**THE IMPACT OF PRODUCT DIVERSIFICATION ON CONSUMER PATRONAGE**

**ABSTRACT**

*This study examines the analysis of impact of diversification strategy on organization growth with particular emphasis on Coca-Cola Nigeria Plc. In the course of the study, relevant literatures were reviewed to have an insight into the conceptual and theoretical framework of the study. The study adopted a survey or disruptive research design, hence primary data were generated though questionnaire which is the major research instrument used. A total of fifty (55) structured questionnaires were administered among selected staff of Coco-Cola Nigeria Plc on a simple random sampling procedure. The data generated were statistically analyzed with relevant analytical tools such as simple percentage tables and chi-square. The result of the findings reveals that advertisement contributes to the achievement of small and scale enterprise goals and objectives. From the study, it was found that the respondent agreed that as their organization adopt the product diversification strategy and it leads to increase in the growth of the firm. It makes increased profit available to the firm from variety of product. Also, a loss in one of the product line does not result into a loss on the entire business of the firm, since the profit realized from other product line and business covers it up. In conclusion, from the study, there is no doubt whatsoever that product diversification is an important and vital corporate strategy option by which on organization can achieve its growth and overall objective*

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**CHAPTER ONE**

**INTRODUCTION**

**1.0 BACKGROUND TO THE STUDY**

One of the growth strategies that are included in the corporate level strategy is diversification. Other growth strategies include concentration, merger and acquisition, strategic alliance, and others. According to Oyedejo (2004), the term "diversification" refers to the process by which a firm seeks to broaden its business operations by including consumer functions, consumer groups, or alternative technology. According to De Wit and Meyer (1998), diversification can take place when a firm joins new operations through internal development or acquisitions. This can result in the expansion of the business, synergy, and a rise in the organization's profitability. As a further benefit, it helps businesses diversify their risk exposure. Diversification is something that organisations pursue because they are motivated by the desire to identify chances for growth and cost efficiency (Chandler, 1962). According to Thomas and Hunger (2008), diversification takes place when an industry grows and becomes more consolidated. During this process, the firms that survive the industry investigate the limitations of their expansion using both vertical and horizontal tactics. If competitors are unable to expand their operations worldwide into less developed countries, they may be forced to diversify their operations into new industries in order to maintain their growth. The concept of diversity can be approached from a variety of angles. The company manufactures a wide range of goods that are designed to meet the requirements of a diverse range of customer groups, functions, and technology. As an illustration, Unilever Nigeria Plc manufactures items for the food, home, and personal care industries. The production of a product that does not appeal to the same client group, customer function, or alternative technology is a choice that can be made by an organisation. A.C.U.L. Using Coca-Cola Nigeria Plc as a case study, this research paper will concentrate on concentric or linked diversification as its primary topic of investigation. expanding into the manufacturing of juice and table water (Five Alive) as a means of diversification.

**1.1 STATEMENT OF RESEARCH PROBLEM**

Organisations are driven by the need to find growth opportunities and cost efficiency, leading them to pursue diversification (Chandler, 1990). This research aims to explore the potential impact of diversification on long-term customer loyalty within the organisation, among other factors. The text addresses the issue of achieving growth and cost efficiency. This research work focuses on investigating and researching the impact of product diversification on consumer patronage.

**1.2 OBJECTIVES OF THE STUDY**

Every research effort intends to solve and to make recommendations on a given phenomenon. Better still, it is meant to confirm, re-establish or validate known table or thesis. Specifically, the study is meant to achieve the following

1. To know why product diversification occur.
2. To know the relationship between product diversification and consumer patronage.
3. To give a feasible look to the concept of diversification.
4. To give a detailed and in-depth look into the types of the concentric or related diversification as practiced by the coca-cola Nig. Plc. Which diversifies into production of table water.
5. To study the types of diversification report for long profitability in the industry.
6. To examine if risk can be spread using diversification.

**1.3 RESEARCH QUESTIONS**

1. Does the Coca Cola Nig Plc adopt the product diversification strategy?

2. Does technological branching affect the growth of the firm?

3. Does product diversification lead to consumer patronage?

4. Is Patronage one of the benefits derived by the firm through the use of the product diversification strategy?

5. Did the firm adopt the internal venturing approach to diversification strategy?

6. Did the firm adopt the acquisition approach to diversification strategy?

7. Is there a direct relationship between product diversification and growth of the firm?

8. Does the product diversification strategy help the firm to overcome the growth limit of its economic and industrial environment?

**1.4 STATEMENT OF RESEARH HYPOTHESES**

Based on the purpose of the study, the problems identified and the questions asked the following hypothesis shall be tested.

**HYPOTHESIS 1**

H1: That diversification is a strategic posture for rebuilding and revitalizing organization businesses.

HO That diversification is not a strategic posture for rebuilding and revitalizing organization businesses.

**HYPOTHESIS II**

H1: that there is direct relationship between product diversification and Consumer patronage.

H0: that there is no direct relationship between product diversification and Consumer patronage.

**1.5 SIGNIFICANCE OF THE STUDY.**

The significance of the outcome of this study cannot be over emphasized as the result will showcase to different industrial sectors, how product diversification could be effective in business operation. It would also reveal the various methods and approaches to diversification.

The study has these major areas significance.

* To contribute to or expand the frontiers of the existing knowledge on product diversification
* To sustain existing knowledge and launch a new era for future discourse on the area of study.
* To highlight the usefulness of diversifications in business.
* To awaken the consciousness of business owners on the need to adopt diversification strategy in their business operations.

**1.6 SCOPE AND DELIMITATION OF THE STUDY**

This research is intended to analyze the impact of product diversification strategy on Consumer patronage as adopted by Coca Cola Nig. Plc which diversifies into the production of table water (Eva water) and the production of juice drink (five alive). As the case study of the project, emphasis shall be laid on the Coca Cola Nig Plc.

**1.7 DEFINITION OF TERMS**

**Corporate Level Strategy:** Is the senior management’s game plan for directing and turning the organization as a whole. At the corporate level, strategies refer to the broad line decisions taken at the top level of the entire organization regardless of the number of the different industries in which it competes or how many divisions or business unit has.

**Growth strategies:** Are strategies used to pursue the growth objective. It includes concentration, diversification, and vertical, integration strategies as well as internal growth, acquisition, merger, joints venture strategies and product and market development.

**Diversification:** This occurs when a company adds to its business either in terms of customer functions, customers groups or alternative technologies. It is used to identify the directions of development, which take the organization away from its present markets and its present products at the same time.

**Related or Concentric Diversification:** Here a firm maintained two or more lines of business, which although distinct, still possess some kind of strategic fit. Two business are related if resources can be productively between them.

**Vertical Integration:** This is a type of related diversification that consists of backward integration and forward integration.

**Backward Integration:** This refers to development into activities which are concerned with the inputs into the company’s current business. In other words, the company goes further back in value chain of producing its own raw materials, components, machinery, and making its own designs producing its on finance

**Forward Integration:** This refers to development into activities which are concerned with a company’s outputs, that is, the company goes further forward in the value chain by creating/producing its own transport, distribution, repairs and servicing

**Horizontal Integration:** This refers to developmentinto activities which are competitive with or directly complementary to, a company’s present activities.

**Acquisition:** This is an approach to diversification which occurs when a company purchases an established company facilities, equipment, and personnel.

**Internal Venturing:** This approach involves a company starting a business from the scratch including building facilities, purchasing equipment, recruiting personnel, opening up distribution channels/outlets, and so on.

**CHAPTER TWO**

**LITERATURE REVIEW**

**2.1 INTRODUCTION**

Researchers over the past three decades have explored the effectiveness of diversification strategies at the firm level, and factors influencing diversification strategy selection (Chandler 2000.

The firm, viewed as a collection of business segments, bases its performance on the contribution of each segment to the efficiency and productivity of the whole.

The effect of diversification on manufacturers. wholesalers, and retailers. Food & Beverage cannot be undermined or over emphasized as it helps organizations on their continue existence in their industry or joining an industry.

The majority of diversification studies classify the collection of business segments as undiversified, related comparisons use the unrelated diversified, and then compare the economic performance across classifications.

Undiversified firms have a single product focus, operate in a single domain, and gain economies by increasing the scale of their operations Economics of scale result from increasing the volume of a single product to reduce that product's production an:/ distribution costs. Diversified firms gain economies through scope and scale by venturing into multi-product areas, raking advantage of joint production or distribution skills and resources.

Diversified firms are further classified as related or unrelated based on the company's preexisting products and activities. The difference between related and unrelated diversification is viewed as "the relative distance between the knowledge needed to operate in the new domain and the degree of knowledge available in the current domain.While the bulk of evidence suggests that large manufacturing firms pursuing related diversification outperform both large undiversified firms and large firms supporting an unrelated diversification strategy, the validity of generalizing across institutional types and sizes remains questionable. Differences among institutional types Chandler, (1962) as will as firm size (Blau and Schoenherr, 2000, may indeed affect diversification : performance.

**2.2CONCEPT OF DIVERSIFICATION**

Igor Ansoff (2000) define diversification as a branching out both into new product and new markets. According to Oyedijo (2004), diversification occurs when a company adds to its businesses either in terms of customer functions, groups or alternative technologies. It is used to identify the directions of development, which take the organization away from its present markets and its present products at the same time. According to De Wit and Meyer, diversification occurs when a corporation enters yet another line of business, either by starting up new activities (internal growth or by buying another firm (acquisition).

The option referred to as Diversification is further expanded by Ansoff (2000), with the figure below.

Product-Market Growth Strategy

Present Product New Product

|  |  |
| --- | --- |
| Market Penetration | Product Development |
| MarketDevelopment | Diversification |

Present

Market

New

Market
*Source: Ansoff,( 2000), Strategic Management Journal*

The model indicates four principal product-market strategies, which can be summarized as follows:

1. **Marketpenetration**, i.e. where the business aims to focus its activities on increasing its market share by exploiting its present product range in its present markets.This strategy can be called a **Consolidation** strategy, where the maintenance of market .share rather a growth sought a consolidation strategy is more likely to adopt defensive measures compared with a penetration strategy.
**2**, **Marketdevelopment**, i.e. taking present products into fresh markets, and thus focusing activities on market opportunities and competitor situations. An example is BMW's treatment of the Rover Group.

**3. Product development**, i.e. introducing new products into existing markets, and thus focusing on developing, launching arid supporting additions to the product range. **Diversification**, i.e branching out both into new products and new markets. This strategy can be further sub-divided into horizontal diversification, vertical integration, concentric diversification and conglomerate diversification.

**2.3 INSTITUTIONAL TYPE AND FIRM SIZE DIFFERENCES AND DIVERSIFICATION**

while classifying firms according to institutional type offers limited insight into the actual activities and functions of individual firms and ignores other distinctions affecting diversification and performance, such as industry differences, institutional classifications have proven useful as a theoretical framework Ryan,1999) and a bat is for exploring more specific problems and opportunities associated with functional differences (Bucklin, 1965; Mallen, 1997). The current research follows in this tradition by looking first for general differences across institutional al types in hopes of stimulating future research toward specific areas.

The literature suggests that an organization's core function provides the dominant focus for taking diversification decisions. This core consists of a collection of processes and activities related to the primary task firms have bee organized to accomplish. Embedded within each institutional type, specific core competencies create synercies for business segments throughout the organization as production and distribution expand through multiple products or single product lines Chandler, (1962).

The potential for manufacturers to increase economic performance through diversification rests in the core competencies associated with production, commercialization, and research (Chandler, 1962). Opportunities to increase wholesalers effectiveness exist primarily within the transportation and storage functions provided for multiple manufacturers. However, once wholesalers reach a certain level of distribution success, manufacturers frequently evaluate their expansion options, oftentimes developing their own competencies in distribution (Chandler, 1962) Thus, wholesalers may be limited in their opportunities to exploit economies of scale and scope.

**2.4 REASON FOR DIVERSIFICATION.**

According to Oyedijo (2004), the following are some of the reasons for diversification.

**Internal Pressure for Expansion:** Business managers and owners often face a psychological pressure for expansion. They simply get tired of doing the same thing. The possibility of expanding by diversification, of facing the challenges of a new set of business circumstances, is often too attractive to forgo.

**Pressure to Overcome the Growth Limits of the Firm’s Economic and Industry Environment**: When the industry market of a firm is saturated, the only reasonable option to grow is to diversify into other industries.

**Technological Branching:**This creates pressure for diversity. A new technology often spaws a whole family of technologies and a multitude of products and product lines for numerous markets. Management can design strategies to diversify along with technologies branching, or even to develop the branch technological through aggressive R&D.

**To Overcome the Defects of Tax Laws**.Rather than pay taxes on profits from the company they own, stockholders often prefer that managers reinvest earning in the business. When there is limited need for such financing in a firm’s existing line of business, managers are forced to seek opportunities in other industries into which they eventually diversify.

**Because of the Career Expectations of Managers:**This can create pressure for diversification. By diversification into other businesses, a company can also create upper level management positions for its upwardly mobile and talented junior people.

**2.5. THE BASIC DIVERSIFICATION STRATEGIES:**

According to Thomas and Hunger (2008), Oyedijo (2004), Kazmi (2008),the two basic diversification strategy are concentric (related) and conglomerate (unrelated) diversification.

**i Concentric (Related) Diversification.** Growth through **concentric diversification** into a related industry may be a very appropriate corporate strategy when a firm has a strong competitive position but industry attractiveness is low. Research indicates that the probability of succeeding by moving into a related business is a function of a company’s position in its core business.

The search is for **synergy** the concept that two businesses will generate more profits together than they could separately. The point of commonality may be similar technology customer usage, distribution managerial skills or product similarity.

**2.5.1 FORMS OF RELATED DIVERSIFICATION**

Related Diversification Can Take Forms, Namely: Vertical Integration and Horizontal Integration.

**Vertical Integration** This consists of backward integration and forward integration.

**Backward Integration** Which refers to development into activities which are concerned with the inputs into the company’s current business. In other words, the company goes further back in the value chain by producing its own raw materials, components, machinery, and making its own designs and producing its own finance.

**Forward Integration.** Which refers to development into activities which are concerned with a company’s output, that is, the company goes further forward in the value chain by creation/providing its own transport, distribution, repairs and servicing.

**Horizontal Integration** This refers to development into activities which are competitive with, or directly complementary to**,** a company’s present activities. In other words, a horizontal integrator manufactures competitive products and or complementary products.

**ii Conglomerate Diversification** means diversifying into an industry unrelated to its current one. Rather than maintaining a common thread throughout their organization, strategic mangers who adopt this strategy are primarily concerned with financial considerations of cash flow or risk reduction. This is also a good strategy for a firm that is able to transfer its own excellent management system into less well-managed acquired firms.

**2.5.2 ADVANTAGES AND DISADVANTAGES OF CONCENTRIC (RELATED) DIVERSIFICATION**

The advantages and disadvantages of concentric or related diversification as follows;

**Advantages**

It enables a firm to maintain some unity or synergy in its business activities and gain any benefit of strategic fit and cost sharing while at the same time spreading the risks of enterprise over a wider scope. Strategists have clearly established the fact that the potential for synergy has something to do with relatedness. (Rumelt,1974). Diversification moves that were unrelated, for example a food company’s entrance into the bicycle rental business, were deemed to be less profitable in general than moves that were related such as carmaker’s diversification into the car rental business.

It enables a firm to exploit what it does best and to transfer a distinctive competency or capability based advantaged from one existing business to another.

It can lead to economies of scale.

**Disadvantages**

It may require additional investment in marketing infrastructure or new technology

It exposes a firm to the risk of untried markets.

**2.6WAYS BY WHICH DIVERSIFICATION EXTEND THE CORE BUSINESS OF THE ENTERPRISE**

Cole(2006), explains that diversification strategies are aimed at extending the core business of the enterprise. They achieve this in the following ways:

**Horizontal Diversification** -this occurs when an enterprise takes over a business of the same type and with a related technology, for example, where a road haulage company buys out another in order to expand its operations in its core business.

**VerticalIntegration** - in practice this refers to the take-over of either a supplier fine or a distributor firm, and is sometimes called a chain integration. When some UK building societies decided to buy out estate agent chains as a means of expanding their business, they were engaging in vertical diversification. Such a step is not always successful, and some of the estate agents who were acquired at that time have been divested (i.e. old off!) at a considerable loss to the original purchasers.

**ConcentricDiversification** - this occurs when an enterprise takes over another of a similar type with strong connections to one or other of its features. It is arguable as to whether this is true a form of diversification.

**ConglomerateDiversification**- this is where an enterprise takes over another in a completely new product- market situation. Most conglomerate organizations (e.g. BAT, LONRHO and Hanson Industries) have developed by making a number of such additions to their original business. Hanson, for example, at one time contained the following kinds of business operations in the UK andUSA - coal mining, industrial chemicals, health products, tobacco products, propane gas distribution, house-building, aggregates and road building products and jacuzzis. In its Annual Report for 1993, the group announced that it had taken over a large US chemical corporation.

“…………in line with our policy to build up our existing major businesses, while continuing to seek acquisitions as opportunities arise in new industries and new geographical areas. Other 'bolt on’ purchases during the year and recently announced disposals, underscore the ever evolving nature of your company.”

This sort of statement typifies the broad-based approach of conglomerate organization.

**2.7RATIONALIZING DIVERSIFICATION AND INTEGRATION**

Pearce & Robinson (2003) opined that when a single or dominant-business company is transformed into a collection of numerous businesses across several industries. strategic analysis becomes more complex. Managers must deal not only with each business's strategic situation. They must set forth a corporate strategy that rationalizes the collection of businesses they have amassed. Two key audiences are listening, first. Managers within the organization want to understand their role and access to resources relative to other businesses within the company. Second, and of greatest importance, stockholders deserve to

understand how this collection of businesses is expected to build shareholder value over the long term more effectively than simply investing in separate businesses. In a sense the question is: "Are there compelling reasons why corporate management is better able to invest shareholder value in a variety of other businesses versus allowing shareholders to make that decision themselves?"

Stockholder value in a diversified company is ultimately determined by how well its various businesses perform and-or how compelling potential synergies and opportunities appear to be. Business-level performance is enhanced by sustained competitive advantages. Wise diversification has at its core the search for ways to build value and sustained competitive advantage across multiple business units. We saw several ways opportunities for sharing and building value may be present across different businesses. The bottom line is that diversification that shares skills and core competencies across multiple businesses to strengthen value chains and build competitive advantage enhances shareholder value. And so it is that strategic analysis and choice for corporate managers overseeing multi-business companies involves determining whether their portfolio of business units is capturing the synergies they intended. How to respond accordingly, and choosing among future diversification or divestiture options. Managers address the following five basic questions to do this.

Are Opportunities for Sharing Infrastructure and Capabilities Forthcoming

Are We Capitalizing on Our Core Competencies

Is Each Core Competency Providing a Relevant Competitive Advantage To The Intended Businesses

Are Businesses in the Portfolio Related in Ways That make the Company's Core Competence(s) Beneficial

Are Our Combination of Competencies Unique or Difficult to Re-create.

**2.7.1 Are Opportunities for Sharing Infrastructure and Capabilities Forthcoming?**

Opportunities to build value via diversification, integration, or joint venture strategies are usually found in market-related, operating-related, and management activities. Each business's basic value chain activities or infrastructure becomes a source of potential synergy and competitive advantage for another business in the corporate portfolio. Morrison's Cafeteria, long a mainstay in U.S. food services markets, rapidly accelerated its diversification into other restaurant concepts like Ruby Tuesdays. Numerous opportunities for shared operating capabilities and management capabilities drove this decision and, upon repeated strategic analysis, accelerated corporate managers' decision to move Morrison's totally out of the cafeteria segment by 2000. Strategic analysis is concerned with whether or not the potential competitive advantages expected to arise from each value opportunity have materialized. Where advantage has not materialized, corporate strategists must take care to scrutinize possible impediments to achieving the synergy or competitive advantage. Good strategists assure themselves that their organization has ways to avoid or minimize the impact of any impediments or they recommend against further integration or diversification and consider divestiture options.

Two elements are critical in meaningful shared opportunities. First, the shared opportunities must be a significant portion of the value chain of the businesses involved. Returning to Morrison's Cafeteria, its purchasing and inbound logistics infrastructure give Ruby Tuesday's operators an immediate cost-effective purchasing and inventory management capability that lowered its cost in a significant cost activity. Second, the businesses involved must truly have shared needs -need for the same activity-or there is no basis for synergy in the first place. Novell, U.S.-based networking software giant, paid 5900 million for WordPerfect, envisioning numerous synergies serving offices globally not to mention 15 million WordPerfect users. Little more than a year later, Novell would sell WordPerfect for less than 5300 million, because, as CEO Bob Frankenberg said. "It is not because WordPerfect is not a business without a future but for Novell it represented a distraction from our strategy." Corporate strategies have repeatedly rushed into diversification only to find perceived opportunities for sharing were nonexistent because the businesses did not really have shared needs.

**2.7.2 Are We Capitalizing on Our Core Competencies?**

Perhaps the most compelling reason companies should diversify can be found in situations where core competencies-key value-building skills-can be leveraged with other products or into markets that are not a part of where they were created. Where this works well, extraordinary value can be built. Managers undertaking diversification strategies should dedicate a significant portion of their strategic analysis to this question.

General Cinema was a company that grew from drive-in theaters to eventually dominate the multicinema, movie exhibition industry. Next, they entered soft-drink bottling and became the largest bottler of soft drinks (Pepsi) in North America. Their stock value rose 2,000 percent in 10 years. They found that core competencies in movie exhibition managing many small, localized businesses; dealing with a few large suppliers; applying central marketing skills locally; and acquiring or crafting a "franchise"-were virtually the same in soft-drink bottling. Disney and ABC saw shared core competencies as central in the entertainment industry of the 21st century. AT&T and TCI saw shared core competencies as central to telecommunications success. These and many more companies look to three basic considerations to evaluate whether they are capitalizing on core competencies.

**2.7.3 Is Each Core Competency Providing a Relevant Competitive Advantage tothe Intended Businesses.**

The core competency must assist the intended business in creating strength relative to key competition. This could occur at any step in the business's value chain. But it must represent a major source of value to be a basis for competitive advantage-and the core competence must be transferable. Honda of Japan viewed itself as havng a core competence in manufacturing small, internal combustion engines. It diversified into small garden tools, perceiving that traditional electric tools would be much more attractive if powered by a lightweight, mobile, gas combustion motor. Their core competency created a major competitive advantage in a market void of gas-driven hand tools. When Coca-Cola added bottled water to its portfolio of products. it expected its extraordinary core competencies in marketing and distribution to rapidly build value in this business. Ten years later, Coke sold its water assets concluding that the product did not have enough margin to interest itsfranchised bottlers and that marketing was not a significant value-building activity among many small suppliers competing primarily on the cost of "producing" and shipping water. In the last few years, however, Coke has reversed its decision and added the Danske water brand because a rapidly increasing; consumer demand has made the value of its extensive distribution network a relevant competitive advantage to the Danske water product line.

**2.7.4 Are Businesses in the Portfolio Related in Ways That make the Company's Core Competence(s) Beneficial?**

Related versus unrelated diversification is an important distinction to understand as you evaluate the diversification question. "Related" businesses are those that rely on the same or similar capabilities to be successful and attain competitive advantage in their respective product markets. How caterpillar pursued related diversification into the portable power generation business from its core truck and tractor focus is a related move which was very successful in part because Caterpillar's expertise in diesel engine manufacturing, indeed its same engines, could be used to strategic advantage in small scale, portable power generation. Earlier, we described General Cinema's spectacular success in both movie exhibition and soft-drink bottling. Seemingly-unrelated, they were actually very related businesses in terms of key core competencies that shaped success-managing a network of diverse business locations, localized competition, reliance on a few large suppliers, and centralized marketing advantages. Thus, the products of various businesses do not necessarily have to be similar to leverage core competencies. While their products may not be related, it is essential that some activities in their value chains require similar skills to create competitive advantage if the company is going to leverage its core competence(s) in a value-creating way.

Situations that involve "unrelated" diversification occur when no real overlapping capabilities or products--exist--other-than -financial resources. Recent research indicates that the most profitable firms are those that have diversified around a set of resources and capabilities that are specialized enough to confer a meaningful competitive advantage in an attractive industry, yet adaptable enough to be advantageously applied across several others. The least profitable are broadly diversified firms whose strategies are built around very general resources (e.g., money) that are applied in a wide variety of industries, but are seldom instrumental to competitive advantage in those settings.

**2.7.5 Are Our Combination of Competencies Unique or Difficult to Re-create?**

Skills that corporate strategists expect to transfer from one business to another, or from corporate to various businesses, may be transferable. They may also be easily replicated by competitors. When this is the case, no sustainable competitive advantage is created.

Sometimes strategists look for a combination of competencies, a package of various interrelated skills, as another way to create a situation where seemingly easily replicated competencies become unique, sustainable competitive advantages. 3M Corporation has the enviable record of having 25 percent of its earnings always coming from products introduced within the last five years. 3M has been able to "bundle" the skills necessary to accelerate the introduction of new products so that it consistently extracts early life cycle value from adhesive-related products that hundreds of competitors with similar technical or marketing competencies cannot touch.

All too often companies envision a combination of competencies that make sense conceptually. This vision of synergy develops energy of its own leading CEOs to relentlessly push the meager of the firms involved. But what makes sense conceptually and is seen as difficult for competitors to re-create often proves difficult if not impossible to create in the first place.

**2.8 APPROACHES TO DIVERSIFICATION**

According to Oyedijo (2004), strategic managers can achieve corporate portfolio diversification through:

1. Acquisition;
2. Internal new venturing or development;

Both acquisition and internal development requiring acquisition in one area of business and internal development in another; or

1. Joint ventures

**2.8.1 ACQUISITION**

Occurs when a company purchase an established company, complete with all its facilities, equipment, and personal. Acquisition is a transaction in which one firm buys controlling or 100 percent interest in another firm with the intent of more effectively using a core competence by making the acquired firm a subsidiary business within its portfolio. Internal development is also known as ‘organic development. It is an entirely new development. Internal venture projects are called **green field projects** since the company starts with nothing but a green field.

**2.9FACTORS THAT NECESSITATE THE USE ACQUISITION APPROACH**

According to Oyedijo(2004). Some of the reasons are as follows.

Many factors reasons or circumstances can necessitate the use of acquisition as an entry or development strategy

i) ***Increased Speed to the Market***. It allows a user company to enter new product market areas speedily especially where the product and or market are changing so rapidly that this becomes the only way, of successfully entering the market since the process of internal development may be too slow. Internally developing the knowledge resources, scale of operation and market reputation necessary to become an effective, competitor can take years and entails all the problems of start - up (or green field projects) and this is where acquisition pays off.

ii) ***Increased Diversification (Either Related or Unrelated***). Acquisition can be used to achieve a diversified portfolio where a company lacks the resources or competence to develop a diversification strategy internally. It is possible for instance for a company to acquire another company because of the later's expertise in R & D or its knowledge of a particular type of production system. A firm may find it easier to develop new products and new ventures within its current market because its managers better understand the products arid the market. However, it is often more difficult for a firm to develop new products that are quite different from its existing set of products and to enter new markets because its managers may have less understanding of such markets. Thus. it is not usual for a firm to develop new products and ventures internally as a means of diversifying its product line. Instead. a firm usually opts to diversify through acquisition.

iii) ***To Reduce the Risk of Competitive Reaction***-If the competitive situation is tough because the market is static and market shares of participating companies are reasonably steady, the entry of a new, company through internal development max create excess capacity and provoke aggressive competitor response. Where on the other hand the new company choose= to enter by acquisition, the risk of such a reaction is reduced.

iv) ***To Overcome Entry Barriers***. Apart from the fact that ' acquiring an established organization has the advantage of much quicker entry into the target market, it offers a way for the acquirer to hurdle such barriers to entry as patents, technological inexperience, access to reliable sources of supplies, size needed to match rival firms in efficiency and unit costs, cost of introductory promotions to gain market visibility and brand recognition and adequate distribution access. Barriers to entry represent factors associated with the market and or firms currently operating in the market that make it more expensive and difficult for a new firm to enter that market.

v) ***Cost Of New Product Development***: A company may- acquire an existing firm to gain the advantage of cost efficiency which based on the experience of an established firm would be difficult to match quickly by internal development. Often times, the development of new products internally and the start - up of new ventures can be quite costly and require significant time to develop the products and achieve a profitable return. The costs of developing and bringing a new product to the market can be substantial. As a result,

managers may prefer other means of market entry that are much quicker and less risky.

vi) ***Lower Risk Compared to Developing New Products***. Internally developed new ventures can be quite risky. New ventures have high failure rates and take longer to achieve adequate cash flows and profitability. Alternatively, acquisitions provide outcomes that are more certain and can be estimated more accurately. This is because the target firms have a track record that can be carefully analyzed, and forecasts of future revenues and costs can be based on historical records.

vii) ***Avoiding Excessive Competition***. Firm sometimes use acquisitions to move into related and unrelated markets to decrease dependence on markets with substantial competitive

pressure.

***Increased Market Power***. A major reason for acquisitions i; to achieve competitive advantage through greater market power. Many firms may have core competencies, but lack the size to exercise their resources and capabilities. Market power usually derived from the size of the firm and the firm's resources and capabilities to compete in the market place must acquisitions designed to achieve greater marker.

**2.9.1REASONS FOR ACQUISITION AND PROBLEM IN ACHIEVING SUCCESS**

Problems in Achieving Problems in achieving

Success

To increase. Integration difficulties.

speed to the

market. Large or extraordinary

 debt due to premium price paid

To increase paid

diversification

(related or No room for test runs;

unrelated). remedy for errors of

 judgment and evaluation

To lower risk of target not possible.

of competitive

reaction. Very high cost of exiting a

 failing acquisition target;

To overcome . room for a u-turn.

entry barriers

 Inability to achieve

Because of the synergy.

cost of new

product

Development

Because of the

Lower risk, .\_

Compared to

The, risk of

Developing

New products.

**Source: Oyedijo 2004, ‘strategic management’**

**An Introductory text Strategic**

To avoid

Excessive

Competition.

To increase

Market power

**2.9.2TYPES OF ACQUISITION**

Hitt, Ireland and Hoskisson differentiate between three types of acquisition:

I) **Horizontal Acquisition** refers to the acquisition of a competing firm.

11) **Vertical Acquisition** refers to a firm acquiring a supplier or. Distributor of its goods and service.

111) **Related Acquisition** refers to theacquisition of a firm in a highly related industry.

**2.9.3PROBLEMS THAT ARE ASSOCIATED WITH ACQUISITION**

Among other problems that can arise are linking different financial and control systems, building effective working relationships (particularly where management styles differ) and resolving problems regarding the status of the executives of the acquired firm(Oyedijo, 2004).

Acquisition strategy is fraught with many problems and pitfalls which is why many acquisitions fail to create value. Some of these pitfalls are as follow:

i) The problem of integrating the new company (the acquired) into the activities of the old (the acquirer) can be difficult. This is a problem of establishing a fit between the divergent and disparate corporate cultures of the two companies. The `clash of cultures' may arise because the organizational routines are radically different in each organization as for example in such areas as continuous flow versus batch production, advertising versus personal selling, in the use of intermediaries versus direct delivery, and in the use of group bonus schemes versus individual incentive plan.

ii) The problem of meeting the performance targets the market or shareholders already expect and the even high targets and expense implied by the acquisition. These problems arise because acquirers pay a premium for the acquired business. This situation according to de Wit and Meyer (1998) is analogous to emerging technology investments where investors pay for breakthroughs that have not yet occurred, knowing that competitors are chasing the same breakthroughs. The acquisitions of companies whose stock is publicly traded tend to be very expensive because when a company bids to acquire the stock of another enterprises, the stock price frequently gets bid up in the acquisition process. This is particularly likely to occur where two or more companies simultaneously bid for control of a single target company. In this case, the acquirer must often pay a premium over the current market value of the target. The debt taken on to finance such expensive acquisitions can later become a noose around the acquiring company's neck particularly if interest rates rise.

iii) Unlike major R&D projects, major acquisitions do not allow test runs, trial and error and no way to stop funding during the project other than to divest. Acquirers must- pay up front just for the right to `touch the wheel'.

iv) Once companies begin intensive integration, the costs of exiting a failing acquisition strategy can become very high. For instance, the integration of sales forces, information and control systems and distribution systems is often very difficult to reverse in the short term. In the process, acquirers may run the risk of taking their eyes off competitors or losing their ability to respond to changes in the competitive environment.

v) Inability to achieve synergy. Another significant problem in success with acquisitions is assessing the potential synergy involved and or the benefit of such synergy. To achieve a competitive advantage through an acquisition, a firm must realize private synergy and core competence that cannot be initiated easily by competitors. Private synergy refers to the benefit. from merging the acquiring and target firms that is due to a unique resource or a capability (set of resources) that is complementary between the two firms and not available among other potential bidders for that target fin-n. Unfortunately, private synergy that is not easily imitated by competitors is not common. This may be one of the reasons that acquisitions rarely provide significant positive returns to the shareholders of acquiring firms.

**2.10ACQUISITION SCREENING CRITERIA.**

Oyedijo (2004) opined thatthe criteria for screening potential acquisition candidates should normally cover:

i) Financial position of the candidate

ii) Product market position of the candidate iii) Management capabilities of the acquirer

iv) Potential integration problems

v) Strengths and weaknesses of the candidate vi) The extent of potential economics of scope between the acquiring and the acquired companies.

vii) The compatibility of the corporate cultures of the acquiring and the acquired companies.

**2.11STEPS OR STAGES INVOLVE IN ACQUISITION PROCESS**

Bittel and Jackson (1982) propound a nine-step check list for carrying out an active acquisition effort, proposed by Mueller, the Chairman of Arthur Little Consulting is presented below.

**1. Determinative Stage:**

1. Clarify and state acquisition objectives i.e. determine the strategic rationale for making the acquisition
	* 1. Determine top management and board commitment to the extent possible

**2. Scouting Stage**

1. Search for and or otherwise identify acquisition candidates i.e. identify the kind of enterprise that would make an ideal acquisition candidate.
2. Make initial candidates' assessment in terms of financial position, product market- position, competitive environment\_ management capabilities and corporate culture and perspective.

**3. Consultation Stage**

1. Consult with outside legal, accounting, banking, investment and other professionals possibly including consultants to get valuable insights about the efficiency of target companies.
2. Reduce the list of candidates to the most favored ones and evaluate them further. The company that leads
3. The list after this process should be the acquisition target.

**4. Strategic Stage**

1. Determine impact of the transaction on. both parties
2. Develop negotiating strategy and more detailed company analysis including consideration of accounting/financial and legal issues as well as personalities of the key players.

5. **"Sensor" Stage**

* Determine likelihood of potential interests via direct or indirect contact.

6. **" Vamp" Stage**

* Carry out the, "act of seduction" coupled with regulatory notice and approvals.

7. **Proposal Stage**

8. **Deal Stage (Execution)**

9**. Management (post - acquisition) stage.**

**2.13INTERNAL VENTURING**

 involve a company starting a business from the scratch including building facilities purchasing equipment recruiting personnel opening up distribution outlets etc(Oyedijo, 2004).

**2.13.1JOINT VENTURES**

A joint venture is a business unit established for a specific purpose the ownership of which is shared by two or more businesses (Oyedijo, 2004). A joint venture can be used as a way to own and control a business, product line, market, or activity that does not really fit the strategy of either parent. Joint venture are ideally formed by organizations with complimentary or supplementary capabilities, which are unified in the joint venture to gain the advantage of synergy.

**2.13.2DAIMLER’S DIVERSIFICATION DANCE**

Pearce and Robinson (2003) explain some discussion cases that helps to look at companies' decisions to become more diversified, to become multi-business companies, or to narrow their scope to fewer business.

Daimler Benz is an interesting company for us to examine because it has had such a varied diversification experience in the decade just ended. You might say that this last decade has been Daimler Benz's decade-long dance with the diversification devil.

So BusinessWeek reporters take you through Daimler's Diversification Dance to illustrate some of the concepts about strategic analysis and choice involving multi-business companies. They examine it in three phases, or dance steps, ending with the Daimler-Chrysler Waltz, which they examined in the greatest detail when it was first consummated. Then, they return three years later to re-examine Daimler’s DD at the end of the discussion case.

1. Daimler Benz has “danced” an incredible and varied dance with diversification in the 1990s. you could say there were three segments, steps, or eras to the dance.
2. Obsession with diversification-Be all we can possibly be-in the decade’s first half.
3. Revulsion with diversification-Be only what we have to be-in the mid-decade.
4. Simple related diversification-Be the global car company we have to be-decade’s end

**2.14 OBSESSION WITH DIVERSIFICATION-BE ALL WE CAN POSSIBLY BE-IN THE DECADE’S FIRST HALF**

2. Daimler Benz spent billon of dollars on acquisition in the early 1990s to try to transform itself from an auto maker into a high- tech conglomerate excelling at everything from telecommunications to jet planes. In perhaps the most critical step toward that goal, COE Edzard Reuter laid out an additional $1.9 billion-and even billions more later-in a bid to succeed in an industry where his European rivals have failed and become a global heavyweight inmicroelectronics.

**2.14.1 REVULSION WITH DIVERSIFICATION-BE ONLY WHAT WE HAVE TO BE-IN THE MID-DECADE**

It could have been the smoothest of handovers. When Jurgen E. Schrempp became chief executive of Germany's Daimler Benz, he was expected to inherit a $74 billion industrial empire restored to financial health. His predecessor and mentor, Edzard Reuter, boasted of a return to profitability and promised another boost the next year. But less than three months later, the empire was in disarray. Hit by the soaring German mark, management disputes, and losses from Reuter's own diversification strategy, Daimler was faced with another dangerous slide in profits. Brokers have stamped "sell" recommendations on the stock. In a fight to restore the company's credibility, Schremp 50, reversed Reuter's forecast and warned of "severe losses" in his first full year.

It turned out that Schrempp, while learning under diversification champion Reuter, had been spending his final year of grooming to become CEO preparing a very different ,anti- diversification strategy for Daimler. All that year, Schrempp prepared his strategy, and once in power, he executed it with exacting swiftness. The goal: to reverse his former mentor's grand scheme of building an integrated technology company. First, he streamlined head-office hierarchy, cutting staff by more than 75%. "You have to sweep the stairs from the top down," he says. Then he examined each business unit, grilling frightened managers nearly to tears and set a 12% return-on capital target for each unit. When the dust had settled, Daimler was down to 23 units from 35 and carried 63,000 fewer people on the payroll within six month after Schrempp became CEO.

1. That year observers described his long-term strategy
2. Make a decisive break with failed diversification strategy.
3. Focus on core automotive and truck businesses, which provide most of the group’s profit.
4. Close the money-losing Daimler Benz industries unit with sell-offs and transfers of profitable operations other division.
5. Slim down DASA Daimler Benz Aerospace, reducing its workforce of 40,000 by up to 50% and step up sourcing of parts from dollar and other weak-currency area
6. Speed up globalization of manufacturing by locating big-ticket plant investments out Germany.

**2.14.2SIMPLE RELATED DIVERSIFICATION BE THE GLOBAL CAR COMPANY WE HAVE TO BE-DECADE'S END**

 CEO Schrempp led an aggressive effort to refocus and simplify Daimler Benz. It work;. But as he looked toward the 21st century's global automotive industry, he had some concerns. Daimler Benz had a limited, upper-scale product line with an industry becoming truly global with overcapacity and increasing full product line competitors. Globally, in 1998 there was plant capacity to build at least 15 million more vehicles each year than could realistically be sold. And overcapacity was expected to balloon to 18.2 million vehicles by 2002. So while he was dismantling Daimler Benz and refocusing it around the automotive industry, Schrempp was thinking about eventually seeking a partner for Daimler that would diversify its product line andgeographic presence in the global automotive industry. He had decided that a carmaker can't compete without a full range of products, and he couldn't stretch the Mercedes brand any further downmarket.

But first he had to get Daimler in shape for a merger. Mercedes-Benz was a separate operating company with its own board run-by HeImut Werner, who was a hero inGermany for reviving the Mercedes lineup. Schrempp wanted to give Daimler direct operating control of Mercedes. "We had steps and steps, and layers and layers," Schrempp explains, moving Marlboros around the table to illustrate. "It took months to make a decision." In 1995 and early 1996, talks between Chrysler CEO Eaton and Mercedes CEO Werner about a joint venture for all their international businesses outside Europe and North America had bogged down because of this structure. That failure helped spur Schrempp's reorganization. Although werner fought to keep Mercedes independent, Schrempp prevailed with the supervisory board. By early 1997 Mercedes was folded into Daimler, werner was out, and schermpp was running a car business. A year later the lean, chain smoking 54year-old chief executive of Daimler Benz approached Chrysler CEO Robert J. Eaton in his office in Auburn Hills, Michigan with a scheme to merge their two companies. In a steak house with Daimler colleagues after the 17-minute chat, Schrempp worried that he may have been too bold. His fears were unfounded. America's scrappy No. 3 car company and Germany's most revered brand name quickly decided to combine to become the Nvorld's- fifth-largest carmaker when shares in DaimlerChrysler first traded in November, 1998.

**2.15 ORGANIZATIONAL GROWTH**

Growth is something for which most companies strive, regardless of their size. Small firms want to get big, big firms want to get bigger. Indeed, companies have to grow at least a bit every year in order to accommodate the increased expenses that develop over time. With the passage of time, salaries increase and the costs of employment benefits rise as well. Even if no other company expenses rise, these two cost areas almost always increase over time. It is not always possible to pass along these increased costs to customers and clients in the form of higher prices. Consequently, growth must occur if the business wishes to keep up.

Organizational growth has the potential to provide small businesses with a myriad of benefits, including things like greater efficiencies from economies of scale, increased power, a greater ability to withstand market fluctuations, an increased survival rate, greater profits, and increased prestige for organizational members. Many small firms desire growth because it is seen generally as a sign of success, progress. Organizational growth is, in fact, used as one indicator of effectiveness for small businesses and is a fundamental concern of many practicing managers.

Organizational growth, however, means different things to different organizations. There are many parameters a company may use to measure its growth. Since the ultimate goal of most companies is profitability, most companies will measure their growth in terms of net profit, revenue, and other financial data. Other business owners may use one of the following criteria for assessing their growth: sales, number of employees, physical expansion, success of a product line, or increased market share. Ultimately, success and growth will be gauged by how well a firm does relative to the goals it has set for itself.

**2.15.1 WAYS IN WHICH ORGANIZATIONS ACHIEVE GROWTH**

Many academic models have been created that depict possible growth stages/directions of a company. Six of the most commonly used methods for creating organizational growth within a small business are discussed below.

**Joint Venture/Alliance**—This strategy is particularly effective for smaller firms with limited resources. Such partnerships can help small business secure the resources they need to grapple with rapid changes in demand, supply, competition, and other factors. Forming joint ventures or alliances gives all companies involved the flexibility to move on to different projects upon completion of the first, or restructure agreements to continue working together. Subcontracting, which allows firms to concentrate on those aspects of their business that they do best, is sometimes defined as a type of alliance arrangement (albeit one in which the parties involved generally wield differing levels of power). Joint ventures and other business alliances can inject partners with new ideas, access to new technologies, new approaches, and new markets, all of which can help the involved businesses to grow. Indeed, establishing joint ventures with overseas firms has been hailed as one of the most potentially rewarding ways for companies to expand their operations. Finally, some firms realize growth by acquiring other companies.

**Licensing**—A firm may wish to expand and grow by licensing its most advanced technology. This course of action is often recommended to firms with their own proprietary technologies because competitors will likely copy whatever a company develops at some point. Licensing is one method that can be used to maximize the benefit that a firm can gain from its technology. It is also a way to gain the resource to fund future research and development efforts.

**Sell Off Old Winners**—Some organizations engaged in a concerted effort to grow divest themselves of mature "cash cow" operations to focus on new and innovative lines of products or services. This option may sound contradictory, but analysts note that businesses can command top prices for such tried and true assets. An addendum to this line of thinking is the divestment of older technology or products. Emerging markets in [Latin America](http://www.inc.com/topic/Latin%2BAmerica%22%20%5Co%20%22Latin%20America) and [Eastern Europe](http://www.inc.com/topic/Eastern%2BEurope%22%20%5Co%20%22Eastern%20Europe), for instance, have been favorite places for companies to sell products or technology that no longer attract high levels of interest in the [United States](http://www.inc.com/topic/United%2BStates%22%20%5Co%20%22United%20States). These markets may not yet be able to afford large quantities of state-of-the-art goods, but they can still benefit from older models.

**New Markets**—Some businesses are able to secure significant organizational growth by tapping into new markets. Creating additional demand for a firm's product or service, especially in a market where competition has yet to fully develop, can spur phenomenal growth for a small company, although the competitive vacuum will generally close very quickly in these instances. In the last ten years, many small firms have turned to an online marketing presence as a tool for reaching beyond their traditional markets. For those who do not yet market and sell online, this is one area that may be explored.

**New Product Development**—Creation of new products or services is a primary method by which companies grow. Indeed, new product development is the linchpin of most organizations' growth strategies.

**Outside Financing**—Many small companies turn to outside financing sources to fund their expansion. Smaller private firms search for capital from banks, private investors, government agencies, or venture capital firms.

**2.15.2 PROBLEMS ENCOUNTERED WITH ORGANIZATIONAL GROWTH**

Organizational growth has obvious upsides. It spurs job creation. It creates a stimulating and exciting environment within a firm. It creates opportunities for the business founder and others in the company to become wealthy. Organizational growth also has downsides. When growth is too rapid, chaos can prevail. In such a situation a company may see increased sales but a drop in profits. A business may outgrow the skills of its leader, its employees, and its advisers. All those involved are likely to become stressed out trying to keep up with the demands of expansion.

Small business owners seeking to guide their organizations through periods of growth—whether that growth is dramatic or incremental—must plan to deal with both the upsides and downsides of growth. When a firm is small in size, the entrepreneur who founded it and usually serves as its primary strategic and operational leaders can often easily direct and monitor the various aspects of daily business. In such an environment, the business owner and founder understands the personalities within the firm, the relationships that each has with others in the company, as well as with suppliers and customers. Organizational growth, however, brings with it an inevitable dilution of that "hands-on" capability, while the complexity of various organizational tasks simultaneously increases. As small organizations grow, so to do the complexities of managing the organization. There are ways of reducing the complexity by delegating responsibility and installing better date systems but there is no way of avoiding it altogether.

Most entrepreneurs who are fortunate enough to experience growth soon discover that success as a business owner doesn't mean you have arrived and can now sleep at night. Expanding a company doesn't just mean grappling with the same problems on a larger scale. It means understanding, adjusting to, and managing a whole new set of challenges. It often means building and managing a very different sort of business. Organizational growth almost always produces a company that's much more complex—one that needs a much more sophisticated management team, and one that may well need a new infrastructure.

Organizational growth, then, may well require as much planning, effort, and work as did starting a company in the first place. Small business owners face a dizzying array of organizational elements that have to be revised during a period of growth. Maintaining effective methods of communications with and between employees and departments, for example, become ever more important as the firm grows. Similarly, good human resource management practices—from hiring to training to empowerment—have to be implemented and maintained. Establishing and improving standard practices is often a key element of organizational growth as well. Indeed, a small business that undergoes a significant burst of growth will find its operations transformed in any number of ways. And often, it will be the owner's advance planning and management skills that will determine whether that growth is sustained, or whether internal constraints rein in that growth prematurely.

## CHAPTER THREE

**RESEARCH METHODOLOGY**

**3.1 INTRODUCTION**

This chapter focuses on the design of the research and the method which will be adopted in gathering the needed data. Areas also covered under this chapter include description of research instrument, Administration of the research instruments, sampling plans, description of data analysis, coding procedure and data analysis techniques.

**3.2 RESEARCH DESIGN**

In order to conduct a well planned and executed research work, a research design is required.

A research design accordingly to Hawking and Tull (2002) is defined as the specification of procedures for collecting and analyzing data necessary to help solve the problem at hand such that the difference between the cost of obtaining the various levels of accuracy and the expected value of the information associated with each level of accuracy is minimized.

For the purpose of this research the survey research is used. Survey research is concerned with identifying real nature of problem and formulating relevant hypothesis to be tested.

**3.3 RESTATEMENT OF RESEARCH QUESTIONS AND HYPOTHESES**

1. Does the Coca Cola Nig Plc adopt the product diversification strategy?

2. Does technological branching affect the growth of the firm?

3. Does product diversification lead to the spread of risk of the firm?

4. Is synergy one of the benefits derived by the firm through the use of the product diversification strategy?

5. Did the firm adopt the internal venturing approach to diversification strategy?

6. Did the firm adopt the acquisition approach to diversification strategy?

7. Is there a direct relationship between product diversification and growth of the firm?

8. Does the product diversification strategy help the firm to overcome the growth limit of its economic and industrial environment?

**Research Hypotheses**

Based on the purpose of the study, the problems identified and the questions asked the following hypothesis shall be tested.

**Hypothesis1**

H1: That diversification is a strategic posture for rebuilding and revitalizing organization businesses.

HO: That diversification is not a strategic posture for rebuilding and revitalizing organization businesses.

**Hypothesis II**

H1: That there is direct relationship between product diversification and Consumer patronage.

H0: That there is no direct relationship between product diversification and Consumer patronage.

**3.4 NATURE OF DATA COLLECTION**

According to Asika (2006), sources of data constitute an absolute requirement for an accurate and reliable research study of all times. On this note, both primary and secondary data source was explored in presenting the facts of the situation.

**3.4.1 Primary Data Sources**

Primary data were obtained through the administration of questionnaires, oral interview with knowledgeable people and by personal observation of some records and activities carried out by individual in relationship to strategic planning in an organization

**3.4.2 Secondary Data Sources**

This refers to those data that had been existing before the need for this research. To acquire the secondary data, the enumerated sources were consulted.

1. Textbook, Newspaper, and unpublished papers

2. Research projects related to this study

3. Materials from libraries.

**3.5 POPULATION OF THE STUDY**

Population can be describe as a complete set of items, total number of people which are of interest in a particular situation.

Population is the entire distribution of a particular items or persons in an environment.

According to Oxford English Dictionary, population is described as all the people in a particular area city or country. The total population was 200 which will be divided into three categories.

**Categories**

Top level management 40

Middle level management 60

Low level management 100

Total **200**

**3.6 SAMPLE AND SAMPLING TECHNIQUE**

Sample size to be used in this project work is 20% of the total population which will be show below while sampling techniques in which population is divided into groups called strata and then a sample is chosen at a random from within those strata.

For the purpose of this study, the respondents are stratified into age, sex, length of service, martial status, department etc. in choosing a particular number of items from various strata; care is taken to ensure that the number was proportional to the stratum’s share of the total population.

The population is;

Top level management 20

Middle level management 60

Low level management 100

Total **200**

The sample size will be 20% of the total population which is

20 X 200 = **40**

100 1

The sample size was divided into sub 3 categories

**Categories A**

Total level Management

20 X 40 = **8%**

100 1

Middle level Management

20X 60 = **12%**

100 1

Low level Management

20 X 100 = **20%**

100 1

Total = **40**

**3.7 INSTRUMENT OF ANALYSIS**

Relevant statistical tools such as the percentages and tables will be used for the data analysis. The hypothesis will be analyzed using

The chi-square (X2) statistic, the chi-square (X2) is a significant test, which makes use of data in the form of observed frequencies or co-units. It is a measure of differences between the observed and the expected frequencies, the chi-square (X2) computation takes the form of equation

X2= ∑ (o-e)

 e

Where O= observed frequency

 ∑= expected frequency

 X2= chi-square

**3.8 PROBLEM ENCOUNTERED ON THE FIELD**

Business organization do not operate in a vaccum, they are affected by series of environment problem that are encountered on the field.

Among many problems faced by the researcher are:

* + - Some of the important staff to be interviewed are always out of office on a special assignment.
		- There are problem of reluctance from interviewers to supply the truth and adequate information.
		- The cost pulling enough questionnaires to various respondents.

Therefore, the conclusion reached in the study will be generalized to all strategic organization and management.

**3.8 Validity of Questionnaire**

To ensure validity, the draft of the research instrument was presented to business administration experts and colleagues who made amendments and include necessary variables pertinent to the research work. The instrument was then presented to the supervisor for final scrutiny and for content, construct and criterion related validity.

**3.9 Reliability of Instrument**

Administration of the instrument was exercised among small portion of the population after which the main conduct of the instrument was administered. So, the researcher adopted a test retest reliability method.

### CHAPTER FOUR

###### DATA ANALYSIS AND PRESENTATION

**4.1 INTRODUCTION**

In this chapter, the data generated in the course of the research is represented with some detailed analytical model as indicated in the chapter on methodology.

Analyze of data gathered from direct information through the administration of questionnaire will be evaluated. A total number of forty-five (45) questionnaire were administered to respondents in their office, forty (40) were returned while five (5) questionnaire were not processed and the data were reported in the table which represent the responses of the respondents in percentage terms.

The following method will be used to analyze the data collected.

* + - The simple percentage method is used for individuals questionnaire.
		- The chi square shall be use for tertiary the hypothesis.

**4.2 ANALYSES OF RESPONSES**

As indicated earlier, out of the total of forty-five questionnaires administered to respondents, only forty (40) were filled and returned, the analysis of the returned and unreturned questionnaire is given below:

**Table 1**

|  |  |  |
| --- | --- | --- |
| **Respondents** | **Frequency** | **Percentage (%)**  |
| Returned  | 40 | 88.9 |
| Unreturned | 5 | 11.11 |
| **Total**  | **45** | **100** |

*Source: Field Survey*

The statistical analysis indicates that 88.9% of the respondents were filled and returned the questionnaire whole only 11.11% did not return theirs.

**4.3 CHARACTERISTICS OF SAMPLES**

The following are the characteristics of sample in the study:

**Table II**

|  |  |  |  |
| --- | --- | --- | --- |
| **Sex**  | **Code**  | **Frequency**  | **Percentage (%)** |
| Male  | 1 | 29 | 72.5 |
| Female | 2 | 11 | 27.5 |
| **Total**  |  | **40** | **100** |

*Source: Field Survey*

From the above table II, it can be seen that twenty nine (29) respondents are male which makes 72.5%, while eleven (11) respondents are female which makes 27.5%. This implies that, there are more male than females in the organization.

**Table III**

|  |  |  |  |
| --- | --- | --- | --- |
| **Marital status**  | **Code**  | **Frequency**  | **Percentage (%)** |
| Single  | 1 | 16 | 40 |
| Married | 2 | 22 | 55 |
| Divorced | 3 | 2 | 5 |
| **Total**  |  | **40** | **100** |

*Source: Field Survey*

From the above, it shows that sixteen (16) respondents are single which represent 40% twenty two (22) respondents are married which represent 55% while two (2) respondents are divorced and this represent 5%. This implies that there are more married people in the organization.

**Table IV**

|  |  |  |  |
| --- | --- | --- | --- |
| **Age** | **Code**  | **Frequency**  | **Percentage (%)** |
| Below 30 years | 1 | 16 | 40 |
| 31-40 years  | 2 | 10 | 25 |
| 41-50 years  | 3 | 10 | 25 |
| Above 50 years  | 4 | 4 | 10 |
| **Total**  |  | **40** | **100** |

*Source: Field Survey*

From the above table IV, it can be seen that sixteen (16) respondents are below 30 years which represent 40%, ten (10) respondents are within 31-40 years this represent 25%, 10 respondents are within 41-50 years and this represent 25% and 4 respondents are above 50 years and this resent 10%. This implies that more respondents are below 30 years age bracket in the organization.

**Table V**

|  |  |  |  |
| --- | --- | --- | --- |
| **Position**  | **zCode**  | **Frequency**  | **Percentage (%)** |
| Top level management  | 1 | 8 | 20 |
| Middle level management | 2 | 20 | 50 |
| Lowe level management | 3 | 12 | 30 |
| **Total** |  | **40** | **100** |

*Source: Field Survey*

The table above shows that 8 respondents are top management staff, 20 respondents are middle level management staffs and 12 respondents are low level management staffs and this represents 20%, 50%, and 30% respectively. This is an indicator that middle level management staffs are more than all other respondents.

**Table VI**

|  |  |  |  |
| --- | --- | --- | --- |
| **Academic Qualification**  | **Code**  | **Frequency**  | **Percentage (%)** |
| OND | 1 | 11 | 27.5 |
| HND/BSc | 2 | 19 | 47.5 |
| Others/ Professional | 3 | 10 | 25.0 |
| **Total**  |  | **40** | **100** |

*Source: Field Survey*

The above table shows that 11 of the respondents are OND holders, 19 of them has either HND/BSc qualification while 10 of the respondents hold other qualification or professional qualification, the percentage representation are 27.5%, 47.5% and 25.0 respectively.

**4.4 CLASSIFICATION OF STATEMENT**

**Statement 1**

**Product diversification strategy is adopted by your firm.**

|  |  |  |  |
| --- | --- | --- | --- |
| **Variable** | **Code**  | **Frequency** | **Percentage (%)** |
| Strongly Agree | 5 | 15 | 37.5 |
| Agree  | 4 | 15 | 37.5 |
| Undecided  | 3 | 5 | 12.5 |
| Strongly Disagree  | 2 | 5 | 12.5 |
| Disagree | 1 | 0 | 0 |
| Total |  | 40 | 100 |

*Source: Field Survey*

From the table, it can be deduced that 15 respondents strongly agree, another 15 respondents agrees to this statement, 5 of the respondent were undecided and another 5 strongly disagree and none of the respondent disagree. The frequency in percentage is given as 37.5%, 37.5%,12.5%, 12.5% and 0% respectively. This shows that the organization undertakes product diversification strategy.

**Statement 2**

**Technological branching affect patronage.**

|  |  |  |  |
| --- | --- | --- | --- |
|  **Variable** | **Code**  | **Frequency** | **Percentage (%)** |
| Strongly Agree | 5 | 18 | 45 |
| Agree  | 4 | 10 | 25 |
| Undecided  | 3 | 4 | 10 |
| Strongly Disagree  | 2 | 4 | 10 |
| Disagree | 1 | 4 | 10 |
| Total |  | 40 | 100 |

*Source: Field Survey*

The table above shows that 18 respondents strongly agree to the statement, 10 respondents also agrees, 4 of the respondent were undecided, 4 respondents strongly disagree and 4 of the respondent disagree. The frequency in percentage is given as 45%, 25%,10%, 10% and 10% respectively. The table above shows that technological branching affect the growth of the firm.

**Statement 3**

**Product diversification leads to the spread of risk of the firm.**

**Long range defines what business an organization should pursue**

|  |  |  |  |
| --- | --- | --- | --- |
| **Variable** | **Code**  | **Frequency** | **Percentage (%)** |
| Strongly Agree | 5 | 14 | 35 |
| Agree  | 4 | 12 | 30 |
| Undecided  | 3 | 10 | 25 |
| Strongly Disagree  | 2 | 3 | 7.5 |
| Disagree | 1 | 1 | 2.5 |
| Total |  | 40 | 100 |

*Source: Field Survey*

The table above shows that 14 respondents strongly agree to the statement, 12 respondents also agrees, 10 of the respondent were undecided, 3 respondents strongly disagree and 1 of the respondent disagree. The frequency in percentage is given as 35%, 30%, 25%, 7.5% and 2.5% respectively. It can de deduced from the table that product diversification strategy lead to the spread of the firm.

**Statement 4**

**Synergy is one of the benefits derived by the firm from the use of diversification strategy.**

|  |  |  |  |
| --- | --- | --- | --- |
| **Variable** | **Code**  | **Frequency** | **Percentage (%)** |
| Strongly Agree | 5 | 24 | 60 |
| Agree  | 4 | 8 | 20 |
| Undecided  | 3 | 1 | 2.5 |
| Strongly Disagree  | 2 | 2 | 5 |
| Disagree | 1 | 5 | 12.5 |
| **Total** |  | **40** | **100** |

*Source: Field Survey*

From the table above, 24 respondents strongly agreed that Synergy is one of the benefits derived by the firm from the use of diversification strategy, which is 60%, 8 respondents which is 20% agreed, 1 respondent which is 2.5% was undecided, 2 respondents which is 5%, strongly agreed and 5 respondents which is 12.5% disagreed.

From the analysis it can be deduced that synergy is one of the benefit derived by the firm from the use of diversification strategy.

**Statement 5**

**The firm uses the internal venturing approach to diversification strategy.**

|  |  |  |  |
| --- | --- | --- | --- |
| **Variable** | **Code**  | **Frequency** | **Percentage (%)** |
| Strongly Agree | 5 | 19 | 47.5 |
| Agree  | 4 | 16 | 40 |
| Undecided  | 3 | 3 | 7.5 |
| Strongly Disagree  | 2 | 2 | 5 |
| Disagree | 1 | 0 | 0 |
| **Total** |  | **40** | **100** |

*Source: Field Survey*

The table above depicts that 19 respondents strongly agree, 16 respondents agreed, 3 of the respondent were undecided, 2 of the respondents strongly disagree while none of the respondent disagree to the statement. The percentage of this frequency is 47.5%, 40%, 7.5%, 5% and 0% respectively. Majority of the respondents believe that the firm use the internal venturing approach to diversification strategy.

**Statement 6: The firm adopt the acquisition approach to product diversification strategy.**

|  |  |  |  |
| --- | --- | --- | --- |
| **Variable** | **Code**  | **Frequency** | **Percentage (%)** |
| Strongly Agree | 5 | 5 | 12.5 |
| Agree  | 4 | 4 | 10 |
| Undecided  | 3 | 1 | 2.5 |
| Strongly Disagree  | 2 | 20 | 50 |
| Disagree | 1 | 10 | 25 |
| **Total** |  | **40** | **100** |

*Source: Field Survey*

From the table above, it shows that 5 respondents strongly agreed that the firm adopted acquisition approach which is 12.5%, 4 respondents agreed which is 10%, 1 respondents was undecided which is 2.5%, 20 respondents strongly disagreed that the firm adopted acquisition approach which is 50% in percentage terms and 10 of respondents equally disagreed which is 25%.

From the analysis above it shows that the firm did not adopt the acquisition approach to product diversification strategy.

**Statement 7: there is direct relationship between product diversification and growth of the firm.**

|  |  |  |  |
| --- | --- | --- | --- |
| **Variable** | **Code**  | **Frequency** | **Percentage (%)** |
| Strongly Agree | 5 | 18 | 45 |
| Agree  | 4 | 10 | 25 |
| Undecided  | 3 | 3 | 7.5 |
| Strongly Disagree  | 2 | 5 | 12.5 |
| Disagree | 1 | 4 | 10 |
| **Total** |  | **40** | **100** |

*Source: Field Survey*

The table above depict that 23 respondents strongly agreed that strategic plan enhances organizations survival which is 57.5%, 14 respondents equally agreed to the statement and this is about 35%, 3 respondents was undecided which is 7.5%, none respondents opted for either of strongly agreed or disagreed. This shows that there is direct relationship between product diversification strategy and the growth of the firm i.e the product diversification leads to growth of the firm.

**Statement 8**

**Product diversification strategy helps to overcome the growth limit of the firm’s economic and industrial environment.**

|  |  |  |  |
| --- | --- | --- | --- |
| Variable | Code  | Frequency | Percentage (%) |
| Strongly Agree | 5 | 9 | 22.5 |
| Agree  | 4 | 26 | 65 |
| Undecided  | 3 | 3 | 7.5 |
| Strongly Disagree  | 2 | 0 | 0 |
| Disagree | 1 | 2 | 5 |
| **Total** |  | **40** | **100** |

*Source: Field Survey*

From the table above, it can be observed that 9 respondents strongly agree that long range plans allows for measurement of performance which is 22.5%, 26 respondents agrees with the statement which is 65%, 3 of the respondent were undecided which is 7.5%, none of respondents strongly disagree and 2 of the respondent disagree which is 5%. This means that product diversification strategy helps to overcome the growth limit of the firm’s economic and industrial environment.

**4.7 TESTING OF HYPOTHESES**

After a careful and systematic analysis of the respondents responses to the research question formulated, hypothesis earlier submitted will be tested.

In an attempt to reach a logical and reasoned conclusion, the chi- square (X2) method of testing hypothesis will be largely depend on. The level of significant to be employed is 0.05 (5%).

The formulae of chi- square (X2) is

X2 = ∑ (0-E)2

 E

Where ∑ = Summation

 0 = Observed frequency

 E= Expected frequency

The main variables in strategic planning in organization are the independent variables and the dependent variable. The variables are measured using Rebsis Likert Scale ranging from strongly agree, agree, undecided, strongly disagree and 1disagreed.

**TEST OF HYPOTHESIS**

**Hypothesis 1**

(H1): That product diversification is a strategic posture for rebuilding and revitalizing organization businesses

(HO): That product diversification is not a strategic posture for rebuilding and revitalizing organization businesses

**Contingency Table 1**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Questions** | **Strongly agree** | **Agree** | **Undecided**  | **Disagree**  | **Strongly disagree** | **Total** |
| 3 | 14 | 12 | 10 | 3 | 1 | 40 |
| 7 | 18 | 10 | 3 | 5 | 4 | 40 |
| 8 | 9 | 26 | 3 | 0 | 2 | 40 |
| 11 | 20 | 9 | 6 | 3 | 2 | 40 |
| **Total**  | **61** | **57** | **22** | **11** | **9** | **160** |

X2=(O-E)2

 E

Where o =observed frequency

E= expected frequency

The degree of freedom is gotten by the formula

Df=(column-1) (Row-1)

Df = (5-1) (4-1)

Df = (4) (3)

Df = 12

The level of significance is = 0, 05%

The table value = 21.03

**CHART**

**-21.03 0 21.03**

From the above chart, it shows that since the chi-square calculated value of 30.63> than the table 21.03, the null hypotheses (Ho) is rejected while the alternative hypothesis Hi is accepted. Therefore, since the empirical value (X2) = 30.63 fell outside the acceptable region, this analysis shows that the fact contained in the data collected are enough to proof that there is direct relationship between product diversification and the growth of the firm. That is, product diversification strategy lead to the growth of the firm.

**HYPOTHESIS 2**

(H1): That expansion of business using product diversification help in achieving patronage.

(HO): That expansion of business using product diversification does not help in achieving patronage.

 **Contingency Table 2**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Questions** | **Strongly agree** | **Agree** | **Undecided**  | **Disagree**  | **Strongly disagree** | **Total** |
| 2 | 18 | 10 | 4 | 4 | 4 | 40 |
| 4 | 24 | 6 | 1 | 2 | 5 | 40 |
| 5 | 19 | 16 | 3 | 2 | 0 | 40 |
| 14 | 14 | 24 | 0 | 1 | 1 | 40 |
| **Total**  | **75** | **58** | **8** | **9** | **10** | **160** |

The degree of freedom is gotten by the formula

Df=(column-1) (row-1)

Df = (5-1) (4-1)

Df = (4) (3)

Df = 4x3

= 12

The level of significance is = 0, 05%

The table value = 21.03

**CHART**

**-21.03 0 21.03**

From the above diagram, it shows that since the chi-square calculated value of 27.34> then the value of 21.03, the null hypotheses (Ho) is rejected while the alternative hypothesis Hi is accepted. Therefore, this shows that synergy is one of benefit derived by the firm using the product diversification strategy.

**CHAPTER FIVE**

**SUMMARY, CONLCUSION AND RECOMMEDNATIONS**

**5.1 INTRODUCTION**

This chapter presents a comprehensive summary of the findings of this endeavour upon which conclusion is drawn. Recommendations are equally highlighted based on the reasoned and empirical conclusions and finally suggestions are submitted for the purpose of further studies.

**5.2 SUMMARY OF FINDINGS**

Organization is a vital part of both the economic and social life of a nation-state, however, for any nation to remain afloat and economically viable, it is imperative that the organizations are successfully operated.

* The product diversification strategy and it leads to increase in the growth of the firm.
* It makes increased profit available to the firm from variety of product.
* A loss in one of the product line does not result into a loss on the entire business of the firm, since the profit realized from other product line and business covers it up.
* Synergy is one of the benefits derived by the firm from the adoption of the product diversification strategy.
* Diversification strategy is a related (concentric) type in which the product line and businesses are similar;
* The advantage of patronage is achieved.
* The product diversification leads to the spread of risk of the firm among its various product lines and business.
* The essence of the adoption of the diversification strategy by Coca cola Nig Plc is to overcome the growth limit of its economic and industrial environment.
* The ability of the firm to branch into production of juice (five alive) and table water (Eva water) poses a positive effect on the growth of the firm.

**5.3 CONCLUSION**

There is no doubt whatsoever that organizations constitute the real fabrics of a nation’s economy and that the general economic salutation will definitely affect these organization.

Furthermore, there is a number of action-oriented measures to be taken if these organizations are needed to play a definite and important role in the immediate and long term economy recovery as some organizations are the backbone of both developed and developing nations in the world over. Hence, for economic and technological advancement, the role of the organization cannot be overemphasized.

In conclusion, from the study, there is no doubt whatsoever that product diversification is an important and vital corporate strategy option by which on organization can achieve its growth and overall objective.

 **5.4 RECOMMEDATION**

Considering the growth level, the condition of the firm and the findings from the respondents, the Coca Cola Nig Plc is thereby recommended to increase the number of businesses and product line in their corporate portfolio by diversifying into the production of some other competitive ands complementary businesses (product line)

* To advised or recommended to adopt the backward integration option which is a type of the vertical integration strategy.
* The firm engages itself in the production of the raw material and inputs for its current operations and businesses.
* To include the establishment of a plantation of various kinds of fruit required for the production of the juice (five alive).
* It gives a detailed and in-depth look into the types of the concentric or related diversification as practiced by the coca-cola Nig. Plc. Which diversifies into production of table water?
* Diversification report for long profitability in the industry.
* Diversification meant to confirm, re-establish or validate known table or thesis.

**5.5 SUGGESTION FOR FURTHER STUDIES**

for further studies to be enriched, respondents should be encourage to respond to the individual questions and they should be educated on the importance of conducting research of this nature and that any information elicit from them will never be used against them instead it will be used to advance the course of the research.

Apart from the above, the sample size to be used should be larger than the one used here in order to have a larger sample size for better generalization without prejudice. Also for study of this magnitude, other region of the federation had to be covered so as to have a comparative analysis of regions in the federation. In addition related journal and textbooks should be reviewed in order to improve on the outcome of further studies.

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**APPENDIX I**

**Working for hypotheses 1**

E1140x61=15.25

 160

E12 = 40x57=14.25

 160

E13 = 40x22=5.5

 160

E14 = 40X11=2.75

 160

E15 = 40x9=2.25

 160

E2140x61=15.25

 160

E22 = 40x57=14.25

 160

E23 = 40x22=5.5

 160

E24 = 40X11=2.75

 160

E25 = 40x9=2.25

 160

E3140x61=15.25

 160

E32 = 40x57=14.25

 160

E33 = 40x22=5.5

 160

E34 = 40X11=2.75

 160

E35 = 40x9=2.25

 160

E4140x61=15.25

 160

E42 = 40x57=14.25

 160

E43 = 40x22=5.5

 160

E44 = 40X11=2.75

 160

E45 = 40x9=2.25

 160

**Chi-square Computation Table 1**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **O** | **E** | **O – E** | **(O – E)2** | **(O – E)2/E** |
| E11 | 14 | 15.25 | -1.25 | 1.5625 | 0.1025 |
| E12 | 12 | 14.25 | -2.25 | 5.0625 | 0.3553 |
| E13 | 10 | 5.5 | 4.5 | 20.25 | 3.6818 |
| E14 | 3 | 2.75 | 0.25 | 0.0622 | 0.027 |
| E15 | 1 | 2.25 | -1.25 | 1.5625 | 0.6944 |
| E21 | 18 | 15.25 | 2.57 | 7.5625 | 0.4959 |
| E22 | 10 | 14.25 | -4.25 | 18.0625 | 1.2675 |
| E23 | 3 | 5.5 | -2.5 | 6.25 | 1.1364 |
| E24 | 5 | 2.27 | 2.25 | 5.0625 | 1.8409 |
| E25 | 4 | 2.25 | 1.75 | 3.0625 | 1.3611 |
| E31 | 9 | 15.25 | -6.25 | 39.0625 | 2.5615 |
| E32 | 26 | 14.25 | 11.75 | 138.0625 | 9.6886 |
| E33 | 3 | 5.5 | -2.5 | 6.25 | 1.1364 |
| E34 | 0 | 2.75 | -2.75 | 75625 | 2.75 |
| E35 | 2 | 2.25 | -1.25 | 0.0625 | 0.0277 |
| E41 | 20 | 15.25 | 4.75 | 22.5625 | 1.4795 |
| E42 | 9 | 14.25 | -5.25 | 27.5625 | 1.9342 |
| E43 | 6 | 5.5 | 0.5 | 0.25 | 0.0455 |
| E44 | 3 | 2.75 | 0.25 | 0.0625 | 0.0227 |
| E45 | 2 | 2.25 | -2.25 | 0,0625 | 0.0277 |
|  |  |  |  |  | **X2 30.6324** |

Empirical Value

X2=€ (0-E) 2

 E

X2 =30.6324

**APPENDIX II**

**Working for hypothesis 2**

E1140x75=18.75

 160

E12 = 40x58=14.5

 160

E13 = 40x8=2

 160

E14 = 40X9=2.25

 160

E15 = 40x10=2.5

 160

E2140x75=18.75

 160

E22 = 40x58=14.5

 160

E23 = 40x8=2

 160

E24 = 40X9=2.25

 160

E25 = 40x10=2.5

 160

E3140x75=18.75

 160

E32 = 40x58=14.5

 160

E33 = 40x8=2

 160

E34 = 40X9=2.25

 160

E35 = 40x10=2.5

 160

E4140x75=18.75

 160

E42 = 40x58=14.5

 160

E43 = 40x8=2

 160

E44 = 40X9=2.25

 160

E45 = 40x10=2.5

 160

**Chi-square Computation Table 2**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **O** | **E** | **O – E** | **(O – E)2** | **(O – E)2/E** |
| E11 | 18 | 18.75 | -0.75 | 0.5625 | 0.03 |
| E12 | 10 | 14.5 | -4.5 | 20.25 | 1.39.66 |
| E13 | 4 | 2 | 2 | 4 | 2 |
| E14 | 4 | 2.25 | 1,75 | 3,0625 | 1.3611 |
| E15 | 4 | 2.5 | 1.5 | 2.25 | 0.9 |
| E21 | 2.4 | 18.75 | 5.25 | 27.5625 | 1.47 |
| E22 | 8 | 14,5 | -6,5 | 42.25 | 2.9180 |
| E23 | 1 | 2 | -1 | 1 | 0.5 |
| E24 | 2 | 2.25 | -0.25 | 0.0625 | 0.0277 |
| E25 | 5 | 2.5 | 2.5 | 6.25 | 2.5 |
| E31 | 19 | 18.75 | 0.25 | 6.25 | 2.5 |
| E32 | 16 | 14.5 | 1.5 | 2.25 | 0.1552 |
| E33 | 3 | 2 | 1 | 1 | 0.5 |
| E34 | 2 | 2.25 | -0.25 | 0.0626 | 0.0277 |
| E35 | 0 | 2.5 | -2.5 | 6.26 | 2.5 |
| E41 | 14 | 18.75 | -4.75 | 22.5625 | 1.2033 |
| E42 | 24 | 14.5 | 9.5 | 90.25 | 6.2241 |
| E43 | 0 | 2 | -2 | 4 | 2 |
| E44 | 1 | 2.25 | -1.25 | 1.5625 | 0.6944 |
| E45 | 1 | 2.25 | -1.5 | 2.25 | 0.9 |
|  |  |  |  |  | **X2 27.3411** |

Empirical Value

X2=€ (0-E) 2

 E

X2 =27.34

**QUESTIONNAIRE**

**TOPIC: ANALYSIS OF IMPACT OF PRODUCT DIVERSIFICATION STRATEGY ON ORGANIZATIONAL GROWTH**

 **(A Case Study of Coca Cola Nigeria Plc)**

I am a graduating student of the above named institution and department undertaking a research work for the award of Bachelor of Science Degree.

As a result, I humbly request your co-operation in the completion of this questionnaire.

Itis purely for academic purpose and any Information furnished will therefore be treated in strict confidence.

Thanks for your co-operation.

Yours faithfully,

***…………………….***

***Researcher***

**QUESTIONNAIRE**

**Section A**

1. Sex:

 Male

 Female

2. Marital Status:

 Single

 Married

 Divorced

3. Age:

 Below 30 years

 31-40

 41-50

 Above 50

4. Educational Qualification:

 OND

 HND/BSC

 Others/Professional

5. Organizational Level:

 Top Level Management

 Middle Level Management

 Lower Level Management

**SECTION B**

**INDICATIONS**

Strongly Agree- SA

Agree – A

Indifference- I

Strongly Disagree- SD

Disagree- D

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| S/n | **Question** | SA | A  | I  | SD | D  |
| 6 | Product diversification strategy is adopted by your firm |  |  |  |  |  |
| 7 | Technological branching affect the growth of the firm |  |  |  |  |  |
| 8 | Product diversifications lead to the spread of risk of the firm.  |  |  |  |  |  |
| 9 | Patronage is one of the benefits derived by the firm from the use of diversification strategy. |  |  |  |  |  |
| 10 | The firms use the internal venturing approach to diversification strategy. |  |  |  |  |  |
| 11 | The firms adopt the acquisition approach to product diversification strategy. |  |  |  |  |  |
| 12 | There is direct relationship between product diversification and growth of the firm. |  |  |  |  |  |
| 13 | Product diversification strategy helps to overcome the growth limit of the firm’s economic and industrial environment.  |  |  |  |  |  |
| 14 | Product diversification strategy is limited to economic and industrial environment  |  |  |  |  |  |
| 15. | Product diversification strategy benefit and overcome the economic growth |  |  |  |  |  |