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Accessing Organizational Performance Through Operational Diversification Strategy Of Manufacturing Firms In Delta State, Nigeria

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ABSTRACT: *This study investigated accessing organizational performance through operational diversification strategies of manufacturing firms in Delta State, Nigeria. Specifically, the objectives were to examine the effects of business subsidiary diversification and technological diversification strategies on organizational performance. The study adopted a cross sectional survey research design method. The study population comprised 150 employees, from which a sample of 109 firms was drawn through purposive sampling. Primary data were collected via structured questionnaires, of which 101 were validly completed and returned, representing a response rate of 92.7%. The data were analyzed using correlation and multiple regression analysis. The findings revealed that the two proxies of diversification strategies adopted in this study were significantly related to organizational performance. These results indicate that firms adopting a balanced and integrated diversification approach achieve enhanced profitability, market share, and operational efficiency. The study concludes that operational diversification strategies are essential drivers of organizational performance in the Nigerian manufacturing sector. Based on the findings, the study recommends that manufacturing firms in Delta State should prioritize continuous diversification of operations to meet changing customer needs, while also expanding into new geographical markets and investing in technological innovations to strengthen efficiency and competitiveness. Establishing subsidiaries in related industries and pursuing market diversification were also recommended for sustained growth and resilience.*

Key Words: Operational Diversification Strategy, Business Subsidiary Diversification, Technology Diversification, Organizational Performance and Manufacturing firms

INTRODUCTION

In today's dynamic and highly competitive business environment, organizations across the globe are under increasing pressure to adopt strategies that will enhance their long-term survival and growth. Among the strategies available to firms, diversification has remained one of the most widely debated in both theory and practice(Igwebuike & Iyadi, 2021). Diversification refers to the process by which firms expand their operations either by entering into new product lines, markets, or industries, or by integrating different stages of the production process (Grant, 2024). While diversification is often considered a pathway to improved resilience and performance, its actual impact on firm outcomes has been inconsistent and controversial. Operational diversification strategy, in particular, has gained attention in the manufacturing sector. It encompasses a firm's decision to spread operations across different dimensions such as product diversification, geographical diversification, subsidiary or business unit diversification, vertical integration, and horizontal integration (Iyadi, R.C & Christopher, 2022). Each of these approaches offers unique opportunities and challenges. For example, product diversification allows firms to serve a wider customer base and reduce reliance on a single product line, while geographical diversification spreads risk across different markets and regions (Iyadi & Egwuenu, 2017). Subsidiary diversification creates multiple business units that can generate synergies, and vertical integration enhances control over supply chains and distribution. Similarly, horizontal integration enables firms to strengthen market power and expand their customer reach (Ansoff & McDonnell, 2020).

The research aims to critically examine the impact of operational diversification strategies—product diversification, geographical diversification, subsidiary diversification, vertical integration, and horizontal integration on the organizational performance of selected manufacturing firms in Delta State, Nigeria**.** By focusing on manufacturing companies within this region, the study contributes to bridging the gap in diversification literature, provides actionable insights for managers, and offers evidence-based guidance for policymakers seeking to strengthen the competitiveness and sustainability of the Nigerian manufacturing sector.

Statement of the Problem

The manufacturing sector in Nigeria has been widely recognized as a critical driver of industrialization, employment creation, and sustainable economic growth. However, despite its potential, the sector continues to grapple with numerous challenges such as infrastructural decay, high production costs, unstable power supply, exchange rate volatility, multiple taxation, and intense

competition from imported products. These challenges have weakened the performance of many manufacturing firms, often leaving them with low capacity utilization, declining profitability, and in extreme cases, premature business failure. To mitigate these threats and remain competitive, firms increasingly resort to operational diversification strategies.

In Nigeria, and specifically in Delta State, manufacturing firms adopt diversification as a survival mechanism in the face of economic volatility and institutional inefficiencies. Yet, evidence suggests that many firms still experience inconsistent or even declining performance despite diversifying their operations. Some firms are able to leverage diversification to strengthen market dominance and profitability, while others encounter setbacks due to poor managerial competence, opportunistic practices, and lack of integration between diverse operations. These contradictions raise a critical question: Does operational diversification truly enhance the performance of manufacturing firms in Delta State, or does it expose them to greater inefficiency and retrogressive outcomes?

This gap in knowledge has left managers in the manufacturing sector without clear evidence-based direction on whether to pursue diversification, which form of diversification to adopt, and how it might influence key performance indicators such as profitability, market share, growth, and long-term survival. Therefore, the problem confronting this study is the lack of empirical clarity on the effect of operational diversification strategies on the organizational performance of manufacturing firms in Delta State, Nigeria. This study seeks to address this gap by investigating how product diversification, geographical diversification, subsidiary diversification, vertical integration, and horizontal integration influence the performance of selected manufacturing firms in Delta State.

Research Objectives

The broad objectives of the study examined accessing organizational performance through operational diversification strategy of manufacturing firms in Delta State, Nigeria: The specific objectives are to:

i. determine the impact of business subsidiary diversification on the profitability and sustainability of manufacturing firms in Delta State.
ii. assess the role of technological diversification in shaping market share and long-term survival of manufacturing companies in Delta State.

REVIEW OF RELATED LITERATURE

Operational Diversification Strategy

Operational diversification strategy encompasses the deliberate moves by manufacturing firms to broaden or reconfigure their scope of operations in order to enhance resilience, achieve growth, and sustain performance (Iyadi & Ojumude, 2023). In the Nigerian manufacturing sector particularly in Delta State firms face challenges such as input volatility, infrastructure deficiencies, fluctuating customer demand, and currency instability. To mitigate these uncertainties, diversification strategies are often employed as mechanisms for hedging risks, creating new revenue streams, and strengthening competitive positioning when aligned with managerial capabilities and market intelligence (Ike &Uzodimma, 2024; Orjinta, 2024). The product diversification strategy involves introducing novel products or modifying existing ones either in manufacturing or marketing (Iyadi & Oruakpor, 2023). This can take the form of related diversification, where new offerings share technological or market connections with the firm's existing operations, or unrelated diversification, where expansion occurs into new, distinct product categories (Dhandapani & Upadhayayula, 2025; Iyadi, 2023).

Business Subsidiary Diversification

Business subsidiary diversification strategy refers to the expansion of a parent company into multiple legally distinct businesses, which may be related or unrelated to its core line of operation. The fundamental rationale behind subsidiary diversification is to enable firms to share resources, internalize capital markets, and exploit cross-business synergies that may not be available to stand-alone firms. In the manufacturing sector, particularly in volatile environments such as Nigeria, this approach allows organizations to spread risks, capture new market opportunities, and sustain competitive advantage. By managing a portfolio of subsidiaries, firms are positioned to exploit economies of scope and create additional value for shareholders. The performance implications of subsidiary diversification, however, remain context-dependent. While some Nigerian studies report positive effects of corporate diversification on firm performance, results are mixed across dimensions. Evidence suggests that product and subsidiary breadth often improve organizational outcomes, whereas unrelated or sectoral diversification may underperform due to coordination challenges and lack of synergy (Orjinta, 2024). **Technological Diversification**

Technological diversification refers to a firm's strategic decision to invest in, adopt, or develop multiple technologies across different areas of its operations and products. It involves expanding a firm's technological base beyond its core competencies in order to drive innovation, efficiency, and competitiveness (Granstrand, 2018). Through technological diversification, organizations seek to exploit synergies between different technologies, reduce risks associated with technological obsolescence, and enhance their ability to

respond to dynamic market demands (Garcia-Vega, 2023). In addition, empirical studies have shown that firms engaged in technological diversification tend to achieve higher performance outcomes due to improved knowledge integration, product innovation, and market responsiveness (Nesta & Saviotti, 2025).

In the Nigerian context, technological diversification is increasingly vital due to infrastructural challenges, global competition, and the drive for industrialization. Manufacturing firms that diversify technologically for example, by integrating digital technologies, automation, and renewable energy systems are more likely to achieve operational efficiency, reduce production costs, and enhance sustainability (Okeke & Nwankwo, 2023).

Organizational Performance

The success of a corporation plays a fundamental role in socio-economic development and directly affects the well-being of society. In developing economies such as Nigeria, the performance of firms is particularly critical, as high-performing organizations contribute to employment generation, poverty reduction, and economic growth. Continuous improvement in performance is therefore central to organizational survival and competitiveness. Indeed, organizational performance has become one of the most widely examined constructs in management research and is arguably the most critical indicator of a firm's long-term success (Wahla, Shah, Syed, &Hussai, 2022). Organizational performance is commonly assessed through both financial and non-financial indicators. Aftab, Ehsan, Naseer, and Awan (2012) note that firm performance can be evaluated in terms of profitability and market outcomes. Profitability-based measures are typically derived from the returns generated on assets or capital employed over a given period. In this regard, the present study emphasizes financial performance indicators such as Return on Total Assets (ROTA)**,** Return on Capital Employed (ROCE)**, and** Profit Margin (PM**)**, which capture the efficiency of resource utilization and the overall capacity of firms to generate earnings. Corporate performance may also be conceptualized in terms of a firm's ability to achieve sustainable financial outcomes over time (Nyaingiri & Ogollah, 2015).

Theoretical Review: Resource-Based View (RBV)

The Resource-Based View (RBV), introduced by scholars such as Wernerfelt (1984) and expanded by Barney (1991), asserts that firms gain and sustain competitive advantage through resources that satisfy VRIN criteria being Valuable, Rare, Inimitable, and Non-substitutable (Barney, 1991). This framework encourages firms to evaluate their internal assets ranging from physical technologies and skilled labor to proprietary processes and organizational routines and to selectively deploy them in ways few competitors can copy (Wikipedia, 2024). In operations management, RBV has been increasingly applied to explain how operational capabilities translate into superior organizational outcomes. A comprehensive meta-analysis spanning studies from 2007 to 2020 identified three key operational capabilities flexibility, supply chain integration, and organizational capability all closely rooted in VRIN resources. These capabilities were shown to have significant positive effects on competitive, financial, and overall performance (Hitt et al., 2020).

The Resource-Based View (RBV**)** offers a compelling framework for understanding how operational diversification can enhance organizational performance, particularly within Delta State's manufacturing sector. RBV contends that firms achieve sustainable competitive advantage by leveraging internal resources and capabilities that are Valuable

METHODOLOGY

The study adopted a cross sectional survey research design method. This approach facilitates the collection and analysis of numerical data to identify patterns and correlations. It will additionally ensure that the ensuing sample sufficiently represents the population. The target population for this study consists of all registered manufacturing firms operating within Delta State, Nigeria. Data from the National Bureau of Statistics (2025) indicates that the state hosts approximately 150 manufacturing firms. These firms cut across diverse sub-sectors such as food and beverages, chemicals, textiles, and building materials, thereby providing a broad representation of the manufacturing sector in the state. The study adopted a stratified random sampling technique to guarantee adequate representation across the various manufacturing sub-sectors in Delta State. The study employed the use of structured questionnaires with closed-ended questions. The Cronbach's alpha values obtained from the pilot test for each construct operational diversification strategies and organizational performance were expected to exceed the benchmark value of 0.70, which is generally regarded as the threshold for acceptable reliability in social and management sciences research. To maximize participation and reduce non-response bias, follow-up reminders were issued through phone calls, emails, and personal visits where necessary. This combination of delivery methods and follow-up strategies was designed to secure a high response rate and ensure that the data collected were representative, comprehensive, and robust enough for meaningful statistical analysis. Data analysis for the study was carried out using the Statistical Package for the Social Sciences (SPSS) version 26.0, a widely recognized software for quantitative research. The analysis involved several statistical techniques aligned with the study objectives.

RESULTS AND DISCUSSION

Table 1: Questionnaire Distribution and Response Rate

Item	Frequency	Percentage (%)
Questionnaires Distributed	109	100.0

Questionnaires Returned	101	92.7
Questionnaires Not Returned	8	7.3

Source: Field survey, 2026.

As shown **in table 1**, a total of 109 copies of questionnaire were distributed to respondents across selected manufacturing firms in Delta State. Out of these, 101 were duly completed and returned, representing a response rate of 92.7%. This high response rate is considered adequate for statistical analysis and enhances the reliability and validity of the study's findings.

Table 2: Sex of Respondents

Sex	Frequency	Percentage (%)
Male	62	61.4
Female	39	38.6
Total	**101**	**100.0**

Source: Field survey, 2026.

The table shows that 61.4% of respondents were male while 38.6% were female, reflecting the male dominance in managerial roles in the manufacturing sector.

Table 3: Age Distribution of Respondents

Age Bracket (Years)	Frequency	Percentage (%)
21–30	18	17.8
31–40	46	45.5
41–50	27	26.7
51 and above	10	9.9
Total	**101**	**100.0**

Source: Field survey, 2026.

The largest group of respondents (45.5%) fell within the 31–40 age bracket, indicating that middle-aged professionals dominate the management of manufacturing firms.

Table 4: Marital Status of Respondents

Marital Status	Frequency	Percentage (%)
Single	27	26.7
Married	70	69.3
Widowed	4	4.0
Total	**101**	**100.0**

Source: Field survey, 2026.

he majority of respondents (63.4%) were married, suggesting stability and maturity in the workforce.

Table 5: Educational Qualification

Qualification	Frequency	Percentage (%)
OND/NCE	14	13.9
Bachelor's Degree	52	51.5
Master's Degree	27	26.7
Others	8	7.9
Total	**101**	**100.0**

Source: Field survey, 2026.

The table indicates that most respondents (51.5%) possessed at least a bachelor's degree, reflecting a well-educated workforce.

Descriptive Statistics of Study Variables

Table 6: Descriptive Statistics

Variable	N	Minimum	Maximum	Mean	Std. Deviation
Business Subsidiary Diversification	101	2.00	5.00	3.73	0.76
Technological Diversification	101	1.00	5.00	3.48	0.61
Organizational Performance	101	2.00	5.00	3.89	0.69

Source: Field survey, 2026.

The descriptive statistics indicate relatively high mean values across all variables, suggesting that diversification strategies are actively practiced and positively influence organizational performance.

Regression Analysis

Table 7: Regression Coefficients

Predictor Variables	B	Std. Error	Beta	t	Sig.
Business Subsidiary Diversification	0.187	0.074	0.174	2.53	.013*
Technological Diversification	0.301	0.081	0.265	3.72	.001**

Source: Field survey, 2026.

Table 7: shows that all five predictor variables (business Subsidiary and technological diversification) had positive and statistically significant effects on organizational performance. Among them, Business Development Diversification ($\beta = 0.174$, $p < .001$) and technological diversification ($\beta = 0.265$, $p = .001$) emerged as the strongest predictors. The model explained approximately 59.9% of the variance in organizational performance, indicating strong explanatory power

Model Summary and ANOVA

Table 8: Model Summary

Model	R	R^2	Adjusted R^2	Std. Error of Estimate
1	0.774	0.599	0.590	0.526

Source: Field survey, 2026.The model explains approximately 59.9% of the variance in organizational performance.

Table 9: ANOVA

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	79.432	3	26.477	95.65	0.000
Residual	61.954	97	0.639		
Total	141.386	100			

Source: Field survey, 2026.

The ANOVA results indicate that the regression model is statistically significant ($F = 95.65$, $p < 0.001$), confirming that diversification strategies jointly influence organizational performance.

CONCLUSION AND RECOMMENDATIONS

Summary of Findings

i. Business Subsidiary Diversification and Organizational Performance: the study found that business subsidiary diversification significantly influenced performance ($r = .622$, $\beta = 0.187$, $p = .013$). Establishing subsidiaries supported long-term profitability, operational sustainability, and strategic growth.

ii. Technological Diversification and Organizational Performance: technological diversification showed a positive and statistically significant relationship with organizational performance ($r = .655$, $\beta = 0.301$, $p = .001$). Adoption of modern technologies enhanced innovation, operational efficiency, and resilience.

Conclusion

The study concludes that business subsidiary and technological diversification strategies are essential drivers of organizational performance in the manufacturing sector of Delta State, this underscored the importance of expanding product lines to meet customer needs, spread risks, and sustain competitiveness. However, business subsidiary and technological diversification also played vital roles by improving efficiency, enabling innovation, and expanding customer bases. Similarly, Overall, the study affirms that Nigerian manufacturing firms can enhance financial performance, operational efficiency, and market share by adopting a balanced and integrated diversification strategy**,** thereby achieving long-term resilience in a highly competitive and dynamic business environment.

Recommendations

Based on the findings, the following recommendations are made:

i. Firms should continually expand their product portfolios to align with evolving customer preferences, reduce risks from product failures, and improve competitiveness.

ii. Establishing subsidiaries in related or complementary industries should be prioritized to enhance long-term sustainability and profitability.

iii. increased investment in emerging technologies such as artificial intelligence, automation, and digital platforms should be encouraged to improve efficiency and drive innovation.

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