

STRATEGIC DIVERSIFICATION AND ORGANISATIONAL PERFORMANCE OF CONGLOMERATE ORGANISATIONS IN RIVERS STATE

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ABSTRACT

This study examined the relationship between strategic diversification and organisational performance of conglomerate organisations in Rivers State. The motivation for the study arose from persistent performance challenges among conglomerates, including declining market share, reduced profitability, and operational inefficiencies, despite the adoption of diversification strategies. A cross-sectional survey research design was adopted, with a population of twelve conglomerate organisations and one hundred and forty-four top-level management staff selected through a census approach. Data were collected using a structured questionnaire and analysed using the Statistical Package for Social Sciences, while Pearson product moment correlation coefficient was employed to test the hypotheses at a 0.05 level of significance. The findings revealed that concentric diversification has a strong positive and significant relationship with market share ($r = 0.681$, $p = 0.000$), conglomerate diversification is positively and significantly related to profitability ($r = 0.703$, $p = 0.000$), and horizontal diversification shows a significant positive relationship with organisational efficiency ($r = 0.692$, $p = 0.000$). These results indicate that strategic diversification plays a critical role in enhancing overall organisational performance when properly implemented. The study concluded that different dimensions of diversification contribute uniquely to performance outcomes and that effective coordination of diversified business units is essential for achieving optimal results. Based on the findings, it was recommended that conglomerate organisations should adopt related diversification strategies to strengthen market position, pursue carefully managed conglomerate diversification to enhance profitability, and implement horizontal diversification to improve operational efficiency and resource utilisation.

Keywords: Strategic diversification, organisational performance, concentric diversification, conglomerate diversification, horizontal diversification.

INTRODUCTION

Background of the Study

Strategic diversification is a corporate growth strategy that involves expanding a firm's operations into new products, services, or markets in order to enhance competitiveness, reduce risk exposure, and improve long-term profitability (Ansoff, 1965). It is widely viewed as a strategic response to changing environmental conditions where firms seek to strengthen their market position through expansion beyond existing business boundaries (Rumelt, 1974). Concentric diversification refers to a situation where a firm expands into related products or services that share technological or marketing synergies with its existing operations, thereby allowing the firm to leverage existing capabilities and resources (Johnson & Scholes, 1999). Conglomerate diversification involves entry

into entirely unrelated businesses with no direct operational link to current activities, often pursued to spread risk across different industries and stabilize earnings performance (Porter, 1987). Horizontal diversification, on the other hand, occurs when a firm introduces new products or services that appeal to its existing customer base but are not necessarily related to current production lines, thereby strengthening customer retention and market coverage (Hitt et alv 2001). From a strategic management perspective, diversification decisions are influenced by the firm's internal resources and capabilities, which determine its ability to successfully manage multiple business units (Barney, 1991).

Organizational performance refers to the extent to which an organization achieves its set objectives through the effective and efficient utilization of available resources. It is a multidimensional construct that captures both financial and operational outcomes, reflecting how well an organization competes and sustains its operations in a dynamic business environment. Contemporary management studies emphasize that organizational performance is not limited to profit generation but also includes broader indicators that reflect competitive strength and internal effectiveness. In most empirical assessments, market share, profitability, and efficiency are widely adopted as key measures of organizational performance because they provide a balanced evaluation of both market position and resource utilization (Richard et ah, 2009). Market share reflects the degree of competitive dominance within an industry, profitability indicates the financial capacity to sustain operations and generate returns, while efficiency captures how effectively inputs are transformed into outputs with minimal waste (Neely et ah, 2005).

In conglomerate organisations in Rivers State, strategic diversification plays a significant role in shaping organizational performance outcomes. Strategic diversification refers to the expansion of business operations into different industries or product lines in order to reduce risk, increase revenue sources, and strengthen competitiveness. Through diversification, conglomerates can improve market share by extending their presence across multiple sectors, enhance profitability by generating income from diverse business units, and increase efficiency through the sharing of resources, capabilities, and managerial expertise across subsidiaries. This approach also enables firms to respond more effectively to environmental uncertainty while maintaining stability and long-term growth. Strategic diversification is strongly associated with improved organizational performance among conglomerate organisations in Rivers State, as it enhances their ability to compete, adapt, and achieve sustainable operational success (Hitt et ah, 1997). Statement of the Problem

Many conglomerate firms experience declining market share due to weak responsiveness to competitive actions, inconsistent product quality across subsidiaries, and delayed strategic decision making. Profitability is often eroded by high administrative overheads, duplication of functions across business units, and poor cost control mechanisms that reduce financial returns. Efficiency challenges are also evident in operational bottlenecks, fragmented communication systems, and inadequate coordination among departments, which collectively slow down production cycles and service delivery. Scholars have observed that firms operating in highly competitive environments often struggle to maintain superior performance when internal systems are not effectively aligned with external demands (Porter, 1985). In addition, resource allocation inefficiencies have been linked to reduced organisational output and weakened financial performance in complex corporate structures (Barney, 1991). Similarly, studies have shown that firms with rigid operational systems often fail to achieve optimal efficiency due to limited adaptability to environmental shifts (Teece, 2014).

Despite the adoption of diversification strategies by conglomerate organisations in Rivers State, the expected improvements in market share, profitability, and efficiency are not consistently achieved due to structural and managerial complications. In many cases, subsidiaries operate with minimal integration, leading to inconsistent strategic direction and poor synergy across business units. This situation results in resource wastage, conflicting priorities, and difficulty in achieving economies of scale. Profitability is further weakened when revenue-generating units are cross-subsidised by underperforming divisions, thereby reducing overall financial stability. Efficiency is also affected by overlapping managerial roles, lack of standardised operational procedures, and weak performance

monitoring systems across diversified units. Empirical evidence suggests that poorly coordinated diversification often leads to reduced firm value and operational inefficiencies (Rumelt, 1974). Strategic inconsistencies across business portfolios have been associated with declining competitive advantage and reduced organisational coherence (Markides, 1997).

Conceptual Framework

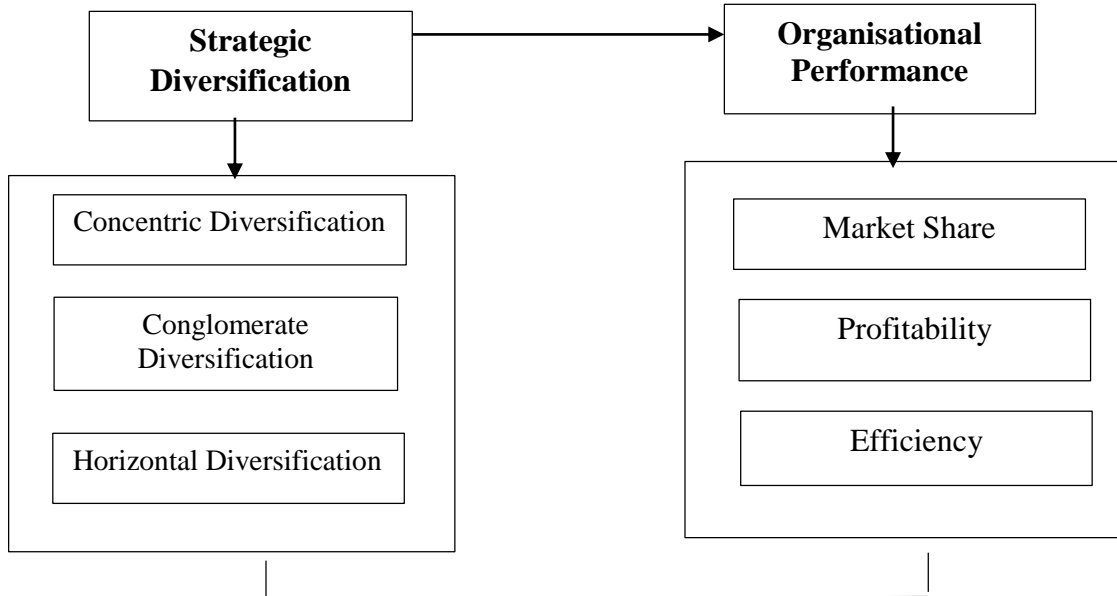


Figure 1: Conceptual Framework showing the relationship between Strategic Diversification and Organisational Performance of Conglomerate Organisations in Rivers State.

Source: Adapted from Porter (1985) and Kaplan & Norton (1992)

Aims & Objectives of the Study

The aim of this study was to examine the relationship between strategic diversification and organisational performance of conglomerate organisations in Rivers State. The specific objectives are to:

- i. determine the relationship between concentric diversification and market share of conglomerate organisations in Rivers State.
- ii. examine the relationship between conglomerate diversification and profitability of conglomerate organisations in Rivers State.
- iii. ascertain the relationship between horizontal diversification and efficiency of conglomerate organisations in Rivers State.

Research Questions

The following research questions were raised to guide the study.

- i. What is the relationship between concentric diversification and market share of conglomerate organisations in Rivers State?
- ii. What is the relationship between conglomerate diversification and profitability of conglomerate organisations in Rivers State?
- iii. What is the relationship between horizontal diversification and efficiency of conglomerate organisations in Rivers State?

Research Hypotheses

The following null hypothesis were formulated and was tested.

- H01: There is no significant relationship between concentric diversification and market share of conglomerate organisations in Rivers State.
- H02: There is no significant relationship between conglomerate diversification and

profitability of conglomerate organisations in Rivers State.

H03: There is no significant relationship between horizontal diversification and efficiency of conglomerate organisations in Rivers State.

Significance/Implications of the Study

This study will benefit the following:

Employees: The findings of this study will be beneficial to employees by enhancing their understanding of how strategic diversification influences organisational performance. It will help employees appreciate how diversification decisions adopted by management can affect job security, career development opportunities, and workplace stability. This understanding may also encourage employees to align their skills and performance with evolving organisational strategies.

Employers: The study will assist employers in making informed strategic decisions regarding diversification and its impact on organisational performance. It will provide insights into how different forms of diversification can influence profitability, operational efficiency, and long-term sustainability. This will enable employers to adopt strategies that enhance competitiveness in dynamic business environments.

Conglomerate Organisations: The study will be significant to conglomerate organisations by providing a clearer understanding of how strategic diversification affects overall corporate performance. Since conglomerates operate across multiple industries, the findings will help them assess how diversification across unrelated and related sectors contributes to risk reduction and performance enhancement.

Business Owners: Business owners will benefit from this study as it provides practical insights into how diversification strategies can improve organisational outcomes. It will help them understand when and how to expand into new markets or product lines without negatively affecting performance.

Policymakers: Policymakers will find the study useful in formulating economic and industrial policies that encourage effective corporate diversification. It will provide evidence-based insights into how diversification strategies contribute to organisational performance and economic development.

Researchers: The study will serve as a valuable reference material for researchers in the fields of strategic management, business administration, and organisational studies. It will contribute to existing literature on strategic diversification and organisational performance, providing a foundation for future empirical investigations.

REVIEW OF RELATED LITERATURE

Conceptual Review

Concept of Strategic Diversification

Strategic diversification refers to a corporate growth approach whereby an organisation expands its operations into new products, services, or markets in order to enhance competitiveness, spread risk, and improve long term sustainability. Ansoff conceptualised diversification as a growth strategy that occurs when firms move beyond their current product and market scope, particularly when existing markets become saturated or less profitable (Ansoff, 1957). In a more contemporary view, strategic diversification is explained as a deliberate managerial action aimed at building synergies across different business units to strengthen overall corporate performance and resilience (Hitt, Ireland, & Hoskisson, 2015). Similarly, it is argued that diversification enables firms to leverage core competencies and reallocate resources efficiently across multiple industries to achieve superior value creation (Grant, 2019). From a strategic management perspective, diversification is also viewed as a response to environmental uncertainty, where firms enter unrelated or related businesses to stabilize earnings and reduce dependence on a single revenue stream (Johnson, Scholes, & Whittington, 2020). Diversification is considered a governance mechanism for long term value maximisation, particularly when firms operate in dynamic and competitive markets where adaptability becomes essential for survival (Rumelt, 2011).

Dimensions of Strategic

Diversification Concentric Diversification

Concentric diversification refers to a strategic approach where an organization expands by introducing new products or services that are related to its existing operations in terms of technology, production processes, or market orientation. This form of diversification allows firms to build on existing strengths and enhance efficiency through the sharing of resources and capabilities. Contemporary strategic management thinking explains that related expansion supports synergy creation and improved organizational performance when properly coordinated (Hitt, Ireland, and Hoskisson, 2012). It is also argued that firms adopt concentric diversification to strengthen innovation, capacity by leveraging existing knowledge and operational expertise across related business units (Johnson, Scholes, and Whittington, 2017). Firms engaging in this strategy often benefit from improved cost efficiency and stronger market positioning due to the integration of similar value chain activities (Dess, McNamara, and Eisner, 2019).

Conglomerate Diversification

Conglomerate diversification involves a firm expanding into industries that are entirely unrelated to its current line of business, with the primary aim of reducing risk and achieving financial stability through a diversified portfolio. This strategy enables firms to spread exposure across different sectors and reduces dependence on a single market environment. Modern strategic management literature explains that unrelated diversification is often pursued when firms have excess financial resources and seek alternative investment opportunities to maximize returns (Wheelen, Hunger, and Hoffman, 2018). It is also noted that such diversification can enhance corporate resilience when firms are able to effectively coordinate multiple business units operating in different industries (Hitt, Ireland, and Hoskisson, 2012). In addition, conglomerate diversification may improve organizational flexibility by allowing firms to reallocate resources across sectors based on performance variations (Dess, McNamara, and Eisner, 2019).

Horizontal Diversification

Horizontal diversification refers to a growth strategy where a firm expands its product or service offerings within the same industry or to the same customer base, but with new lines that are not necessarily technologically related. This approach is commonly used to strengthen market presence, increase customer value, and improve competitiveness. Strategic management literature highlights that horizontal expansion enables firms to leverage brand strength and existing distribution channels to enhance market penetration (Johnson, Scholes, and Whittington, 2017). It is also suggested that firms adopt this strategy to improve customer retention by offering complementary products that satisfy broader consumer needs (Wheelen, Hunger, and Hoffman, 2018). Horizontal diversification can enhance organizational performance by increasing revenue streams within the same market environment while reducing marketing costs through shared customer networks (Dess, McNamara, and Eisner, 2019).

Concept of Organisational Performance

Organisational performance has been conceptualised as the extent to which an organisation achieves its strategic objectives through the effective and efficient utilisation of resources, resulting in improved outcomes such as productivity, profitability, and market positioning. Richard et al. (2019) view organisational performance as a multidimensional construct that reflects both financial and non-financial indicators used in assessing organisational success over time. In a similar perspective, Hitt et al. (2020) explain that performance captures how well an organisation aligns its internal processes with external environmental demands to generate sustainable competitive advantage. From a strategic management standpoint, Wheelen and Hunger (2018) emphasise that organisational performance is determined by the ability of firms to convert strategies into actionable results that enhance operational efficiency and stakeholder value. Supporting this view, Ireland and Webb (2021) argue that organisational performance is not only measured through profitability but also through innovation capability, customer satisfaction, and adaptability to dynamic business

environments. Daft (2022) highlights that performance reflects the overall effectiveness of organisational systems in achieving desired goals while maintaining long term sustainability and resource optimisation.

Measures of Organisational Performance

Market Share

Market share refers to the proportion of total sales within an industry that is captured by a particular organisation, and it is widely regarded as a strong indicator of competitive strength and market positioning. Organisations with higher market share often demonstrate stronger brand acceptance and customer loyalty, which enhances their sustainability in competitive environments (Porter, 1985). Market share also reflects the effectiveness of marketing strategies and product differentiation in attracting and retaining customers within a target industry (Kotler, 2016). In strategic management literature, sustaining an increasing market share is associated with superior competitive advantage and industry dominance (Ansoff, 1965). Firms that consistently expand their market share are often seen as more adaptive to changing consumer preferences and market dynamics (Drucker, 2007).

Profitability

Profitability represents the ability of an organisation to generate income in excess of its costs and remains one of the most critical indicators of organisational success. It reflects how efficiently management utilises available resources to produce returns for stakeholders (Ross, Westerfield, & Jaffe, 2013). High profitability is often linked to effective strategic decision making, cost control mechanisms, and optimal capital allocation within organisations (Brigham & Ehrhardt, 2017). From a strategic perspective, profitability is influenced by a firm's ability to sustain competitive advantage through value creation and innovation (Barney, 1991). Additionally, sustained profitability demonstrates strong financial health and long-term organisational viability in competitive markets (Grant, 2019).

Efficiency

Efficiency in organisational performance refers to the ability of a firm to achieve maximum output with minimum input, thereby minimising waste and optimising resource utilisation. It is a key performance measure that reflects internal operational effectiveness and process optimisation (Slack & Lewis, 2015). Organisations that achieve high efficiency are often characterised by streamlined operations, reduced production costs, and improved productivity levels (Heizer, Render, & Munson, 2020). Efficiency is also closely linked to management capability in designing systems that support continuous improvement and operational excellence (Kaplan & Norton, 1996). Furthermore, efficient organisations tend to maintain stronger competitive positions due to their ability to deliver value at lower operational costs while maintaining quality standards (Chandler, 1990).

Theoretical Review

Resource-Based View Theory

Resource-Based View (RBV) theory was initially propounded by Birger Wernerfelt in 1984, who introduced the idea that firms can be understood and analyzed based on their internal resources rather than only external market conditions (Wernerfelt, 1984). The theory was later significantly developed by Jay Barney in 1991, who formalized the conditions under which firm resources can generate sustained competitive advantage, emphasizing that resources must be valuable, rare, inimitable, and non-substitutable (Barney, 1991). Earlier conceptual foundations can also be traced to Edith Penrose in 1959, who explained that firm growth is driven by the productive services derived from its internal resources (Penrose, 1959).

The relevance of RBV to the study of strategic diversification and organisational performance of conglomerate organisations in Rivers State is that it explains how firms use their unique internal resources to achieve superior performance across multiple business units. RBV suggests that conglomerates that successfully transfer managerial capabilities, technological know-how, and

financial strength across diversified subsidiaries are more likely to achieve improved market share, profitability, and efficiency (Wernerfelt, 1984). It further explains that strategic diversification becomes effective when firms deploy unique capabilities that competitors cannot easily imitate, thereby sustaining competitive advantage and enhancing organisational performance over time (Barney, 1991).

Assumptions of Resource Based View Theory

1. Firms possess different bundles of resources and capabilities that lead to differences in performance outcomes.
2. Strategic resources are not easily transferable or replicable from one firm to another.
3. Competitive advantage is achieved when firms control valuable, rare, inimitable, and non-substitutable resources.

Implications of Resource Based View Theory

1. Conglomerate organizations should strengthen internal capabilities to support effective strategic diversification and improve performance.
2. Firms should only diversify into areas where they have relevant competencies and transferable capabilities.
3. Organizations must protect their unique resources from imitation while continuously improving and upgrading their capabilities.

Empirical Review

Clinton and Salami (2021) investigated diversification strategy and organisational performance in Nigerian manufacturing firms, aiming to determine the effect of strategic diversification on performance outcomes. A survey research design was adopted, with manufacturing firms as the population and a sample size of 112 respondents. Data were obtained through primary sources using structured questionnaires, with validity ensured through expert review and reliability tested using Cronbach alpha. The instrument was administered directly to employees. Data were analysed using descriptive statistics and multiple regression analysis. Findings showed that product and geographical diversification significantly improve organisational performance. The study concluded that strategic diversification enhances competitiveness and productivity. It recommended that firms should adopt diversification strategies aligned with core capabilities and expand into new markets cautiously.

Abuh and Echukwu (2023) examined concentric diversification and market share in Nigerian manufacturing firms, aiming to assess how related diversification affects performance. The study used a survey design, focusing on employees of selected firms, with a sample derived from questionnaire responses. Data were collected through primary questionnaires, with validity confirmed by expert assessment and reliability ensured through internal consistency testing. Instruments were administered physically. Data analysis employed Likert scale evaluation and regression analysis. Results indicated that product and market diversification significantly increase market share and reduce risk. The study concluded that concentric diversification strengthens competitive position. It recommended that firms should focus on innovation and align new products with existing competencies.

Ajao and Kokumo-Oyakhire (2021) studied conglomerate diversification and profitability of listed firms in Nigeria, aiming to evaluate its impact on financial performance. The study adopted an ex-post facto design, using nine conglomerate firms as both population and sample. Data were sourced from secondary annual reports, with validity ensured through audited records and reliability through data consistency. No instrument was administered. Data were analysed using panel regression techniques. Findings showed that product diversification positively affects profitability, while other forms showed mixed effects. The study concluded that conglomerate diversification has varying impacts on profitability. It recommended that firms should prioritize strategic diversification and manage expansion carefully.

Wegwu (2025) examined horizontal diversification and efficiency in Nigerian service firms, aiming to assess its effect on operational performance. The study used a survey research design, with a population of 853 employees and a sample size of 272. Data were collected through structured questionnaires, with validity ensured via expert review and reliability tested using Cronbach alpha. Instruments were administered directly. Data analysis employed Spearman Rank Order Correlation. Findings revealed that horizontal diversification significantly improves operational and financial efficiency. The study concluded that diversification within related product lines enhances performance. It recommended that firms should align diversification strategies with operational capacity and invest in innovation.

Gap in Literature

The main objective of the study was to ascertain the relationship between strategic diversification and organisational performance of conglomerate organisations in Rivers State. Over the years several, empirical studies have been investigated on the relationship between the predictor’s variable and other criterion variable reviewed in the research works of Clinton and Salami (2021), Abuh and Echukwu (2023), Ajao and Kokumo-Oyakhire (2021) and Wegwu (2025). However, their empirical studies unveiled that no research work has been investigated on the relationship between the three dimensions of strategic diversification such as concentric diversification, conglomerate diversification and horizontal diversification on the measures of organisational performance such as market share, profitability and efficiency of conglomerate organisations in Rivers State. This has resulted in a dearth of research evidence on the relationship between the predicator and criterion variable under study and a gap in knowledge that the study intended to fill.

METHODOLOGY

This study adopted a cross-sectional survey research design to examine the relationship between strategic diversification and organisational performance of conglomerate organisations in Rivers State. The design was considered appropriate because it enables the collection of quantitative data from multiple organisations at a single point in time without manipulation of variables, thereby allowing for the examination of statistical relationships and hypothesis testing using inferential techniques. The population of the study comprised twelve verified conglomerate organisations operating in Rivers State, as presented in Table 1. From each organisation, twelve top-level management staff were identified (managing directors, chief executive officers, general managers, and executive directors), giving a total of one hundred and forty-four (140) respondents. The study population therefore also constituted the sample size, as a census approach was adopted.

Table 1: Study Population

S/	Company Name	Address / Location	Nature of Operation
1	Dangote Group	Trans-Amadi Industrial Layout, Port Harcourt, Rivers	Cement, logistics, manufacturing, energy
2	Honeywell Group	Aba Road, Port Harcourt, Rivers State	Food processing, energy, infrastructure
3	BUA Group	Onne Port Complex, Eleme, Rivers State	Cement, sugar, food processing, infrastructure
4	Stallion Group Nigeria	Trans-Amadi Industrial Layout, Port Harcourt, Rivers	Automobile, commodities, industrial services
5	Coscharis Group	Aba Road, Port Harcourt, Rivers State	Automobile, information and communication technology, agro-allied
6	Chicason Group	Port Harcourt Area Office, Rivers State	Manufacturing, agriculture, oil services
7	Ibeto Group	Trans-Amadi Industrial Area, Port Harcourt, Rivers State	Cement, petrochemicals, manufacturing

8	Kewalram Chanrai Group	Port Harcourt Office, Rivers State	Manufacturing, textiles, distribution
9	SI FAX Group	Onne Port, Rivers State	Maritime, logistics, port services
10	Sahara Group	Port Harcourt Office, Rivers State	Energy, infrastructure, oil services
11	CWAY Group	Km 17 Port Harcourt-Aba Expressway, Rumuosi, Obio-Akpor, Rivers State	Food, beverages, manufacturing
12	Indorama Corporation (Indorama Eleme Petrochemicals and Fertilizer Company)	Elenje Industrial Complex, Port Harcourt, Rivers State	Petrochemicals, fertilizers, industrial manufacturing

Source: Field Survey (2026)

Given the manageable size of the population, a census sampling technique was employed. This ensured that all elements of the population were included in the study, thereby eliminating sampling error and enhancing the representativeness of managerial perspectives across the selected conglomerates. Data were collected using a structured questionnaire designed in line with the study objectives. The instrument was divided into two sections: Section A captured demographic characteristics of respondents, while Section B measured strategic diversification and organisational performance. Responses were measured using a five-point Likert scale ranging from strongly disagree to strongly agree. Strategic diversification was operationalised using concentric diversification, conglomerate diversification, and horizontal diversification. Organisational performance was operationalised using market share, profitability, and efficiency. The validity of the instrument was established through face and content validation by experts in strategic management and research methodology. Their inputs led to modifications that improved clarity, relevance, and measurement accuracy of the instrument. Reliability of the instrument was assessed using Cronbach alpha coefficient for each construct and dimension, as presented in Table 2. The obtained reliability coefficients exceeded the acceptable threshold of 0.70, indicating satisfactory internal consistency of the instrument and confirming that the measurement items reliably captured the constructs under investigation.

Table 2: Reliability of Research Instrument

Variables	Dimensions/Measures	Number of Items	Cronbach Alpha
Strategic Diversification	Concentric Diversification	4	0.821
	Conglomerate Diversification	4	0.804
	Horizontal Diversification	4	0.813
Organisational Performance	Market Share	4	0.796
	Profitability	4	0.802
	Efficiency	4	0.809

Source: SPSS Output (2026)

The questionnaire was administered through a self-administered approach directly to respondents within their respective organisations, supported by follow-up visits to improve response rate and ensure completeness of retrieved instruments. Data collected were analysed using the Statistical Package for Social Sciences. Pearson product moment correlation coefficient was employed for hypothesis testing at a 0.05 level of significance. The choice of this statistical tool was based on its suitability for determining the strength and direction of linear relationships between continuous variables derived from aggregated Likert-scale responses.

Bivariate Analysis

H01: There is no significant relationship between concentric diversification and market share of conglomerate organisations in Rivers State.

Table 3: Correlations between Concentric Diversification and Market Share

		Concentric Diversification	Market Share
Concentric Diversification	Pearson Correlation	1	.681**
	Sig. (2-tailed)		.000
	N	144	144
Market Share	Pearson Correlation	.681**	1
	Sig. (2-tailed)	.000	
	N	144	144

Concentric Diversification Market Share

The result reveals a strong positive relationship between concentric diversification and market share of conglomerate organisations in Rivers State. The correlation coefficient value of 0.681 indicates that an increase in concentric diversification practices is associated with an increase in market share. The significance value of 0.000, which is less than 0.05, confirms that the relationship is statistically significant. Therefore, the null hypothesis is rejected, implying that a significant relationship exists between concentric diversification and market share.

H02: There is no significant relationship between conglomerate diversification and profitability of conglomerate organisations in Rivers State.

Table 4: Correlations between Conglomerate Diversification and Profitability

		Conglomerate Diversification	Profitability
Conglomerate Diversification	Pearson Correlation	1	.703**
	Sig. (2-tailed)		.000
	N	144	144
Profitability	Pearson Correlation	.703**	1
	Sig. (2-tailed)	.000	
	N	144	144

** . Correlation is significant at the 0.05 level (2-tailed).

The result indicates a strong positive relationship between conglomerate diversification and profitability of conglomerate organisations in Rivers State. The correlation coefficient value of 0.703 suggests that higher levels of conglomerate diversification are associated with improved profitability. The significance value of 0.000, which is less than 0.05, shows that the relationship is statistically significant. Consequently, the null hypothesis is rejected, indicating that a significant relationship exists between conglomerate diversification and profitability.

H03: There is no significant relationship between horizontal diversification and efficiency of conglomerate organisations in Rivers State.

Table 5: Correlations between Horizontal Diversification and Efficiency

		Horizontal Diversification	Efficiency
Horizontal Diversification	Pearson Correlation	1	.692**
	Sig. (2-tailed)		.000
	N	144	144
Efficiency	Pearson Correlation	.692**	1
	Sig. (2-tailed)	.000	
	N	144	144

The result shows a strong positive relationship between horizontal diversification and organisational efficiency of conglomerate firms in Rivers State. The correlation coefficient value of 0.692 indicates that an increase in horizontal diversification is associated with improved efficiency. The significance value of 0.000, which is less than 0.05, confirms statistical significance. Therefore, the null hypothesis is rejected, implying that a significant relationship exists between horizontal diversification and efficiency.

Summary of Findings

1. The study found that there is a significant positive relationship between concentric diversification and market share of conglomerate organisations in Rivers State ($r = 0.681$, $p = 0.000$).
2. The study revealed that there is a significant positive relationship between conglomerate diversification and profitability of conglomerate organisations in Rivers State ($r = 0.703$, $p = 0.000$).
3. The study showed that there is a significant positive relationship between horizontal diversification and efficiency of conglomerate organisations in Rivers State ($r = 0.692$, $p = 0.000$).

Discussion of Findings

Concentric Diversification and Market Share

The result revealed a strong positive relationship between concentric diversification and market share of conglomerate organisations in Rivers State. The correlation coefficient value of 0.681 indicates that an increase in concentric diversification practices is associated with an increase in market share. The significance value of 0.000, which is less than 0.05, confirms that the relationship is statistically significant. Therefore, the null hypothesis is rejected, implying that a significant relationship exists between concentric diversification and market share. Similarly, Abuh and Echukwu (2023) examined concentric diversification and market share in Nigerian manufacturing firms, aiming to assess how related diversification affects performance. Results indicated that product and market diversification significantly increase market share and reduce risk. The study concluded that concentric diversification strengthens competitive position. It recommended that firms should focus on innovation and align new products with existing competencies.

Conglomerate Diversification and Profitability

The result indicated strong positive relationship between conglomerate diversification and profitability of conglomerate organisations in Rivers State. The correlation coefficient value of 0.703 suggests that higher levels of conglomerate diversification are associated with improved profitability. The significance value of 0.000, which is less than 0.05, shows that the relationship is statistically significant. Consequently, the null hypothesis is rejected, indicating that a significant relationship exists between conglomerate diversification and profitability. In line with Ajao and Kokumo-Oyakhire (2021) studied conglomerate diversification and profitability of listed firms in Nigeria. Findings showed that product diversification positively affects profitability, while other forms showed mixed effects. The study concluded that conglomerate diversification has varying impacts

on profitability. It recommended that firms should prioritize strategic diversification and manage expansion carefully.

Horizontal Diversification and Efficiency

The result shows a strong positive relationship between horizontal diversification and organisational efficiency of conglomerate firms in Rivers State. The correlation coefficient value of 0.692 indicates that an increase in horizontal diversification is associated with improved efficiency. The significance value of 0.000, which is less than 0.05, confirms statistical significance. Therefore, the null hypothesis is rejected, implying that a significant relationship exists between horizontal diversification and efficiency. In the same vein, Wegwu (2025) examined horizontal diversification and efficiency in Nigerian service firms. Findings revealed that horizontal diversification significantly improves operational and financial efficiency. The study concluded that diversification within related product lines enhances performance. It recommended that firms should align diversification strategies with operational capacity and invest in innovation.

Conclusion

Based on the findings, the study concludes that strategic diversification plays a critical role in enhancing organisational performance of conglomerate organisations in Rivers State. The evidence demonstrates that different forms of diversification contribute uniquely to performance outcomes, with concentric diversification improving market share, conglomerate diversification enhancing profitability, and horizontal diversification promoting efficiency. Therefore, organisations that adopt well-structured diversification strategies are more likely to achieve sustainable growth and improved performance.\

Recommendations

1. Conglomerate organisations should adopt concentric diversification strategies by expanding into related business areas where they possess existing competencies, as this will enhance market share and strengthen competitive advantage.
2. Management of conglomerate firms should strategically pursue conglomerate diversification by investing in diverse and unrelated business segments, as this can improve profitability through multiple income streams and risk reduction.
3. Organisations should implement horizontal diversification strategies by introducing new products or services within existing markets, as this will improve operational efficiency and maximise the utilisation of organisational resources.

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