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BUSINESS DIVERSIFICATION AND MARKET-BASED PERFORMANCE OF SELECTED CORPORATE ORGANIZATIONS IN NIGERIA

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Abstract

Diversification is a means by which a firm expands from its core businesses into other product markets. Diversification was identified as a result-oriented strategy that can be deployed in the business environment to directly create or maintain a competitive advantage. In spite of the successes recorded by many companies operating in the conglomerate and diversified sector, it is observed that the duty to make diversification mechanisms truly strategic and synergic has been found to be inadequate in the sector. This study, therefore, examined the effects of diversification strategy and synergy on the performance of selected corporate organizations in Nigeria. A survey research design was adopted as the study guide. The population of the study comprised of all companies that are listed under the conglomerate and diversified sector of the Nigerian Stock Exchange (NSE). The study adopted multi-stage sampling technique. First, the judgmental sampling technique was used to select five (5) companies that are listed under the conglomerate and diversified sector of the NSE. Second, the process of randomization was used in drawing the working population which consists of the senior staff of Unilever Nigeria Plc, PZ Cussons Nigeria Plc, UAC of Nigeria Plc, AG Leventis Nigeria Plc, and Transactional Corporation of Nigeria Plc. A sample size of 398 respondents was chosen from selected corporate organizations via a stochastic process. The study adopted a structured questionnaire as the research instrument. Cronbach's Alpha reliability coefficients for the research instrument ranged between 0.79 and 0.83. Data generated were analyzed using the parametric statistical tool of stepwise multiple regression. The findings revealed that significant positive relationships exist among the variables; and that business diversification can positively enhance corporate performance in terms of market penetration, market development, and product lines expansion at .05 level of significance. Diversification, therefore, becomes an attractive strategic initiative when a company runs out of profitable growth opportunities in its present business operations. However, going against the core values of the company for the sake of profit maximization need to be avoided in order for diversification to be truly strategic.

Key words: Diversification strategy, Diversification synergy, Market development, Market Penetration, Product line development.

1.0 Introduction

Diversification strategies are not only favoured by contemporary management theorists, but are actively pursued by corporate managers (Kerin, Vijay & Varadarajan, 1990; Ghosh & Das, 2003). Diversification is a means by which a firm expands from its core businesses into other product markets (Migel, 2008).

There is no gainsaying that firms spend considerable sum acquiring other firms to diversify away from their core products/markets. As in any economic activity, however, there are costs and benefits associated with diversification and ultimately, a firm's performance must depend on how managers achieve a balance between cost and benefits in each concrete of the identified cases. Meanwhile, these benefits and costs may not fall equally on managers and investors.

Diversification, on the other hand, is a result-oriented strategy that can be deployed in the business environment to directly create or maintain competitive advantage. In the Nigerian business environment, conglomerates are the biggest players in the manufacturing sector of the economy. Companies such as Unilever Nigeria Plc, PZ Cussons Nigeria Plc, and the Dangote Group focus primarily on consumable and household products. The other group of conglomerates, such as John Holt Plc, Transactional Corporations of Nigeria Plc, AG Leventis Nigeria Plc, UAC of Nigeria Plc and the Dana Group, works largely with chemicals, pharmaceuticals, plastics, and engineering; while others focus on foods, beverages, household durables and personal products.

Diversification by going into new products/markets can improve debt capacity, reduce the chances of bankruptcy, and improve assets deployment and profitability (Teece, 1982; Yadav & Kumar, 2005). Moreover, skills developed in one business and transferred to other businesses can increase labour and capital productivity. A diversified firm can transfer funds from a cash surplus unit to a cash deficit unit without taxes or transaction costs (Bhide 1993; Anyafo, 2000). Diversified firms also pool unsystematic risk and reduce the variability of operating cash flow, and as well enjoy the comparative advantage in hiring because key employees may have a greater sense of job security (Lippomen, Olkkonen & Moilanen, 2004).

The recent global economic trends have placed an unusual increasing demand on corporate organizations to apply strategic business approaches to remain relevant and profitable to their various stakeholders. This situation implied that corporate organizations have to employ a number of strategies to remain in business. Some of the type II changes that have occurred have been the options to merge or engage in acquisition bids (Gaughan, 2007). The less drastic of the options, the type I change, has been to scale up performance by diversification of strategy. Meanwhile, the impact of diversification on an organization's performance has been reported to have

mixed results and the dynamics of the relationship that exists in the phenomena is not well understood. According to Kerin, Vijay & Varadarajan (1990), the empirical evidence on the relationship between diversification and organization's performance are inclusive; models, perspectives, and results differ based on the disciplinary perspectives chosen by the researcher to study the phenomena. However, the relationship between diversification and performance is complex and is affected by intervening and contingent variables such as the type of relatedness (that is, related versus unrelated diversification); the mode of diversification; the capability of top managers to handle diversification; and the structure of the industry to accommodate diversification (Datta, Rajagopalan & Abdul, 1981; Kerin *et al.,* 1990).

More so, an undiversified firm may perform better than a highly diversified firm in terms of return, however, it is believed that the riskiness of undiversified firm will be much greater. If managers of such undiversified firm opt for diversification, then their returns are likely to decrease, but with reduced riskiness disproportionately more than the reduction in their returns. In such firms, there will be a tradeoff between risk and return (Pandya & Roa, 1998).

In spite of the successes recorded by many companies operating in the conglomerate and diversified sector, it is observed that the duty to make diversification mechanisms truly strategic and synergic has been found to be inadequate in the sector. Meanwhile, it is an irreconcilable fact that diversification continues to be an important strategy for growth in many organizations despite unclear dynamics of the relationship among all variables that are involved. Consequently, the impact of diversification on the performance of an organization becomes an empirical question. Recent reviews of the rather extensive literature do not find agreement about the direction of the association between firm diversification and corporate performance. The lack of a clear answer in the literature motivates the present study. In view of the identified problem, there is a need for a research into the process of reconciling diversification strategy with performance in the Nigeria's corporate organizations. The main goal of this study is to evaluate the effects of business diversification on the market-based performance of selected corporate organizations in Nigeria. The specific objectives are to:

I. assess the moderating effects of diversification synergy on the relationship between diversification strategy and market penetration of corporate organizations in Nigeria.

ii. investigate the moderating effects of diversification synergy on the relationship between diversification strategy and market development of corporate organizations in Nigeria.

iii. examine the moderating effects of diversification synergy on the relationship between diversification strategy and product line development of corporate organizations in Nigeria.

To achieve the objectives highlighted above, this study, therefore, seeks to proffer answers to the following questions.

(I) To what extent does diversification synergy moderate the relationship between diversification strategy and market penetration of corporate organizations in Nigeria?
(ii) To what extent does diversification synergy moderate the relationship between diversification strategy and market development of corporate organizations in Nigeria?
(iii) To what extent does diversification synergy moderate the relationship between diversification strategy and product line development of corporate organizations in Nigeria?

In an attempt to consolidate the research questions highlighted above, this study tested the following null hypotheses.

Ho_1: Diversification synergy has no significant effect on the relationship between diversification strategy and market penetration of corporate organizations in Nigeria.
Ho_2: Diversification synergy has no significant effect on the relationship between diversification strategy and market development of corporate organizations in Nigeria.
Ho_3: Diversification synergy has no significant effect on the relationship between diversification strategy and product line development of corporate organizations in Nigeria.

2.0 Literature Review

Diversification is a form of corporate strategy for many companies. It seeks to increase profitability through greater sales volume obtained from new products and new markets (Gaughan, 2007). Diversification can occur either at the business unit level or at the corporate level (Crabb, 2003). At the business unit level, it is most likely to expand into a new segment of an industry that the business is already in (Verma, 2013). At the corporate level, it is generally very interesting to enter a promising business outside of the scope of the existing business unit. The notion of diversification depends on the subjective interpretation of 'new market' and 'new product', which should reflect the perceptions of consumers rather than manufacturers. According to Gaughan (2007), products tend to create or stimulate new markets, new markets, on the other hand, promotes product innovation.

Diversification is a strategic choice of firm to improve performance (Anyafo, 2000). Diversification strategies are used to expand firms' operations by adding markets,

products, services, or stages of production to the existing business. The purpose of diversification is to allow the company to enter into lines of business that are different from the current operations. When a new venture is strategically related to the existing lines of business, it is referred to as concentric diversification, whereas when there is no common thread of strategic fit or relationship between the new and old lines of business, it is referred to as conglomerate diversification (Crabb, 2003).

For the purpose of this study, strong emphasis is made on conglomerate diversification which occurs when a firm diversifies into areas that are unrelated to its current line of core business operations. Synergy may result through the application of management expertise or financial resources, but the primary purpose of conglomerate diversification is to enhance the improved profitability of the acquiring firm (Migel, 2008). Little concern is giving to achieving marketing or production synergy with conglomerate diversification (Gaughan, 2007). However, one of the most common reasons for pursuing a conglomerate growth strategy is that opportunities in a firm's current line of business are limited. Finding an attractive investment opportunity requires the firm to consider alternatives in other types of business (UK Essays, 2015). Lever Brothers Nigeria Plc (now Unilever Nigeria Plc) acquisition of Lipton Nigeria Limited was a conglomerate move. Raw materials, markets and production technologies of the soaps and detergents manufacturers were quite different from those required to produce foods, edibles, and personal care products.

According to Crabb (2003), firms may also pursue a conglomerate diversification strategy as a means of increasing firms' growth rate. For instance, growth in sales may make the company more attractive to investors. Growth may also increase the power and prestige of the firm's executives. Conglomerate growth may be effective if the new area of business has growth opportunities that are greater than those available in the existing lines of business (Gaughan, 2007). However, the biggest disadvantage of a conglomerate diversification strategy is the increase in administrative problems associated with operating unrelated businesses. Managers from different divisions may have different backgrounds and may be unable to work together effectively (UK Essays, 2015). Competition between strategic business units for resources may entail shifting resources away from one division to another (Kennedy, 2013). According to Migel (2008), such a move might create rivalry and administrative problems between the units.

Moreover, caution must be exercised when planning to enter business with seemingly promising opportunities, especially if the management team lacks experience or skill in the new line of business. Without some knowledge of the new industry, a firm may be unable to accurately evaluate the industry's potential. Even if the new business is initially successful, problems will eventually occur (Option

House Forex Tutorial, 2015). Executives from the conglomerate will have to be involved in the operations of the new enterprise at some point. Without adequate experience or skill, a new business may become a poor performer (Yadav & Kumar, 2005). However, without some form of strategic fit, the combined performance of the individual units will probably not exceed the performance of the units operating individually. In fact, combined performance may deteriorate because of controls placed on the individual units by the parent conglomerate (Gaughan, 2007). More so, decision making may become slower due to longer review periods and complicated reporting systems.

Theoretical Framework

As far as the impacts of diversification strategy on the performance of corporate organizations are concerned, two approaches provide theoretical explanations: the resource-based view of firm otherwise referred to as transaction cost economy argument and the real options view. Under the resource-based view of firm or transaction cost economy argument, unrelated diversification will generate more transaction cost than when compared to related diversification, therefore, unrelated diversification leads to increased cost for the firm rather than being advantageous to the firm's value than related diversification (Swenson, 2000).

However, under the real options framework, unrelated diversification tends to have a positive impact on firm value because it creates new growth opportunities for a firm; while related diversification tends to reduce the value measure of a firm because it exercises growth opportunities and thus reduces the real options value (Dundale, Jones & Seward, 2003). Furthermore, firms can be categorized into the below-the-industry median and above-the-industry median groups depending on their pre-diversification performance. Comparison test on value changes around diversification; and regression analyses indicate that diversification activities have different value implications to both the below-and above-the median firms (Lethau & Indviyson, 2004).

Diversification activities, especially unrelated diversification activities, carried out by the below-the-median firms tend to be efforts to search for new growth opportunities and firm's value tends to increase after diversification (Swenson, 2000). However, the diversification activities carried out by the above-the-median firms, according to Swenson (2000), tend to move to exploit excess capabilities and the firm's values tend to decrease after diversification.

Importantly, there is no gainsaying that the value changes around diversification are more related to the changes in market penetration, market growth, and product line

development rather than the changes in operational efficiencies. It is therefore inappropriate to emphasize an overall value impact of all types of diversification activities. However, it becomes imperative not refute the cross-sectional evidence that diversified firms tend to have a lower value in terms of market-based performance compared to focused firms. However, such evidence is a collective outcome of the value increase of the below average performers and the value decrease of the above average performers. It is not an evidence of the value-destroying effect of diversification in corporate organizations.

This study fills the gaps in the diversification literature in which there is disagreement on whether the documented diversification discount is evidence of value destruction or not. The evidence is also useful for practical diversification decision-making process in the contemporary corporate organizations.

Empirical Review

Empirical studies often show that diversified firms trade at a discount compared to stand-alone firms (Demetriades & Devereux, 1992; Demetriades & Hussein, 1996; Meier & Rauch, 2005). The commonly accepted explanation in early studies is that diversification reduces value because of inefficiency in asset allocation and managerial capabilities. However, such arguments neglect the real options value incorporated in the value measures employed in diversification studies. It also does not explain why a firm diversifies if diversification is *sine qua non* to corporate efficiency.

According to Sangosanya (2011), in a study on the impacts of diversification on micro economic indices using explanatory cross-sectional survey; the data generated were analyzed using multiple regression, it was found that diversification can help the companies achieve their potentials in the areas of market growth and product development in a developing economy. In a related study, using explanatory cross-sectional survey, Hendricks & McAfee (2007) found that diversification can enhance companies' capacities to develop new products that could enhance product portfolio of the company in focus. Using a survey research design and multiple regressions, Yadav & Kumar (2005) discovered that diversification strategy can further help the companies in expanding their aggregate customer base and thereby bring about increased market penetration. Diversification also enhances market development effort of the company via the introduction of complementing products in the same market (Hendricks & McAfee, 2007).

On the other hand, diversification can turn out to be a tedious task if the organization is not armed with people that are well-versed with the processes that are needed to be

followed for diversification to be truly strategic. According to Datta *et al.* (1981), McDougall & Round (1984), and Bhide (1993), lack of knowledge about the current position of the market can really backfire on corporate organizations that embark on diversification strategy from all sides. Bhide (1993), using explanatory cross-sectional survey also found no correlation between corporate diversification and product development. Bettis & Hall (1982), Dubofsky & Vardarajan (1987), and Lipponen *et al*. (2004) using survey research design, found no correlation between diversification and market development. However, Dubofsky & Vardarajan (1987) established a less important indirect relationship between diversification and market penetration in some companies that introduced complementing products in the same market.

Different variables were used by the authors above to measure the efficacy of diversification strategies, without particular insight into the relatedness of such variables to the long-term fit or to the market-based framework. Most of the measures used by the previous researchers on the subject matter of the research topic under investigation did not actually measure the strength of the market-based performance in firms studied.

These studies simply measured the micro economic indices relating to consumption patterns and purchase decisions of consumers of goods and services that emanate from the staple of the firms without offering any useful indication on how diversification strategy contributed specifically to enhance the market-based performance of these organizations.

Moreover, no particular link is established by the researchers between diversification strategy and market-based performance. Therefore, it is obvious from the summary of the previous empirical studies that a gap exists in the market-based performance literature, regarding the moderating effect of diversification synergy that could explain the inconsistent relationship between diversification strategy and market-based performance in corporate organizations. It is to this fact that this study is to compute indices on the moderating effects of diversification synergy on the relationship between diversification strategy and market-based performance of the selected corporate organizations in terms of market penetration, market development, and product line development.

3.0 Methodology

The survey research design as suggested by Asika (2004) was adopted as the study guide. The use of survey is a common practice in both applied and theoretical marketing, and this applies to such issues as product development, brand image, purchase decision, and market development among others (Bearden, Netemeyer &

Mobley, 1993). The population of the study comprised of all companies that are listed under the conglomerate and diversified sector of the Nigerian Stock Exchange (NSE). This study adopted multi-stage sampling technique. First, the judgmental sampling technique was used to select five (5) companies that are classified under the conglomerate and diversified sector of the NSE. The selected companies were all listed on the NSE. Second, the process of randomization was used in drawing the working population which consists of the senior staff of Unilever Nigeria Plc, PZ Cussons Nigeria Plc, UAC of Nigeria Plc, AG Leventis Nigeria Plc, and Transactional Corporation (Transcorps) of Nigeria Plc. These corporate organizations were selected based on their strengths of diversification tentacles into at least three areas of core operations each. It is hoped that the selected sample frame would constitute a true representation of the dynamism inherent in the total population.

Since the population of the entire senior staff of Unilever, PZ Cussons, UAC, AG Leventis and Transcorps, totaling 1,794 employees, is a finite element. The sample size which consisted of 398 senior staff of the selected companies was hence adopted using a statistical formula for sample size determination by Yamane (1967) as cited in Enwurum (2004). The sample size, which was drawn from senior staff cadre that cuts across various units of the selected organizations, ranging from finance, internal control, human resource, logistics, production planning, marketing to customer services, was adopted as the working population of the study.

A structured questionnaire was used as a research instrument for the study. Five (5) point Likert scale which allows the respondents to grade their opinions on a scale of 1 to 5 was adopted to elicit appropriate responses; where 5 = strongly agree, 4= agree, 3 = neither agree nor disagree, 2 = disagree and 1 = strongly disagree. A pre-testing of the research instrument that consisted of fifty-two construct items each in a closed-ended format was undertaken at the pilot stage to evaluate the effects of diversification strategy and synergy on the market-based performance of selected corporate organizations that are classified under the conglomerate and diversified sector of the NSE.

The reliability of the research instrument was determined using the test–re-test reliability. In the use of the test–re-test reliability technique, the research instrument was used to take two separate measurements of the same population at different but similar occasions (Anastasi & Urbina, 2008). Responses from the two tests were subjected to Cronbach's Alpha reliability coefficient. The coefficients of the reliability measurement range between 0.79 and 0.83 which guaranteed internal consistency of the measuring instrument (Nunnally, 1993). Expert opinion validation method was also used to ensure that the research instrument measures what it purports to measure. To ensure the validity of the research instrument, copies of the questionnaire were administered and given to some senior academics

specializing in management technique adoption strategies; as well as some senior executives that work in the companies categorized under the conglomerate and diversified sector of the Nigerian Stock Exchange, for content validity. Data collected were analyzed using the parametric statistical tool of stepwise multiple regression with the aid of Statistical Package for Social Sciences (Version 16).

Model Specification and Estimation

In this study, the researcher performed regression procedure to evaluate the three hypotheses in line with the research procedure established by Howitt and Cramer (2008).

$$y = a + \beta_1 X_1 + \beta_2 X_2 + \mu$$

Where

$y =$ Dependent Variable (Market-Based Performance)

The dependent variable is decomposed as thus:

$y_1 =$ Market Penetration

$y_2 =$ Market Development

$y_3 =$ Product Line Development

$X =$ Independent Variable (Diversification)

The independent variable is decomposed as thus:

$X_1 =$ Diversification Strategy

$X_2 =$ Diversification Synergy

$\beta =$ Intercept or Autonomous Variable

$a =$ Coefficient of the Independent Variable or the Slope

μ = Stochastic Variable. (This represents other variables that can cause changes in the dependent variables, which are not represented in the stated model).

So,

$y_1 = f(X_1 \text{ and } X_2)$ ……………...................................……………….…... (1)

$y_2 = f(X_1 \text{ and } X_2)$ …………………………….............……………….…... (2)

$y_3 = f(X_1 \text{ and } X_2)$ ………………………….…......……………………….... (3)

4.0 Results and Discussion

Findings based on the survey revealed that diversification can positively enhance corporate performance in terms of market penetration, market development, and product lines expansion. Considering the hypothesis I which states that diversification synergy has no significant effect on the relationship between diversification strategy and market penetration of corporate organizations in Nigeria.

The findings as depicted in Table 1 below revealed that diversification synergy has a significant effect on the relationship between diversification strategy and market penetration of corporate organizations.

Table 1 Test of Hypothesis I Model Summary [c]

					Change Statistics					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	F Change	df1	df2	Sig. F Change	Durbin-Watson
1	.362[a]	.281	.280	3.66966	.281	482.509	1	396	.000	1.85
2	.427[b]	.313	.312	3.40142	.032	119.685	1	395	.000	

a. Predictors: (Constant), Diversification Strategy
b. Predictors: (Constant), Diversification Strategy, Diversification Synergy (Moderator)
c. Dependent Variable: Market Penetration

ANOVA [c]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1.	Regression	5497.629	1	5497.629	482.509	.000[a]
	Residual	13954.387	396	35.238		
	Total	19452.016	397			
2.	Regression	7695.433	2	3847.717	338.152	.000[b]
	Residual	11756.583	395	29.764		
	Total	19452.016	397			

a. Predictors: (Constant), Diversification Strategy
b. Predictors: (Constant), Diversification Strategy, Diversification Synergy (Moderator)
c. Dependent Variable: Market Penetration

Excluded Variables [b]

					Collinearity Statistics
Model	Beta In	T	Sig.	Partial Correlation	Tolerance
1. Diversification Synergy (Moderator)	.219[a]	9.243	.000	.227	.875

a. Predictors in the Model: (Constant), Diversification Strategy
b. Dependent Variable: Market Penetration

Source: SPSS Printout (2017). Significant at .05 level

The tables above show the results of the regression analysis. The stepwise multiple regression estimates the coefficients of the equation, involving two or more independent variables that best predict the value of the dependent variable.

The result showed that R^2 (regression value) of the first step of Diversification Strategy is 0.355 and R^2 (regression value) of the second step of Diversification

Strategy and Synergy {moderator}is 0.427 meaning that Diversification Synergy accounts for about 35 – 36% of the variation in Product Line Development at first step while Diversification Strategy and Synergy {moderator}at second step accounts for about 42 – 43% of the variation in Product Line Development.

F-values statistics is $634.544_{first}/418.976_{sec}$.shows that the overall equation is significant at {sig. level= 0.000 (that is, p<0.05)}, Durbin Wattson (DW) of 1.887 shows the presence of auto-correlation and Collinearity statistics tolerance is 0.899 which is sig. at .05 level. Based on the result of the analysis, it could be concluded that there is a significant effect of Diversification Synergy on the relationship between Diversification Strategy and Product Line Development. Therefore, the null hypothesis ($Ho_{3)}$ which states that diversification synergy has no significant effect on the relationship between diversification strategy and product line development; is therefore rejected**.**

Discussion of Findings

The coefficients of the independent variables in hypothesis I are positive. These show that there is a positive relationship between the dependent variable and the independent variables. This invariably means that an increase in diversification activities will bring about a corresponding improvement in market penetration. This result is in consonance with the findings of Demetriades & Devereux (1992), Demetriades & Hussein (1996) and Meier & Rauch (2005) that diversified firms trade at a discount compared to stand-alone firms, meaning that diversified firms could embark on strategic market penetration via trade discount which cuts across the entire supply chain. On the other hand, the result of the present study diametrically contradict the empirical findings of Datta *et al*. (1981), Bettis & Hall (1982), McDougall & Round (1984), Dubofsky & Vardarajan (1987), Blide (1993) and Lipponen *et al*. (2004) that diversification can turn out to be tedious task if the organization is not armed with people that are well-versed with the processes that need to be followed for diversification to be strategic.

Similarly, the coefficients of the independent variables in hypothesis II are also positive. These also show that there is a positive relationship between the dependent variable and the independent variables. This, however, means that an increase in diversification activities will bring about a corresponding improvement in market development. This result is in conformity with the findings of Yadav & Kumar (2005) that diversification strategy can further help the companies in expanding their aggregate customer base which could translate to market development on the long-run. The result is also in congruence with the findings of Sangosanya (2011) that diversification can help the companies to achieve their potentials in a developing economy. On the other hand, the results of the present study diametrically contradict

the empirical findings of Datta *et al.* (1981), Bettis & Hall (1982), McDougall & Round (1984), Dubofsky & Vardarajan (1987), Bhide (1993) and Lipponen *et al*. (2004) that lack of knowledge about the current position of the market can really backfire on the corporate organization that embark on diversification strategy from all sides.

Moreover, the coefficients of the independent variables in hypothesis III also stand on the positive end. This further show that there is a positive relationship between the dependent variable and the independent variables. This invariably means that an increase in diversification activities will enhance a corresponding improvement in product line development. This result confirms the findings of Hendricks & McAfee (2007) that diversification can aid companies' capacities to develop new products that could enhance the product portfolio of the organization in focus. It helps in building the product portfolio of the company via the introduction of complimenting products into the market (Hendricks & McAfee, 2007).

5.0 Conclusion and Recommendations

This study evaluated the effects of diversification strategy and synergy on the market-based performance of selected corporate organizations in Nigeria, using a variety of different measures of performance. The overall aim was to uncover evidence of the link between diversification and market-based performance of some selected conglomerate and diversified firms in Nigeria. The results in this study are based on the data obtained from selected senior staff of five (5) firms sampled. These firms were listed on the Nigerian Stock Exchange (NSE) as classified under the conglomerate and diversified sector.

Further, this study examines the relationship between business diversification and market-based performance of corporate organizations in terms of market penetration, market development, and product line development. The results of this study are interesting enough to warrant the inclusion of variables that control for industry structure and contingency variables that underlie managerial motivation. Such controls will provide greater insight into the diversification strategy, as a practice and as a phenomenon. Meanwhile, it becomes essentially imperative to emphasize that, diversification strategy and synergy go a long way to enhance corporate performance via market penetration, as well as market development and product line development since the study empirically proved that positive relationships exist among these variables.

Finally, diversification, therefore, becomes an attractive strategic initiative when a company runs out of profitable growth opportunities in its present business operations. The reasons for diversifying into unrelated business, however, hinge

almost exclusively on opportunities for attractive financial gain and enhanced market share. There is no gainsaying the fact that the contemporary corporate organizations can maximize these opportunities via market penetration, market development, and product line development as the study has empirically confirmed the relationship between business diversification and market-based performance. However, based on the analysis done and conclusion drawn from the empirical study above, the following recommendations, therefore, become imperative:

- Corporate organizations need to take into consideration the efforts required to run additional business unit(s), and if the efforts required are more in terms of value than the value of the profit margin obtainable, it is better-off to stay away from such additional venture(s).
- Furthermore, going against the core values of the company, just for the sake of profit maximization need to be avoided in order for diversification to be truly strategic and synergic.
- Meanwhile, for a firm to be successful, it must provide a platform for its employees to acquire the right skills or at least, provide the opportunities to enhance those critical skills within. This will go a long way to ensure that corporate goals via diversification are achieved with minimum losses both in the short term and in the long run.
- Moreover, diversification becomes essentially imperative for a firm to improve its market-based performance and enhance its market share in a contemporary competitive business environment.
- It is also essential for corporate organizations to be dynamic and strategic in the process of implementing market penetration, market development and product development strategies in order not to fall victim of competitors' counter-strategies.
- Finally, each corporate organization should adopt a market-based strategy or a combination of market-based strategies that can bring about distinct outcomes in terms of turnover, improved market share, customer retention, productivity, and profitability.

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CONSUMER PERCEPTION OF SERVICE DELIVERY IN TERTIARY INSTITUTIONS IN KATSINA STATE, NIGERIA

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Abstract

In-between the teaching activities of management education lecturers and the assimilation abilities and understanding of the students are various factors affecting the quality of service delivery of teaching and learning. This study examines the perception of students concerning service delivery in the teaching of management courses in selected Universities in Katsina State. The study aimed to assess the adequacy of lecturers' skills, university's library and lecture halls, curriculum content with regards to management education and to determine students' perception of service delivery in these courses as well as ascertain if there exists a significant difference in all of these between Federal and State Universities within the state. Using survey research design, a sample size of 200 respondents was derived from a population of 559 students. Individual elements within the sample were arrived at using both stratified and random sampling techniques. Primary data was generated by means of a structured questionnaire. Data were analyzed using descriptive and inferential statistics. The study revealed that the students were fairly satisfied with the quality of lecturers, but highly unsatisfied with library services and lecture halls. It concluded that students' perceptions of service delivery are influenced differently because of ownership and recommended improvement in the university library services and conditions of lecture halls and other classroom facilities.

Keywords: Management, Education, Marketing, Services, SERVQUAL, Students' perception

1.0 Introduction

The increasing demand for university education and other developments in the education sector resulted in the establishment of many universities by the Federal and States governments as well as Private individuals/organizations. According to the 2017 University Web Ranking, Nigeria, presently, has 152 universities.