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DIVERSIFICATION STRATEGY AND ORGANIZATIONAL COMPETITIVENESS OF LISTED MANUFACTURING COMPANIES IN SOUTH EAST, NIGERIA.

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Abstract

This study examined the relationship between diversification strategy and organizational competitiveness of listed manufacturing companies in South East, Nigeria. The study aimed at determining the relationship between diversification strategy (concentric and horizontal) and competitiveness of listed manufacturing companies in South East, Nigeria. The study adopted descriptive survey design. The population of the study was 594which is made up of managers, supervisors and administrative staff of listed manufacturing firms in South-East, Nigeria. A sample size of two hundred and thirty-nine (239) managers, supervisors and administrative staff was drawn from the population using Taro Yamane method. Proportionate stratified random sampling technique was also utilized in the study. However, only two hundred and fifteen (215) copies of questionnaire were retrieved. These were completely filled and used for the study. The Spearman Rank Correlation (rho) was used to test the relationship between diversification and organizational competitiveness. The result of the bivariate analysis revealed that diversification strategy measures (concentric and horizontal) had a significant positive relationship with the organizational competitiveness. The findings led to the conclusion that diversification strategy is imperative in improving the competitiveness of manufacturing companies in Nigeria's South-East. The study recommended, among other things, that manufacturing companies as a matter of fact should diversify to enhance their market stability and to prevent over reliance on single product business while improving their competitiveness.

Key words: Diversification, Concentric, Horizontal and Organizational Competitiveness

Introduction

Manufacturing industry plays catalystic role in a modern economy and has many dynamic benefits that are crucial for economic development and transformation (Opaluwa, Umeh & Ameh, 2010) in (Olowu, Ropheka & Iyakwari, 2023). It contributes to the Gross Domestic Product (GDP) of a country (Muhammad, 2019). It is also the highest employer of labour due to series of activities it engages upon (Obuba & Alagah, 2022). Behun, Gavurova, Tkacova, and Kotaskova (2018) note that the industry accounts for a major part of the

European economy, generating 24% of GDP and employing up to 50 million people, representing one out of five jobs in the Europe. The manufacturing industry forms the basis of many national economies, which is reflected in its high share of total output, employment and revenues, and in the creation of sustainable economic growth (Herman, 2015).

However, this sector of the Nigeria economy may be facing challenges from both internal and external business environments owning to the volatility of the environment it operates. For instance, the increasing demand for product variety and continuous substitution by consumers, incursion of new market entrants' especially foreign investors into the manufacturing industry also change in taste and preference, have called for the attention of firms and investors to come up with strategies on how best to achieve customer satisfaction through provision of product varieties (Haim, 2015; Hanafi, Setiyono & Sanjaya, 2018; Matar & Eneigan, 2018). Similarly, there is also an urgent need for growth through diversification as to facilitate increase in market share, productivity and full utilization of resources at the disposal of these firms (Barney, 2017). Baum, Schaffer and Stillman (2012) believe that companies today operate in an increasingly dynamic and challenging environment and organizations must be able to act quickly in response to opportunities and barriers. To cushion the effects of these challenges, manufacturing firms may have to strategize so as to succeed and grow their businesses. Moreover, Mayila, Sinclair, Dobbs, Strube, Rassey, Mischke, Remes, Charles, George, David, O'Halloran and Ramaswamy (2017) state that companies must develop a highly detailed understanding of specific emerging markets, as well as the needs of their existing customers. They further suggest that manufacturing firms will also require agile approaches to the development of strategy—using scenario planning rather than point forecasts. They gave instance of firm making big bets on long-range opportunities, such as tapping new markets in developing economies or switching to new materials, but must do so in ways that minimize risk.

The ability of manufacturing firms to overcome may rely on the competitive strength of a firm. Porter (2016) asserts that business succeed when it possess some advantages relatively higher to their competitors. African Development Indicators (2013) suggest that the potential for edging and achieving sustainable competitiveness in a relatively dynamic, complex and uncertain business industry is based on two premises and advantages: cost advantage and resource advantage. Organizations may also need to improve on their product quality, channel of distribution, delivering of service above expectations of the customers. Furthermore, with the amplified change in competition, globalization and economic-political environment; firms are bound to think outside the box of the strategies that can aid in achieving corporate growth objective. In quest to attain and sustain this competitive advantage, manufacturing firms may require to follow different strategic directions.

Strategy refers to the determination of the basic long term goals and objectives of the organization to be realized taking into consideration the firm's resources, capability, competency, core competency, environment and unstable government policy. According to Anwar, Shahand Hasnu (2016), strategy is seen as a tool for achieving sustainable competitive edge and ensuring full resources utilization to achieve basic long term goals and superior performance. Whereas, Ajagbe, Ojochide,Ekanem, Uduimoh and Akpan (2016) view strategy as the determination of long-term goals and objectives, the adoption of courses of action and associated allocation of resources required to achieve goals. Onwuchekwa (2017) summarises strategy to be an integrated plan through which an organization accomplishes its objectives. In line with these definitions, strategy can be viewed as an all-inclusive measures put in place for an effective and efficient response of the organization towards its business environment using available resources at her disposal. Any manufacturing firm that must grow must strategize to overcome the turbulent and unpredictable business environment. David (2011) suggests that meeting the challenge of high-velocity change presents the firm with a choice of whether to react, anticipate, or lead the market in terms of its own strategies.

Corporate strategy describes a company's overall direction in terms of its general attitude towards growth and the management of its various businesses and products lines. Wheeller and Hunger (2014) opine that corporate strategy fits within three main categories of stability, growth and retrenchment. According to Ansoff (1957) in Kazmi (2018) growth strategies are of four types: market penetration, market development, product development and diversification growth strategies. Among these corporate growth strategies, diversification is seen by scholars as most veritable tool for growth when it is critically planned and implemented (Mashiri & Sabele, 2014; Oladimeji & Udose, 2019). That is why Chandler (2017) quips that the intense demand to search for growth opportunities and cost efficiency has encouraged organization to pursue diversification. Diversification is a corporate growth strategy that involves entering into a new market or industry that existing business does not currently operate in or creating new products or services, which the business does not currently offer. Maragia and Kemboi (2021) opine that diversification is a corporate strategy which aims to expand or grow a firms' operation by adding markets, products, services, or stages of production to the existing business. The aim of diversification is to spread the risk while generating income from multiple sources, thereby allowing your business to grow quickly as well as in a sustainable way.

Concentric and horizontal diversifications are some of the dimensions of diversification strategy. A manufacturing firm is said to be involved in concentric diversification (Wheeller & Hunger, 2014) if it ventures into a related industry by focusing on the characteristics that have given the company its distinctive competence that the company uses these very strengths as its means of diversification. Here, the manufacturing firm may enter a new market with a new product that is technologically similar to her existing products and will be able to gain some advantages by leveraging on industry experience, technical know-how, and at times on manufacturing processes already in place. Wheeller and Hunger (2014) add that the point of commonality may be similar technology, customer usage, distribution channel, managerial skills or product similarity. Jibril and Yunusa (2018) observe that the essence of this effort is to achieve profitability through synergy gain, creating or acquiring companies that are in similar business of manufacturing, designing, marketing, distributing etc related to the product and service.

Horizontal diversification, on the other hand, occurs when a firm is exploiting opportunities in its present products and the distribution channels by attaining or creating new products or services, which are different from her core business, but will still appeal to her current customers. This can go a long way in reducing the overhead cost while contributing to the bottom-line of the firm's objective. It is imperative that manufacturing firms remain competitive in the face of turbulence business environment. Hence, this paper sought to investigate the effect of concentric and horizontal diversification on competitiveness of listed manufacturing companies in South East, Nigeria.

Statement of the Problem

Diversification is not just desired but a requirement for a growth of manufacturing firm in the face of stiff competitive environment. With the rapid changes in competition, globalization, and the economic-political climate, businesses will be forced to look outside the box in terms of growth plans, otherwise such organization might collapse. For instance, as reported by Oruche (2018) the director of Economics and Statistic (Manufacturers Association of Nigeria, MAN) that not less than 272 firms have been forced out of business of which 50 were manufacturing firms while 222 were small-scale businesses that led to loss of about 180,000 jobs. National Bureau of Statistics (NBS) (2021) report supports the assertion that Nigeria manufacturing sector contributed only 28.22% to the nation's GDP in 2020 and went down to 10% in 2021 whereas China manufacturing sector contributed 80% to their nation's GDP in 2021. Ekugbe (2021), noted that the manufacturing sector which has the potential of contributing more than 25 per cent to Nigeria's GDP, is currently doing less than 10 per cent. The report also revealed 1.16% growth rate for the manufacturing sector which calls for attention considering the role the sector plays in the nation's economy as the bedrock of any thriving economy and major provider of employment and economic growth (Obuba, & Alagah, 2022).

Many studies have looked at the notion of diversification strategy, but there are still unsolved questions about its impact in regards to organizational competitiveness, particularly when it comes to certain publicly traded industrial enterprises in Nigeria's south east. For instance Ndege and Wanyoike (2017) investigated the impact of concentric diversification strategies on the growth of cosmetic firms in Kenya's Nakuru County. Despite the fact that the study found a correlation between product diversification and cosmetic company success, it lacked both content and geographical coverage. It lacks content scope in the sense that this research will look at horizontal diversification in addition to concentric diversification. Similarly, Marangu, Oyagi and Gongera (2014), Wegwu (2020), Imeobong (2018) and other scholars examined diversification with various indications relating them to different dependent variables.

Despite that studies have been carried out on diversification strategy and growth of manufacturing firms, most of the works were done outside Nigeria context and the ones done in Nigeria, mostly used financial indicators to measure growth. Hence relating diversification (concentric and horizontal) strategy to growth of manufacturing companies empirically is lacking and this has created a gap in literature of which this present work intended to fill.

Objectives of the Study

The broad objective of this study is to investigate the effect of diversification strategy in relation to the competitiveness of listed manufacturing companies in South East, Nigeria. The specific objectives are to:

1. evaluate the extent to which concentric diversification strategy relates with the competitiveness of listed manufacturing companies;
2. ascertain the relationship between horizontal diversification and competitiveness of listed manufacturing companies.

Research Questions

The following research questions were posed to address the study objectives

1. To what extent does concentric diversification relate to competitiveness of listed manufacturing companies?
2. What is the extent to which horizontal diversification contributes to competitiveness of listed manufacturing companies?

Research Hypotheses

H_{o1}: Concentric diversification does not significantly affect the competitiveness of listed manufacturing companies.

H_{o2}: Horizontal diversification has no significant effect on competitiveness of listed manufacturing companies.

Scope of the Study

This research centers on examining the extent of effect diversification strategy has on competitiveness of four listed manufacturing companies in South East of Nigeria. The geographical spread of the study covers all the listed manufacturing companies in South East states (Abia, Anambra, Ebonyi, Enugu and Imo) of Nigeria. However, the scope covers only four listed manufacturing companies that have diversified and their plants are located at south east of Nigeria. They include: PZ Cusson, Nig PLC, Abia; Guinness breweries Plc, Abia; Nigeria Breweries (NB) PLC, Enugu; Cutix PLC, Anambra. The unit scope of the study centers on the managers, supervisors and administrative staff of the selected manufacturing companies. The content scope cut across two dimensions of diversification strategy which include: concentric and horizontal as they relate to organizational competitiveness.

Significance of the Study

The result of this study is relevant to the following parties: entrepreneurs, managers, trade unions, investors, policy makers, and researchers. To the entrepreneurs/corporate organizations, this study will provide insight into how an organization can remain competitive in the face of stiff competition, grow its customers' base and have competitive edge over other competitors. To managers, the findings of the study will also expose them on different dimensions of diversification and their effects of which would enable them take informed decisions on how to strategize to compete effectively in a challenging business environment. To the investors, the study would guide them on the firms to invest that have potentials of yielding both short term and long-term returns on their investment. Also, they would see potentials in diversification strategy thereby supporting it whenever it arises as a growth strategy of a firm. Furthermore, investors and policy makers would benefit from this study for it will expose them on the indicators that can aid a firm being competitive and grow then informed the policy makers to provide a level playing ground for a healthy competition. Finally to researchers, findings of this study will add to literature and can form a base for further research on related topics.

Review of Related Literature

Conceptual Framework

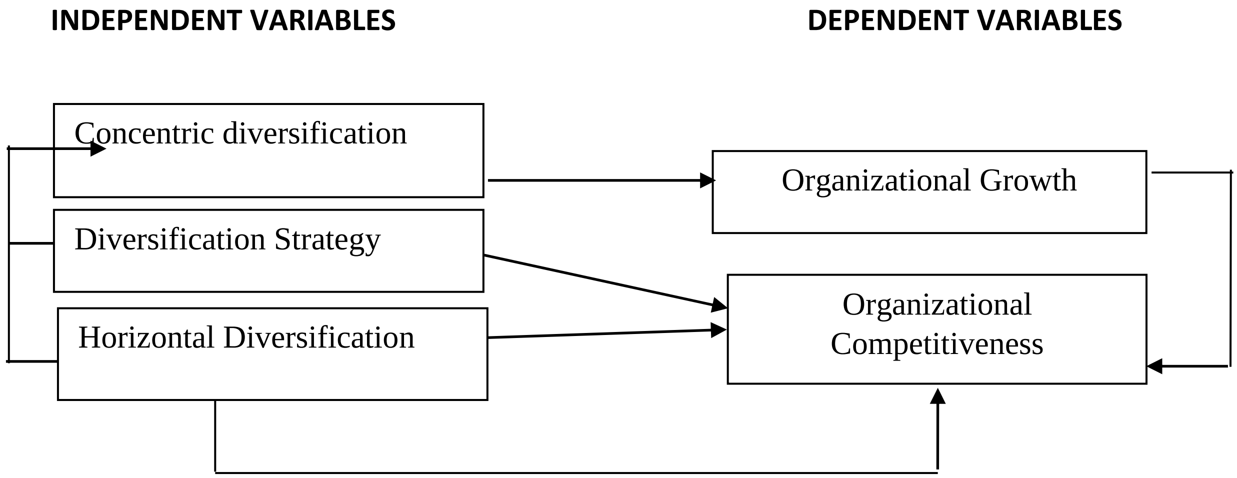

Figure 1: Operational Conceptual Framework
Source: Researcher's operational framework (2023)

Diversification Strategy

Diversification strategy is one of the four main strategies for organizational growth as identified by Igor Ansoff in 2012, which enables companies to look at other market/s they could tap into, or new product/s they could launch to increase their reach and revenue. Chandler (1967) in his work described how the depression in the United States triggered the first great wave of diversification. It was accounted that General Electric and Westinghouse expanded from light and power equipment to household appliances, and General Motors expanded into diesels, tractors, and airplanes. The actions of these firms could be attributed to quest for sustainability and growth in face of the challenges.

However diversification strategies have been defined by different researchers as a new market entries with new products (Ansoff, 2012), new approaches to regions and consumers (Steinter, 2019), and simultaneous execution of different businesses (Rumelt, 2014). Pearce and Robinson (2010) define diversification as a firm distinct departure from existing operations through acquisition or internal establishment of separate business that are able to provide synergy with the original firm by counter-balancing strengths and weakness of the two businesses. Certo & Peter (2017) describe diversification as a new offering in a related or unrelated manner by an organization. In same vein, David (2011) defines diversification as a strategy of a firm in which they offer a new related or unrelated product to the market. Jibril and Yunusa (2018) add that diversification occurs when a business develops a new product or expands into a new market. While Ramnujam and Varadaran (2019) define diversification as the entry of a company into new lines of business activities through internal business development and acquisitions. Hill and Jones (2017) see diversification as a strategy implemented by the top executives in order to achieve growth by entering new businesses and attaining above-average returns by taking advantage of the incoming opportunities. These definitions anchored on exploring new opportunities in products and market whether related or unrelated as to ensure that the corporate objective of the firm is achieved.

In today's economic climate, diversification is renowned for being an efficient strategy to fast track corporate growth. Business firms need to diversify to earn competitive advantage over its rivalries for growth and enhanced performance. Ideally, diversification strategy is implemented by the business organizations to gain market power/leader advantages and create superiority over their rivals (Caves, 2011; Scherer, 2018;). Sajid, Shujahat & Tahir (2016) argue that this potential and control they enjoy over economic resources allow them to offer goods and services at lower prices, which give them edge over their competitors. Diversification brings about reduction in risk of product saturation, facilitates synergy, and enhances optimal utilization of firms' resources thereby aiding firms to grow (Iqbal, Hameed & Qadeer, 2012). Sharma and Kesner (2016) argue that diversifying entrants enter at a bigger scale and are more likely to survive and grow than undiversified entrants; consequently diversifying entrants pose a bigger threat, in increasing rivalry and challenging incumbents' market share, than undiversified entrants. Big brands such as Coco cola, Nestle, PZ cussion, Unilever, Dangote Group, Coscharis, Dufil, Apple, Tesla and host of others are successful diversification examples, having started with single product offerings but very quickly venturing into a series of products, bringing in different revenue streams and allowing the company to thrive.

For the purpose of this study, the researcher states that diversification strategy is a well thought out plan of a manufacturing company that involves embarking on different or related business of a company with a motive of having competitive advantage over their rivalry. It is a plan because a whole of consultations have to be done, environmental scanning knowing your competitors, the prevailing price of substitutes, technologies and the cost in general. So it must be planned for it is long term goal oriented which can cost a manufacturing company a fortune if not well planned. The import of this statement is that proper understanding of the business environment will facilitate manufacturing firms in taking informed decision as regards the firm competitiveness.

Concentric Diversification

Concentric diversification according to David (2011) can be seen as related diversification. This strategy postulates that a new related product is offered which is similar in terms of product nature, manufacturing process, consumption, pricing, distribution and promotion. Producing new products or services which are in line with existing products or services equally, appealing to new customers. Concentric diversification occurs when a company enters a new market with a new product that is technologically similar to their current products and therefore are able to gain some advantages by leveraging on industry experience, technical know-how, and sometimes even manufacturing processes already in place. Concentric diversification can be beneficial if sales are declining for one product, as loss in revenue can be offset by a rise in sales from other products. Jibril and Yunusa (2018) opine that the essence of this effort is to achieve profitability through synergy gain, creating or acquiring companies that are in similar business of manufacturing, designing, marketing, distributing etc related to the product and service. Similarly, Okebaram, and Onuoha (2018) affirm that the goal of such diversification is to achieve strategic fit, which allows an organization to achieve synergy.

Synergy (2+2=5) entails power of combined efforts to achieve a greater result than being independent. Strategic fit expresses the degree to which an organization is matching its resources (brand name) with the opportunities in the external environment. Opportunities here might be launching similar products to capture more potential customers like NB did when they introduced Fayrouz with a caption “to reach low sugar consumption customers”. At the angle of synergy, diversification strategy complements the strength of a firm being a market leader by making a manufacturing firm’s product a household name like Dufil range of products (Indomie, Mimee, Minimie). This can equally give a manufacturing firm a competitive edge in the industry. Having varieties of similar products facilitate customer satisfaction that can leads to boost in customers’ base of a company (Ndege & Wanyioke, 2018).

Horizontal Diversification

When a company decides to add product/s or services that are unrelated to what it offers currently, but may meet some more needs of its existing customers, this is known as horizontal diversification. David (2011) asserts that horizontal diversification is such type of diversification in which product is related in few aspects like target market, promotion and distribution but different in aspects of nature of product, manufacturing and pricing. Van de (2018) adds that horizontal diversification can be done to either broaden the offered product range to a firm’s current customers or with the goal to attract a completely different group of customers. Accordingly Thompson, Strickland, Gamble and Jain (2010) argue that diversification is due if a firm expands into industries whose technologies and products compliments its present business. Attaining or creating new products or services, which are different from your core business, but will still appeal to your current customers. This strategy may entail new technology, skills and a revised marketing approach. For instance, Pepsi, which produces soft drink as well as potato chips, so offering potato chips that is complementary to soft drink is an example of horizontal diversification. Also, makers of bigi products that diversify into soft drinks production alongside with the existing product (Bigi susage).

Economies of scope have been attributed as one of the benefits of horizontal diversification. Scope economies occur when the cost of producing a given quantity of two or more different products is lower when they are produced jointly rather than separately (Teece, 2015). A manufacturing firm that is horizontally diversified leverages on existing established distribution channel, exploiting common use of a well-known brand name also creating valuable resource strength and capabilities (Kannan & Saravanan, 2012). Kazmi (2018) adds that it can increase product differentiation by allowing firms to offer customers a wider range of products that can be bundled together. Through product bundling, a consumer gets to buy a complete range of products at a single combined price thus providing the advantage of product differentiation. Mashiri and Sebele (2014) assert that through horizontal diversification organizations create value and justify their existence as they are able to build and leverage their unique resources to gain competitive advantage.

Organizational competitiveness

According to Wilfred, Matoke, Yegon, and Egessa (2014) organizational competitiveness refers to its ability to create more economic value than other competing firms. Similarly, enterprise competitiveness refers to its ability to design (Ambastha & Momaya (2014), produce and/or market products superior to those of offered by competitors, considering the price and non-price product qualities (Sadegh, Senin & Tourani, 2015). Diaz-Chao (2015) relates organizational competitiveness to continuous presence in markets, profit making and the ability to adapt production to demand.

Competitiveness at the firm level, constitute an important matter for practitioners, in order to create and develop abilities, a proper performance of recourses and management of factors that influence the results in the market place are paramount. If a company wants to grow and being superior, obtaining sustainable competitive advantages and superior performance over competitors such firm must strategize. Sharma and Kesner (2016) argue that diversifying entrants enter at a bigger scale and are more likely to survive and grow than undiversified entrants; consequently diversifying entrants pose a bigger threat, in increasing rivalry and challenging incumbents' market share, than undiversified entrants. This entails that a more diversified firm is more competitive having several products to offer that facilitate survival of the stiff competition in the industry. Once more and more customers perceive benefits they gain by purchasing a firm's product, then they tend to buy more of the products which lead to gaining more market share which is an indicator of competitiveness (Barney, 2017).

Theoretical Review

The work is anchored on resource based theory that supports the concept of diversification strategy to provide organization with sustainable competitive advantage. The resource-based view indicates that in strategic management the fundamental sources and force to firm's competitive advantage and superior enterprise performance are mainly associated with resources and capabilities of particular firm (Peteraf & Bergen, 2013). Further, the theory holds that organization competitiveness determines the competitive advantage and market superiority that reflect on financial performance hence the growth of the firm. Hence, firms may possess efficiency advantage by efficiently producing value that makes the enterprise differentiate itself from the rest of the firms with the industry in this case the manufacturing industry.

The import of this resource based theory to the study is that manufacturing should anchor on valuable, rare, inimitable and non-substitutable resource of the firm to achieve organizational competitiveness.

Empirical Review

Oyefesobi, Akintunde and Aminu, (2018), investigated diversification strategy and organization market share in the Nigerian manufacturing industry. The study was aimed at finding out how manufacturing firms can make use of a diversification strategy to increase their market share. The study made used of a survey design; the questionnaire was the research instrument used for data collection. ANOVA and correlation were used as statistical tools of analysis. The findings revealed that diversification has a positive impact on manufacturing firm market share and market position. The study concluded that diversification enables firms to expand their operations by adding markets and products to existing businesses. The study then recommended the use of diversification as a strategy for firms that intend to increase their market share.

Njuguna and Kwasira (2018) explored the influence of product diversification strategy on performance of non-financial firms listed at the Nairobi Securities Exchange in Kenya. Descriptive co relational survey design was employed. A census of 45 non-financial firms was taken. Both primary and secondary data were collected. Secondary data was obtained from the audited annual reports of the companies' involved for a period of five years. To complement it semi-structured questionnaires were given to 135 departmental managers. Data analysis was carried out using SPSS in the form of descriptive and inferential statistics and regression model. The study established that there was a significant positive relationship between product diversification and firm performance. Regression analysis revealed that 15.2% of changes in firm performance were attributed to use of this strategy. This study concluded that product diversification strategy was an essential strategy for firms to use in widening their markets. The study recommended that stakeholders of the firms that are yet to diversify their product portfolio should diversify to remain competitive and profitable.

Wanjira, Ngoze and Wanjere (2018) examined horizontal diversification strategy adoption and the performance of state-owned sugar firms in western Kenya. The findings indicated that there is no significant relationship between adoption of horizontal diversification strategy and performance of sugar firms. It was therefore concluded that there is no relationship between adoption of horizontal diversification strategy and sugar firms' performance. The study recommended that in the current competitive business situation, firms have to strive to open other revenue streams to keep afloat.

Mashiri and Sebele (2014) examined horizontal diversification as a Corporate Strategy and its Effect on Firm Performance: A Study of Zimbabwean Listed Conglomerates in the Food and Beverages Sector. Three competing models were derived from literature (the linear model, inverted U model and Intermediate model) and these were empirically assessed and tested. The study established that, through horizontal diversification organizations created value and justified their existence as they were able to build and leverage the unique resources to gain competitive advantage, increase profitability, market value of the companies ultimately improving shareholder value.

Gap in Literature Reviewed

From the available literature reviewed, most of the works focused on the effect of diversification on performance. Some others used different indicators to measure diversification while others carried out their researches in different geographical locations or sectors. To the best of the research's knowledge, little has been done on the extent diversification strategy (concentric and horizontal) can influence the organizational competitiveness hence this study tends to bridge this gap identified.

Research Method

The study adopted a descriptive survey design. The study was carried out on four listed manufacturing companies located in south-east, Nigeria. The population of the study was 594, and a sample size of 239 was drawn, using the method of Taro Yamane. The sample size was selected using stratified proportionate random sampling technique. This sampling technique was used so as to ensure equal and fair representation from each stratum. Data for the study were collected from the primary source through questionnaires that were administered to the managers, supervisors and administrative staff of the selected companies. Information collected through the questionnaire was presented with a frequency distribution table. The 4-point likert scale with: VHE-Very High Extent (4), HE-High Extent (3) LE-Low Extent (2) and VLE-Very Low Extent (1) in conjunction with SA-Strongly Agree (4), A-Agree (3), D-Disagree (2), SD-Strongly Disagree (1) was used to develop the answer options for the questionnaire. The instrument was validated by experts based on face and content validity. A Cronbach's method of reliability test was carried out on the instrument to determine it's reliability. The result shows 0.957, 0.913 and 0.938 respectively for concentric, horizontal and competitiveness, which are indicators that depict internal consistencies since the values, are above 0.70 benchmark. Spearman rank correlation and Theil-sen with the aid of SPSS version 23 were used for the analysis.

Research Findings

Findings under this section were based on the means and standard deviation for the data that were collected through the likert four point scale, measuring the level of agreement of the respondents with respect to the given aspects of diversification. The results were as presented in Tables.

Table 1: Concentric Diversification (CD)

S/N	Statements	VHE	HE	LE	VLE	n	Mean	SD
1	Concentric Diversification creates room for product varieties to meet our customers' needs.	189	18	8	0	215	3.84	0.50
2	It serves as defensive mechanism against fierce competition in the industry.	163	44	7	1	215	3.12	0.81
3	It helps my firm to remain focused in their core competencies.	168	35	8	2	215	3.7	0.57

4	My firm explores opportunities within the industry leveraging on the expertise and technology.	148	42	16	9	215	3.53	0.60
5	My firm enjoys operation synergies arising from similar production processes.	138	49	19	9	215	3.4	0.82

Source: Field Survey (2023)

From table 1, the respondents agreed (mean = 3.84; Std dev = 0.50) that concentric diversification to a very high extent creates room for product varieties as to meet the needs of their customers. The respondents to a high extent agreed (mean = 3.12 Std dev = 0.81) on the statement that concentric diversification serves as a defensive mechanism against fierce competition in the industry. The respondents of a very high extent agreed that concentric diversification helps their firms to remain focused in their core competencies as shown by a mean of 3.70 with a standard deviation of 0.57. Findings also show that the respondents agreed of high extent (mean = 3.53 Std dev = 0.60) that with concentric diversification their firms explore opportunities within the industry leveraging on their expertise and technology. The respondents finally agreed with the statement that their firms enjoy operation synergies due to similar production processes with a mean of 3.47 and standard deviation of 0.82.

Table 2: Horizontal Diversification Description

S/N	Statements	VHE	HE	LE	VLE	n	Mean	SD
1	My firm leverages on established distribution channels in the delivery of supplementary products.	152	53	7	3	215	3.79	0.63
2	My firm exploits new opportunities in existing market.	161	48	6	0	215	3.72	0.51
3	My firm leverages on their reputation and brand to preset new products.	139	62	1	13	215	3.52	0.75
4	My firm adopts HD so as to manage product life cycle to avoid decline.	150	34	19	12	215	3.5	0.87
5	HD increases the streams of income for the firm.	204	11	0	0	215	3.95	0.53

Source: Field Survey (2023)

As show in the table 2, the respondents agreed (mea = 3.79 Std dev= 0.63) with statement that their firms leverage on established distribution channels in the delivery of supplementary products. The respondents also agreed to a very high extent that their firm exploit new opportunities in existing market; this was according to the mean obtained of 3.72

with a standard deviation of 0.51. The respondents also agreed that to a high extent that horizontal diversification facilitate their firms leveraging on their reputation and brand to present a new product as indicated by mean of 3.52 and standard deviation of 0.75. Firms adopt HD so as to manage their product life cycle as to avoid decline was agreed by the respondents as indicated by a mean of 3.50 and standard deviation of 0.87. The respondents also agreed that to a high extent HD increases the streams of income for their firms with a mean of 3.95 and standard deviation of 0.53.

Table 3: Organizational Competitiveness

Statements	SA	A	D	SD	n	Mean	SD
My firm has competitive edge in the industry,	130	60	12	13	215	3.43	0.85
My firm's products enjoy customers' loyalty.	199	6	8	2	215	3.87	0.50
My firm dominated the market place thereby creating barriers for new entrants.	121	81	6	7	215	3.47	0.71
Competitors' current and future plans are well predicated by my firm.	60	45	92	18	215	2.68	1.39
Information regarding competitors' action is regularly collected and discussed to inform the formulation of new strategies.	158	33	13	11	215	3.57	0.82

Source: Field Survey, (2023)

According to findings on table 3, the firms have competitive edge in their industry was agreed upon by the respondents with a mean of 3.43 and standard deviation of 0.85. Also on the statement, my firm's products enjoy customers' loyalty was strongly agreed by the respondents with a mean of 3.87 and standard deviation of 0.50. Furthermore, the statement that my firm dominated the market place thereby creating barriers for new entrants was agreed upon by the respondents with a mean of 3.47 and standard deviation of 0.71. Further findings show that the Competitors' current and future plans are well predicated by the firms was agreed upon also with a mean of 2.68 and standard deviation of 1.39. The respondents also agreed with the statement, information regarding competitors' action is regularly collected and discussed to inform the formulation of new strategies with mean of 3.57 and standard deviation of 0.82.

Research Questions/ Test of Hypotheses

To answer the research questions on the extent of the relationship between the variables and test the hypotheses formulated, the work adopted Spearman Rank Correlations & RStudio Output for Theil-Sen Regression.

Research Question One

To what extent does concentric diversification relate to competitiveness of listed manufacturing companies?

Table 4. Spearman's Rank Correlation Summary for Concentric Diversification and Competitiveness

Variables	**n**	**∑**	$\overline{X}$	**SD**	**r**
Concentric Diversification	215	3163	14.712	2.997	**0.777**
Competitiveness	215	2977	13.847	3.845	
High Relationship					

Source: Extracted from SPSS Output.

Table 4 shows the result obtained in respect of research question one. The result reveals that the Spearman rank correlation coefficient is 0.777, which is high. This implies that concentric diversification affects competitiveness of listed manufacturing companies to a high extent. That is to say, that 77.7% variation in manufacturing firm competitiveness can be explained by concentric diversification

Testing of Hypothesis One

Ho$_{1:}$ Concentric diversification does not significantly affect the competitiveness of listed manufacturing companies

Table 5: ANOVA Summary for Theil-Sen Regression of Concentric Diversification and Competitiveness

Response: Competitiveness	**Df**	**Sum of Squares**	**Mean Squares**	**F-value**	**p-value**
Concentric Diversification	1	233.07	233.07	27.9	0.000
Residuals	213	1778.89	8.352		

Source: Extracted from R-Studio Output

The result in Table 5 shows that the mean squares of 233.07 for concentric diversification and 8.352 for residuals, F-calculation value of 27.9 and a p-value of 0.000 which is less than 0.05. This indicates statistically significant result. Therefore, the null hypothesis which stated that concentric diversification does not significantly affect the competitiveness of listed manufacturing companies is rejected. Hence, the study concludes that concentric diversification significantly affects the competitiveness of listed manufacturing companies.

Research Question Two

What is the extent to which horizontal diversification contributes to competitiveness of listed manufacturing companies?

Table 6: **Spearman's Rank Correlation Summary for Horizontal Diversification and Competitiveness**

Variables	**n**	**∑**	$\overline{X}$	**SD**	**R**
Horizontal Diversification	215	3133	14.572	3.951	**0.881**
Competitiveness	215	2977	13.847	3.845	
Very High Relationship					

Source: Extracted from SPSS Output

Table 6 shows the result obtained in respect of research question two. The result reveals that the Spearman rank correlation coefficient is 0.881, which is very high. This implies that horizontal diversification affects competitiveness of listed manufacturing companies to a very high extent by predicting 88.1% change in the organizational competitiveness.

Testing of Hypothesis Two

Ho_2: Horizontal diversification does not significantly affect the competitiveness of listed manufacturing companies.

Table 7: **ANOVA Summary for Theil-Sen Regression of Horizontal Diversification and Competitiveness**

Response: Competitiveness	**Df**	**Sum of Squares**	**Mean Squares**	**F-value**	**p-value**
Horizontal Diversification	1	1276.62	1276.62	486.54	0.000
Residuals	213	558.89	2.62		

Source: Extracted from R-Studio Output

The result in Table 4.8 shows that the mean squares of 1276.62 for horizontal diversification and 2.62 for residuals, F-calculation value of 486.54 and a p-value of 0.000 which is less than 0.05. This indicates statistically significant result. Therefore, the null hypothesis which stated that horizontal diversification does not significantly affect the competitiveness of listed manufacturing companies is rejected. Hence, the study concludes that horizontal diversification significantly affects the competitiveness of listed manufacturing companies.

Discussion of Findings

The study found out that concentric diversification had a positive influence on the competitiveness of listed manufacturing companies in south east, Nigeria. The study found out that 77.7% variation in the firms' competitiveness can be explained by concentric diversification this result is in line with result of Maragu et al (2014) that 54.8 percent of the sugar firm competitiveness can be explained by concentric diversification. Also that concentric diversification brings about offering of varieties of products that give the manufacturing firms a competitive edge which invariably facilitates their competitiveness this finding is in sync with the findings of Oyefesobi, Akintunde and Aminu (2018) that concentric diversification enhances the competitiveness of a manufacturing company. Also that dominance of the manufacturing firms products due to varieties brings about customers loyalty, this finding is in tandem with the findings of Barney (2017) that once more and more customers perceive benefits they gain by purchasing a firm's product, then they tend to buy more of the products which leads to gaining more customer loyalty. Concentric diversification is vital in manufacturing sector for it can enhance the competitiveness of the firm and brings about customer satisfaction. It also allows the firms to remain focus to core competencies that enhances competitiveness.

The study further reveals that horizontal diversification has significant positive effect on competitiveness of listed manufacturing companies. That horizontal diversification predicts 88.1% variation in organizational competitiveness hence it is a worth-while strategy to embark upon, this finding synchronizes with Mashiri and Sebele (2014) assertion that horizontal diversification in an organization created value and justified their existence as they were able to build and leverage the unique resources to gain competitive advantage. The study also found out that listed manufacturing firms launch supplementary products to explore new opportunities in the market as confirmed by Ravichandran & Bhaduri (2015). It was also found that it gives the firms opportunity to manage their product life cycle as to avoid decline due to an improvement on complementary usage (Wanjira, Ngoze, & Wanjere 2018). Horizontal diversification was found by the study to increase streams of income since additional product is added to the product portfolio of the company thereby making it competitive that drives sales with attendant effect on profitability (Maragia & Kemobi, 2021).

Conclusion, Recommendations, and Contribution to knowledge

Conclusion

For a manufacturing company to have competitive advantage in the midst of stifle competition in business environment it should diversify either through concentric or horizontal diversification so as to remain competitive in the industry. Customers are aware of their needs and there are varieties of similar products in the market therefore, manufacturing firms must strategies leveraging on the resources of the firm to stay competitive.

Recommendations

The study suggests the following recommendations:

1. Mangers should monitor their products competitiveness regularly and keep track of each product performance as to identify any anomaly for quick response.
2. Manufacturing firms should embark on concentric diversification as to leverage on their brand and reputation to reach more customers thereby increasing their customers' base.
3. Also venturing into horizontal diversification is recommended because it can enhance the competitiveness of a manufacturing company by adding a new product that can be complementary to existing one, which can reduce product life cycle decline.
4. Manufacturing firms as a matter of fact should diversify so as to increase their market stability and to prevent over reliance on single product.

Contribution to knowledge

This research work has contributed to knowledge having explored diversification strategy as it relates to competitiveness of manufacturing companies thereby bridging the gap identified in literatures. The variables used were developed, modified and subjected to Nigeria business environment context. Since survival of manufacturing companies Nigeria has been in front burner for quite a while, efforts that can facilitate its survival and growth cannot be overemphasized, hence, diversification (concentric and horizontal) can be employed to ensure stability of manufacturing companies and this has been empirically proven to be pivotal to the growth of manufacturing companies.

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