.382	1.000			
	BSD	.454	.498	.526	1.000		
	VI	.220	.394	.462	.353	1.000	
	HI	.305	.464	.521	.396	.854	1.000

Source: SPSS Version 23 Output, 2021

Product Diversity (PD) and Organizational Performance (ORGP)

Product Diversity (PD) is strongly positively correlated with Organizational Performance (ORGP) with a coefficient of correlation of 0.227. The correlation coefficient (r) of 0.227 for Product Diversity (PD), indicates a strong positive correlation with Organizational Performance (ORGP) because the correlation coefficient (r) of 0.227 is greater than 0.05.

Geographical Diversification and Organizational Performance (ORGP)

The Geographical Diversification (GD) is strongly positively correlated with Organizational Performance (ORGP) with a coefficient of correlation of 0.591. The correlation coefficient (r) of 0.591 for Geographical Diversification (GD), indicates a strong positive correlation with Organizational Performance (ORGP) because the correlation coefficient (r) of 0.591 is greater than 0.05.

3 Results and Discussions

Multiple regression analysis of dimensions of diversification strategy and organizational performance

Decision Rule: Accept the Null hypothesis (H0) if the t-value calculated is lesser than table statistics at a 5% level of significance or 95% degree of confidence. Reject H0 when t-calculated is greater than the t-table value at 0.05 significant levels. The significance of the relationship is based on the P-value. When the associated P-value is less than 5%, then the relationship between the independent variable and dependent variable would be said to be significant but when it is greater than 5%, then it would be insignificant (Johanson & Mattsson, 1987; Jones, 1998; Joskow, 1988).

Table 2
Coefficients

		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta	t	Sig.
1	(Constant)	6.827	1.644		4.153	.000
	PD	.774	.183	.772	4.230	.001
	GD	.515	.098	.509	5.255	.000

a. Dependent Variable: ORGP

Source: SPSS Version 23 Output, 2021

Table 1 above shows the level of significance for the measures of a diversification strategy, namely; Product Diversity (PD) and Geographical Diversification (GD), strategy on Organizational Performance (ORGP) which served as the basis for testing the hypotheses.

Test of hypothesis one

$H0_1$: There is no significant impact between Product Diversification Strategy & Organizational Performance in Wonder Pack Limited & Whictech Aluminum Group in Asaba, Delta State, Nigeria.

The Multiple Regression result in Table 1 above, the regression coefficient of Product Diversification (PD) is 0.772 with a t-value of 4.230 and associated p-value (sig. value) is 0.001. This suggests that Product Diversification (PD) has a positive effect on Organizational Performance (ORGP). Meaning that the effect is significant given the fact that the p-value of 0.001 is lesser than 0.05 (5%) level significance, thus the study rejects the null hypothesis which says that there is no significant relationship between Product Diversification (PD) and Organizational Performance (ORGP) and accepts the alternate which says otherwise. The regression coefficient of Product Diversification (PD) is 0.772; meaning that Product Diversity (PD) has a positive trend with Organizational Performance (ORGP). One percent (1%) movement in Product Diversification (ORGP) would lead to a 77.2% increase in Product Diversification (PD). Product Diversification (PD) has a significant influence on Organizational Performance (ORGP) in manufacturing firms in Nigeria (Jensen, 1986; Jensen & Meckling, 1976; Jiraporn et al., 2008). This finding is supported by the Ansoff theory, which posits that diversifying horizontally, may additionally achieve this through introducing new products which ought not to make contributions to the prevailing line in any way, but may additionally cater for the aspects of the employer's knowledge & revel in generation, finance & marketing. This is in line with the findings of Nwakoby & Ihediwa (2018), which established a significant positive relationship between product diversification and organizational performance but contrary to the findings of Ravichandran & Bhaduri (2015), which established an insignificant negative relationship between product diversification and organizational performance.

Test of hypothesis two

$H0_2$: There is no significant impact between Geographical Diversification Strategy & Organizational Performance in Wonder Pack Limited & Whictech Aluminum Group in Asaba, Delta State, Nigeria.

The Multiple Regression result in Table 4.4.1 above, the regression coefficient of Geographical Diversification (GD) is 0.509 with a t-value of 5.255 and the associated p-value (sig. value) is 0.000. This suggests that Geographical Diversification (GD) has a positive effect on Organizational Performance (ORGP). Meaning that the effect is significant given the fact that the p-value of 0.001 is lesser than 0.05 (5%) level significance. The regression coefficient of Geographical Diversification (GD) is 0.509, meaning that Geographical Diversification (GD) has a positive trend with Organizational Performance) (Day & Nedungadi, 1994; Serdar Dinc & Erel, 2013; Dobashi et al., 1999). One percent (1%) movement in Geographical Diversification (GD) would lead to a 50.9% increase in Organizational Performance (ORGP). Geographical Diversification (GD) has a significant influence on Organizational Performance (ORGP) in Wonder Pack Limited & Whictech Aluminum Group in Asaba, Delta State, Nigeria. The transaction price theory supported this finding, as companies challenge outside their domestic markets there's want to research the transaction traits & 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 Charles et al. (2018) and Mulwa & Kosgei (2016), which established a significant relationship between geographical diversification strategy and organizational performance but contrary to the findings Manyuru et al. (2017), which established an insignificant relationship between geographical diversification strategy and organizational performance.

Model summary

Table 3
Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. The error of the Estimate	Durbin-Watson
1	.926[a]	.857	.863	1.609	1.445
a. Predictors: (Constant), HI, BSD, PD, GD, VI					
b. Dependent Variable: ORGP					

Source: SPSS Version 23 Output, 2021

Table 4
ANOVA

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	176.994	5	35.399	13.666	.000[b]
	Residual	274.569	106	2.590		
	Total	451.563	111			
a. Dependent Variable: ORGP						
b. Predictors: (Constant), HI, BSD, PD, GD, VI						

Source: SPSS Version 23 Output, 2021

Table 3 which is model summary table show the correlation coefficient (R) of the regression is 0.926(93%) which indicates a very strong positive relationship between the dependent variable [Organizational Performance (ORGP)] and the independent variables [Product Diversification (PD) and Geographical Diversification (GD) (Harrigan, 1985; Hitt et al., 1997; Holcomb et al., 2006). The coefficient of determination (R2) is 86% (0.857) showing that 86% of the variation in the dependent variable (Organizational Performance (ORGP)) has been explained by the independent variables [Product Diversification (PD) and Geographical Diversification (GD),), While 14% remain unexplained in the model. An R2 value of 86% showed that the strong positive relationship is further confirmed. The adjusted R2 measures the goodness of fit of the model. This shows the goodness of fit of the model and also explains the dependent variable about the independent variables in 86ways (0.863). The 14% left is known as the error term and other variables outside the model. From the above, there is conclusive evidence of serial or autocorrelation since the Durbin Watson calculated value of 1.445 is less than “2” (Fan & Lang, 2000; Ghoshal & Moran, 1996; Harrigan, 1984). Lastly, from table 4, the Anova table revealed that the significance F-change value (13.666) is estimated overall p-value of 0.000 revealed that all the independent variables [Product Diversification (PD) and Geographical Diversification (GD),] jointly influence the dependent variable [Organizational Performance (ORGP)]. This indicates that the model is fit. This falls below the 5% generally acceptable level of significance.

4 Conclusion

This study investigates the impact of the Diversification Strategy on Organizational Performance in Manufacturing Firms. The specific objectives of the study are to ascertain the effect of the measures of Diversification Strategy, namely; Product Diversification (PD) and Geographical Diversification (GD), which had a positive outcome after the analysis. Thus the study finally concludes that there is a significant relationship between Diversification Strategy and Organizational Performance in manufacturing companies in Nigeria.

Recommendations

Based on the findings of this study, the study recommends the following;

1) Organizations that wish to achieve economies of scale and redeem their financial position in the face of downturn or decline in the product life cycle should diversify their product lines to better meet customers' demands, as well

as to achieve profitability and expansion as well as increase performance since diversified organizations were found to perform better than the undiversified entities.
2) Furthermore, organizations should identify their rare and inimitable capabilities to achieve economies of scale and outsmart competitors.

Conflict of interest statement
The authors declared that's they have no competing interests.

Statement of authorship
The authors have a responsibility for the conception and design of the study. The authors have approved the final article.

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