

Diversification Strategy and the Survival of Manufacturing Firms in Anambra State, Nigeria

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Abstract

The Manufacturing sub-sector has played significant role to the Nigerian economy however; its survival largely depends on the extent of diversification strategies adopted by these firms. This study titled Diversification Strategy and Survival of Manufacturing Firms in Anambra State is written to examine the extent in which diversification strategy enhances survival of Manufacturing Firms in Anambra State, Nigeria. More so, the research was anchored on Resource Based View theory. The population of the study was 1300 employees cutting across Nigeria Brewery plc 910 and Innoson 290 however, considering the size of the population a sample size of 295 was determine using the Godden sample size statistical formula through a 18 items structured questionnaire but only 242 respondents completed and returned their questionnaire given 82% retrieval rate. Pilot study was carried out using a test re-test method and Cronbach alpha coefficient to establish the reliability of the research instrument. Validity of the research instrument was conducted using content and face methods moderated by three experts. In addition, research survey design was adopted, and the statistical tools utilized comprised descriptive and parametric statistics while the three hypotheses were tested using simple linear regression analysis. Findings revealed that there was a significant positive relationship between horizontal diversification and adaptability ($r = .896$, $p\text{-value} < 0.05$), there was a significant positive relationship between vertical diversification and innovation ($r = .916$, $p\text{-value} < 0.05$) and there was a significant positive relationship between concentric diversification and cost optimization ($r = .874$). In view of the findings, the study concluded that there was a significant positive relationship between diversification strategy and survival of manufacturing firms in Anambra State. Premised on the findings, the study recommends that the Firms should consistently maximize their strategic capacities to attain improved performance and firms should consciously adopt innovative strategies with the view to averting product decline so that customers satisfaction would not only be sustainably attained but be improved upon.

Keywords: *Diversification, Strategy, Survival, Manufacturing Firms.*

Introduction

The current Nigeria business environment is engrossed with dynamic, unpredictable and rapidly changing terrain. (Clinton & Salami, 2021; Nzewi et al, 2023). Again, changing customer perception is highly evident, increased global competitiveness, liberalization as well as other socio-economic, political phenomenon (Behun et al, 2018, Uchenna & Audu, 2022; Malik et al, 2023). Additionally, business environment is evidently posed with constancy of changes, uncertainties of planned growth, unpredictable sales and unstable markets (Jepkorir & Kiini, 2016). Suggesting that the secret to a Firm that will last in such a turbulent environment is its ability to integrate both continuity and rapid change. Hence, such Firms are capable of responding with attributes of these environmental drivers. Eisenhardi and Martin (2020), stated that in order for Firms to accomplish their immediate and strategic objectives, it is necessary to adjust to the environmental realities. For example, liberalization, internalization and globalization of the global economies has reduced trade protection. This has adequately increased the transmission of capital and other factors of production. Therefore, Firms that have been mainly focusing on

domestic markets have extended their range in terms of markets and products to a national, multinational as well as global reach.

Clementina et al (2021) noted that the dynamism of the environment implies that organizations have to constantly redesign their business strategies in order to remain competitive in the business. Therefore, failure to effectively adapt the organization to its environment it could lead to a strategic mismatch between what the Firm could actually offer and what the markets specifically demand. This implies that business players have to make strategic choices that are concerned with decisions about an organization's future and the manner in which it needs to respond to these environmental pressures and influences. Firms particularly the manufacturing Firms in Anambra state therefore adopts diversification strategies such as the horizontal, vertical and concentric diversification targeted at attaining survival strategies such as product quality, cycle time and customers satisfaction. These also include specific strategic options concerning both the direction (like products and market diversification) and the techniques (like internal merger/ acquisition and alliances).

Diversification is seen as a strategy, which takes the organization away from its present markets or product or competencies (Jibril & Yunusa, 2018). Again, Product diversification concerns the scope of industries and markets through which the firm competes and how Firms patronize, create and sell different items to match available skills and strengths with opportunities current realities. This also refers to the deployment of resources across several lines of products. On this note, Njuguma and Kwasira (2018) classified diversification as either related or unrelated. Product relatedness diversification is seen as the extent in which firm's different lines of products are linked while un-relatedness diversification refers to a lack of direct links between products. The product diversification might occur because of several justifications. First, due to change in external business environment both threatening the future of current strategies and throwing up new opportunities, some of which may be related. Again, Okebaram and Onouha (2018) argued that a firm can gain competitive advantages if it has skills or resources that can be transformed into new lines of business or markets. Finally, the expectations of critical Stakeholders might also propel diversification. In order to maximize the social and economic benefits of product diversification, firms are increasingly relying on various strategies for making more efficient explorations of diversification. Thus, even small businesses may find themselves in circumstances where diversification may be a real option or even a necessity. Product diversification interacts with the market diversity, an interaction that is important to gaining a competitive advantage and reducing cash flow variance of an organization (Mohamud *et al.*, 2015). The survival strategies of manufacturing firms in Anambra state particularly Innosson and Nigeria Breweries PLC is critical but attaining such requires conscious application of diversification strategies. However, the extent in which these strategies attain the immediate and strategic objectives is still unclear thus, the thrust of this research is to examine the impact of diversification strategies on the survival of manufacturing firms in Anambra State.

Objectives of The Study

The main objective of this research is to examine the impact of diversification strategy on the survival of manufacturing Firms in Anambra State. Specifically, the study is meant to achieve the following objectives, namely to:

- I. examine the relationship between horizontal diversification and adaptability in Anambra State.
- II. determine the relationship between vertical diversification and innovation in Anambra State.
- III. evaluate the relationship between concentric diversification and cost optimization in Anambra State.

Statement of Hypotheses

This research formulates three research hypotheses in their null form such as:

H0₁: There is no significant relationship between horizontal diversification and adaptability in Anambra State.

H0₂: There is no significant relationship between vertical diversification and innovation in Anambra State.

H0₃: There is no significant relationship between concentric diversification and cost optimization in Anambra State.

Literature Review

Diversification Strategy

Yoo and Choi (2015) defined diversification strategy as measures taken by Firms that are different from its current product or market competences. It addresses two basic strategic questions such as *products and markets that* should the firms enter and *how should the companies enter* these products or markets to avoid failure and optimal returns on investment. Therefore, it is a corporate level strategy, which is based on the task of crafting and implementing action plans to improve on the attractiveness and competitive strategies of a company's business product portfolio. Again, it is seen as a means of broadening a firm's stock of products by expanding the indices of value action and operational capabilities. A resilience product diversification strategy is that which reinforces the firms existing resources and strengths as well as creating the basis for new ones (Wawera, 2015). It involves taking conscious steps such as what moves to be adopted to enter new businesses, what actions to be initiated to boost combined performance of products and find ways to capture synergy among products and actuate resources into most attractive products.

According to Adeleke et al (2019) there are three fundamental justifications why firms think of or opt to pursue product diversification. These include; when their objectives cannot be attained by continuing to operate with the existing products or services. In addition, when the business environment changes, both threatening the prospect of current strategies and throwing up new entrepreneurial opportunities. There appears to be better opportunities presented to the firm by new products than they obtained from the existing ones. Lastly, a business tends to have excess financial resources beyond what is adequate to satisfy its existing plans hence it sees it fit to invest these resources in new products rather than retaining operational cash. Expectations of powerful Stakeholders may also induce diversification. For example, investors may pursue excess cash to invest somewhere even if the current products and market development opportunities seem inadequate. The overriding objectives of product diversification is to build Shareholder value. Product diversification does not create Shareholder value unless a diversified group of enterprises perform better under a single corporate umbrella than they would perform as operating as independent businesses. Additionally, a diversifying Firm should get into products that can perform better under common management than they could perform as an independent business. (Abuh & Echukwu, 2020). This suggest that product diversification has different impact on corporate performance (Ahmed & Simba, 2019). Additionally, there are three measures for judging whether a diversification move will have enhanced Shareholder value. The industry chosen is expected to be attractive enough to yield consistent returns on investment. Secondly, the cost to enter the target industry should not be too high as to adversely affect the potential for improved profitability. Again, the better-off test-the diversifying firm should bring some potential for competitive advantage to the emerging business it enters, or the new product must offer potentials for competitive advantage to the company's current business. Therefore, it means that product diversification moves are targeted at satisfying all three tests have the greatest potential to build Shareholder value over a long term.

Benefits of Product Diversification

The product diversification strategy clearly has considerable benefits. It allows firms to preserve high degree of unity in their business activities, attain the competitive advantage benefits of transmitting skills or reduced costs as a result of economies of scope and still spread investor risks over a wider business base. These therefore enable the diversifier to attract greater returns from its business than businesses could earn operating independently (Scherer 2018; Muhammad, 2019, Oladimeji & Udosen, 2019).

More so, diversification brings about strategic fit across value-chain activities. While strategic-fit relationships can occur throughout the value chain, most of these falls into three broad dimensions; market-related fit, operating fit as well as management fit. The moment the value chains of different business overlap such that the products are utilize by the same customers, distributed through similar dealers and retailers, the businesses enjoy market related strategic fit. This suggests that it can also generate opportunities to transmitting promotional skills, selling skills and product differentiation skills from one enterprise to the other. Operating fit is also achieved when there is potential for activity sharing in procuring materials, conducting research and development, mastering a new technology, assembling finished goods, or performing administrative support functions. This implies that management fit emerges when different business units have comparable kinds of entrepreneurial, administrative, or operating challenges, thereby permitting managerial techniques in one line of business to be transferred to the other. Additionally, the unrelated or conglomerate product diversification has appeal from several financial angles. First, business risk is spread over a variety of industries, making the company less dependent on any of the businesses. Again, capital resources can be invested in whatever industries chooses the best profit prospects. Corporate financial resources are therefore employed to optimum return on investment. More so, company profitability is somewhat more static because turbulent times in one industry could be partially offset by the fortune in another. Finally, to the extent that corporate managers are exceptionally astute at spotting bargain-priced companies with big upside profit potential, Shareholder wealth can be enhanced (Maragia & Kemboi, 2021, Obuba & Alagah, 2022).

Additionally, unrelated diversification can balance the cash flows of strategic business unit (SBU) entities. A firm with several SBUs that merit investment might buy a firm with cash cow products to provide source of cash. This assuages the need to raise debt or equity over time. Conversely, a firm with a cash cow may enter new areas seeking growth opportunities to ensure future earnings if its core cash cow eventually falters. Diversification may also create a platform for refocus. An organization may provide a basis for a refocus of the acquired business or both. The fundamental objective is to change the thrust of the business from one set of products to another. Not incidentally, the thrust change may result in investors perceiving a firm to be in industries that are more attractive.

Martaja and Eneigan (2018) argued that there are evidences that the key performing organizations have tended to diversify in related organizations. For instance, the First Chartered Securities Group (FCS), which has diversified into insurance, reinsurance brokerage and banking businesses later turned out to be the leading financial provider. Furthermore, the CFC group has also replicated same by diversifying into both related and unrelated products as evidenced in the insurance, financial services, bank and of course the CMC motor assemblers. This has in turn given them a strong financial base as evidenced by the purchase of the Giant Alico Kenya Life fund (Oyefesobi et al, 2018; Sajid et al, 2016).

Concept of Corporate Survival

Corporate survival is seen as the ability of Firms to withstand and strive competitively in a dynamic and unpredictable business environment. Thus, survival entails adapting the reality of changing market, perceived customers' needs and expectations as well as the controllable and uncontrollable enterprise variables towards pursuing the immediate and strategic business objectives (Wegwu, 2020). This implies that survival of firms particularly manufacturing Firms

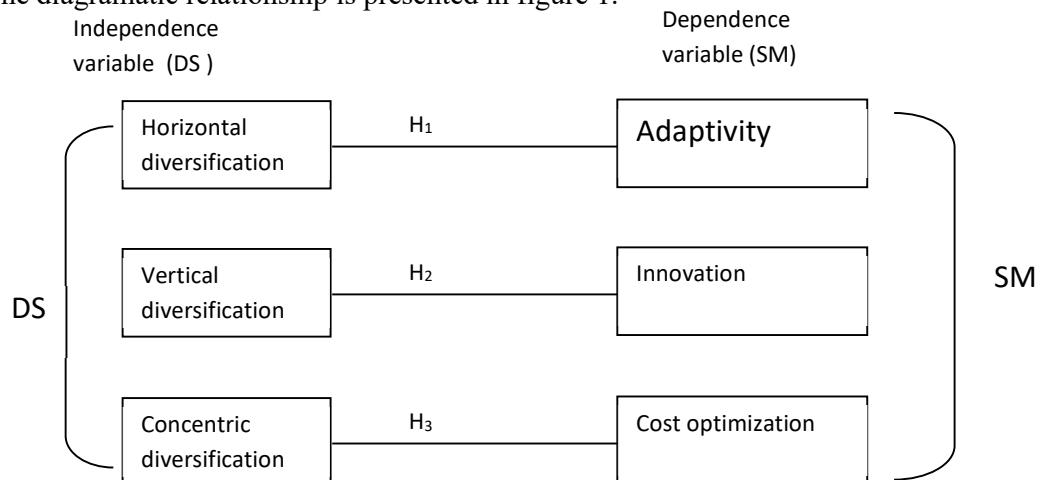
lead to adaptability which is seen as the capability to adjust to business strategies in response to technological advancement, customers' needs and expectations and market conditions. Again, innovation according to Uchenna et al (2022) is the willingness of firms to invest in research and development, leveraging on emerging technologies and the exploration of new business ideas with the view to remaining relevant in the business. Additionally, cost minimization is the process of streamlining operational costs with the view to ensuring efficiency and in operations (Imeobong, 2018; Wegwu, 2020). The aspects of corporate survival include adaptability, resilience, innovation, strategic planning and risk management techniques. Therefore, the pursuance of corporate survival according to Malik et al (2023) should not be limited to the aforementioned to also to partnership and collaborations, digital transformation and cost optimization.

Theoretical Framework

This research is anchored on Resource Based view theory which according to Barney (2017), Muculloch (2017) and Behum et al (2018) focuses on corporate diversification as a strategic growth option. This suggest that firms have several opportunities to take advantage of their excess capacity but its optimal utilization leads to corporate performance. To this end, Shama and Kesner (2016) Edna and Samson (2021) argued that firms could reinvest in the either routine business or be sold to other firms in other markets. Whereas; unused resources which can be translated into free cash flow could be returned to stock holder through improved dividends. Again, firms with excess capacity in resources could also diversify into other markets either through acquisition or new market entry. Concurring this, Oloda (2017) noted that firms choose a strategy in order to generate rents based on their resource's capability, rent seeking firms therefore diversify as long as diversification provide a way of more sustainable business options that would lead to attaining both immediate and strategic objectives (Oshodi 2022; Ekugbe 2021; and Uchenna & Audu, 2021). The implication of this theory is that benefits from strategy may come from management economics of scale or other economic or social benefits. Hanafi et al (2018) concluded that such propel predictable future higher prices and sustained losses which could be mitigated through cross subsidization whereby the firms tap additional revenue either from one product to support another or through other viable strategies of diversification.

Conceptual Model

The diagramatic relationship is presented in figure 1.



Source: Researchers compilation, (2025).

Fig 1: conceptual model

The figure shows the conceptual model which displays the relationship between independent and dependent variables. The figure specifically shows the relationship between horizontal diversification and adaptability, vertical diversification and innovation, concentric diversification and cost optimization in Anambra State.

Research Methodology

Research Design

The researchers adopted a descriptive research design. This method is a research survey design that involves surveying the respondents with the view to collecting responses for the purpose of analysis. Additionally, this study which examines diversification strategy and survival of manufacturing firms involved collecting data through primary sources. The primary data obtained was through a structured questionnaire and the data were subjected to descriptive and inferential statistical analysis. The population of this study comprised the entire employees in the selected manufacturing Firms in Anambra state. Specifically, the total population of Nigeria Brewery plc is 910 and Innoson is 290 making the entire population to be 1300. Considering the fact that the population of this study is large, it becomes impossible to reach the entire population. To this end, obtaining sample from the entire population becomes imperative. This research adopts Godden' (2004) sample size statistical formula which is a statistical technique for determination of sample size with a finite population less than 50,000. The Godden (2004) formular denoted as.:

$$SS = \frac{Z^2 (P) (1 - P)}{C^2} \quad \text{-- equ (1)}$$

$$\text{New SS} = \frac{SS}{1 + (SS - 1) / \text{Population}} \quad \text{equ (2)}$$

Where SS = Sample size

Z = Confidence level 95 %

P = Percentage of population (50%)

C= Confidence interval = 5 % (0.05)

$$SS = \frac{1.96^2 (0.5) (1 - 0.5)}{0.05^2} \quad \text{equ (1)}$$

$$SS = \frac{3.8416 (0.5) (1 - 0.5)}{0.0025}$$

$$SS = \frac{0.9604}{0.0025}$$

$$SS = 384 \quad \text{Population} = 1300$$

$$\text{New SS} = \frac{384}{1 + (384 - 1)}$$

$$\begin{array}{rcl}
 & 1300 & \\
 & 384 & \\
 \hline
 & 384 & 1 + 0.30 \\
 \hline
 SS = & 384 & \\
 & 1.30 & \\
 \hline
 \text{New SS} = & 295 &
 \end{array}$$

Therefore, the sample size = 295

However, out of the total questionnaire distributed only 242 were duly completed and returned giving a retrieval rate of 82%.

The questionnaire was the major source of primary data therefore; the study designed a 18 items structured questionnaire while a five- points Likert-scale responses of strongly agree, Agree, Undecided, Disagree and strongly disagree was used.

Reliability of the Instrument

Reliability of this study was used to determine the internal consistency of the instrument. Uchenna et al (2021) concluded that an instrument is said to be reliable if it produces same results under consistent situations. Uchenna et al (2022) further noted that any coefficient of reliability that is 0.70 and above should be considered reliable. To test the reliability of the instrument, the Researchers conducted a pilot study by distributing questionnaires numbering twenty (20) to the target respondents through the help of two trained research assistants; the Cronbach Alpha coefficient measure of internal consistency was adopted. The reliability of the instrument using Cronbach alpha reliability test with the Statistical Package for Social Sciences (SPSS) yielded the result of 0.874.

Table 1 Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.874	.873	20

From table 2 the calculated Cronbach alpha is 0.843 and is higher than the recommended acceptable measure of Cronbach alpha 0.7 which makes the measurement of model reliability accepted.

Technique for Data Analysis

The study adopted both descriptive and inferential statistics in analyzing the data. The inferential or parametric statistics was used in testing the formulated hypotheses while the simple linear regression analysis which is an inferential technique of examining the strength of relationship between the independent and dependent variables was used.

Data Analysis and Results

The study tests three hypotheses using the simple linear regression with the aid of Statistical Packages for Social Sciences (SPSS). The independent variable is diversification strategy and the decomposed variables are horizontal, vertical and concentric diversification respectively while the dependent variable is survival strategy which was distilled with adaptability, innovation and cost optimization. The specific analytical approaches adopted are

model summary, analysis of variance (ANOVA) and coefficients. The decision rule is to accept P. value if the alpha value is ≥ 0.05 otherwise the null hypothesis be rejected.

Table 2: Distribution of Responses on diversification strategy

S/N	Questionnaire Items	Mean	SD	Decision
	Horizontal diversification			
1	I am aware that the Firm offers distinct products/services	3.38	0.21	Accepted
2	I observed that there are different business segments served in the market.	2.46	1.42	Rejected
3	I noticed that the Firms production capacity is utilized for different product line.	3.61	0.83	Accepted
	Vertical diversification			
4	There is absolute control of suppliers of raw materials	3.32	0.26	Accepted
5	I am in charge of my distribution channels	2.72	0.32	Rejected
6	There is high proportion of value-added within the company.	3.82	0.78	Accepted
	Concentric diversification			
7	I observed that this organization do leverage existing technological expertise to develop new product.	3.57	0.47	Accepted
8	I do expand my business into new markets that are related.	3.74	1.27	Accepted
9	My firm do explore new initiative to leverage existing core competencies.	3.59	0.71	Accepted
	Grand mean	3.36	0.78	

Source: Field Survey, 2025

Table 2 focuses on the distribution of responses regarding diversification strategy in Anambra state. The research relies on the calculation of mean statistics and standard deviation, using a threshold of 3.00 for determining acceptability. On the question on whether respondents are aware that the Firm offers distinct products/services, the mean value is 3.38 and standard deviation is 0.21 which support the criteria for acceptance. In addition, for the question on whether respondents observed that there is different business segments served in the market the mean value is 2.46 and standard deviation is 1.42 which support the criteria for rejection. More so, for the question on whether respondents noticed that the Firms production capacity is utilized for different product line, the mean is 3.61 and standard deviation is 0.83 which support the criteria for acceptance. In addition, for the question on whether there is absolute control of suppliers of raw materials, the mean is 3.32 and standard deviation is 0.26 which supports the criteria for acceptance. Additionally, for the question on whether respondents are in charge of their distribution channels, the mean is 2.72 and standard deviation is 0.32 which support the criteria for rejection. For the question on whether there is high proportion of value-added within the company, the mean is 3.82 and standard deviation is 0.78 which supports the criteria for acceptance. For the question on whether respondents observed that this organization do leverage existing technological expertise to develop new product, the mean is 3.57 and standard deviation is 0.47 which support the criteria for acceptance. More so, for the question on whether respondents do expand their businesses into new markets that are related the mean is 3.74 and standard deviation is 1.27 which support the criteria for acceptance. Finally, for the question on whether firms do explore new initiative to leverage existing core competencies the mean is 3.59 and standard deviation is 0.71 which support the criteria for acceptance. The average mean is 3.36 and standard deviation 0.78 suggesting that the independent variable (diversification strategy) fall within the acceptance threshold.

Table 3: Distribution of Responses on survival

S/N	Questionnaire Items	Mean	SD	Decision
	Adaptivity			
1	I perceived that the firm do track the market and change to likely changes	3.43	0.98	Accepted
2	There is constant collaboration within the organization to accomplish its goals.	3.09	1.23	Accepted
3	I observed that firm do readjusts its priorities to fit current events in the industry.	3.12	1.74	Accepted
	Innovation			
4	The firms are concerned about delivering products/ services in new ways.	3.76	0.45	Accepted
5	The firms do engage its employees to explore their initiatives.	3.53	1.25	Accepted
6	The firms are conscious of adopting trending techniques to reach its target market.	2.94	1.32	Rejected
	Cost optimization			
7	I observed that the firms are concerned about process efficiency in saving time and resources.	2.98	0.32	Rejected
8	I am confident that the firms do minimize wastage during production	3.62	0.64	Accepted
9.	The firms are conscious about break-even in their transactions.	3.46	0.76	Accepted
		3.33	0.97	

Source: Field Survey, 2025

Table 3 focuses on the distribution of responses regarding survival of manufacturing firms in Anambra state. The research relies on the calculation of mean statistics and standard deviation, using a threshold of 3.00 for determining acceptability. For the question on whether respondents perceived that the firms do track the market and change to likely changes, the mean value is 3.43 and standard deviation is 0.98 which support the criteria for acceptance. In addition, for the question on whether there is constant collaboration within the organization to accomplish its goals the mean value is 3.09 and standard deviation is 1.23 which support the criteria for acceptance. Again, for the question on whether respondents observed that firm do readjusts its priorities to fit current events in the industry, the mean is 3.12 and standard deviation is 1.74 which support the criteria for acceptance. In addition, for the question on whether the firms are concerned delivering products/ services in new ways, the mean is 3.76 and standard deviation is 0.45 which supports the criteria for acceptance. More so, for the question on whether the firms do engage its employees to explore their initiatives, the mean is 3.53 and standard deviation is 1.25 which support the criteria for acceptance. For the question on whether the firms are conscious of adopting trending techniques to reach its target market, the mean is 2.94 and standard deviation is 1.32 which supports the criteria for acceptance. For the question on whether respondents observed that the firms are concerned about process efficiency in saving time and resources, the mean is 2.98 and standard deviation is 0.32 which support the criteria for rejection. For the question on whether respondents are confident that the firms do minimize wastage during production, the mean is 2.62 and standard deviation is 0.64 which support the criteria for rejection. For the question on whether the firms are conscious about break-even in their transactions, the mean is 3.46 and standard deviation is 0.76 which support the criteria for acceptance. Finally, the average mean value is 3.33 and standard deviation 0.97 suggesting that the dependent variable (performance of survival of manufacturing firms) fall within the acceptance threshold.

Test of Hypotheses

Hypothesis 1

H₁: There is no significant relationship between horizontal diversification and adaptability.

Table 4: Model Summary^b

Model	R	R Square	Adjusted Square	R	Std. Error of the Estimate	Durbin-Watson
1	.797 ^a	.635	.634		.21286	2.3216

a. Predictors: (Constant), horizontal diversification

b. Dependent Variable: adaptability.

The model summary table reports the strength of relationship between the independent and dependent variables. The result of R stood at 0.797 indicating a strong relationship between the dependent variable adaptability and the explanatory variable horizontal diversification. The coefficient of multiple determinations R² measures the percentage of the total change in the dependent variable that can be explained by the independent or explanatory variable. The result indicates a R² of .635 showing that 64% of the variances in adaptability is explained by horizontal diversification while the remaining 36% (i.e. 100 – 64) of the variations could be explained by other variables not considered in this model.

The adjusted R-square compensates for the model complexity to provide a fairer comparison of model performance. The result is supported by the value of the adjusted R which is to the tune of 63% showing that if the entire population is used, the result will deviate by 16.2% (i.e. 79.7 – 63.5), with the linear regression model, the error of the estimate is 0.21286. The result of Durbin Watson test shows 2.3216 therefore it shows that there is no auto correlation.

Table 5: ANOVA^a

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	232.327	1	232.327	24378.136	.000 ^b
	Residual	43.432	241	.144		
	Total	275.759	242			

a. Dependent Variable: adaptability

b. predictors: (constant), horizontal diversification

The ANOVA table confirms the results of model summary, analysis of the result revealed that F = 24378.136 which is significant at (0.000) < 0.05. Hence, since the P-value < 0.05 (critical value), the null hypothesis that there is no significant relationship between horizontal diversification and adaptability is rejected.

Table 6 Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1	(Constant)	.474	.033	12.227	.000
	Horizontal diversification	.342	.022	.342	.000

a. Dependent Variable: adaptability

The coefficient provides information on how the explanatory variable (the estimated coefficient or beta) influences the dependent variable. The result shows that the regression constant is 0.342 giving a predictive value of the dependent variable when all other variables are zero. The coefficient of horizontal diversification is 0.342 with p-value of 0.000 less than (0.05%) critical

value. Therefore, it can be concluded that the null hypothesis that there is no significant relationship between horizontal diversification and adaptability is rejected.

Hypothesis 2

H₂: There is no significant relationship between vertical diversification and innovation.

Table 7 Model Summary^b

Model	R	R Square	Adjusted Square	R	Std. Error of the Estimate	Durbin-Watson
1	.889 ^a	.790	.790		.32456	1.2234

a. Predictors: (constant), vertical diversification

B. Dependent variable: innovation

The model summary table reports the strength of relationship between the independent and dependent variable. The result of R stood at 0.889 indicating a strong relationship between the dependent variable vertical diversification and the explanatory variable innovation. The coefficient of multiple determinations R^2 measures the percentage of the total change in the dependent variable that can be explained by the independent or explanatory variable. The result indicates a R^2 of .790 showing that 79% of the variances in vertical diversification is explained by innovation while the remaining 21% (i.e. 100 – 79) of the variations could be explained by other variables not considered in this model. The adjusted R-square compensates for the model complexity to provide a fairer comparison of model performance. The result is supported by the value of the adjusted R which is to the tune of 79% showing that if the entire population is used, the result will deviate by 9.9% (i.e. 88.9 – 79.0). With the linear regression model, the error of the estimate is 0.32456. The result of Durbin Watson test shows 1.2234 therefore it shows that there is no auto correlation.

Table 8 ANOVA^a

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	421.231	1	421.231	3245.153	.000 ^b
	Residual	24.143	241	.242		
	Total	445.374	242			

a. Dependent variable: innovation

c. Predictors: (constant), vertical diversification

The ANOVA table confirms the results of model summary, analysis of the result revealed that $F = 3245.153$ which is significant at $(0.000) < 0.05$. Hence, since the P-value < 0.05 (critical value), the null hypothesis that there is no significant relationship between vertical diversification and innovation is rejected.

Table 9 Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1 (Constant)	.341	.043		2.263	.000
Vertical diversification	1.236	.037	.374	19.226	.000

a. Dependent Variable: innovation

The coefficient provides information on how the explanatory variable (the estimated coefficient or beta) influences the dependent variable. The result shows that the regression constant is 0.374 giving a predictive value of the dependent variable when all other variables are zero. The coefficient of vertical diversification is 1.236 with p-value of 0.000 less than (0.05%) critical value. Therefore, it can be concluded that the null hypothesis that there is no significant relationship between vertical diversification and innovation is rejected.

Hypothesis 3

H₃: There is no significant relationship between concentric diversification and cost optimization.

Table 10 Model Summary^b

Model	R	R Square	Adjusted Square	R	Std. Error of the Estimate	Durbin-Watson
1	.895 ^a	.801	.800		.26732	2.2385

a. Predictors: (constant), concentric diversification

b. Dependent variable: cost optimization

The model summary table reports the strength of relationship between the independent and dependent variable. The result of R stood at 0.895 indicating a strong relationship between the dependent variable concentric diversification and the explanatory variable cost optimization. The coefficient of multiple determinations R² measures the percentage of the total change in the dependent variable that can be explained by the independent or explanatory variable. The result indicates a R² of .801 showing that 80% of the variances in concentric diversification is explained by cost optimization while the remaining 20% (i.e. 100 – 80) of the variations could be explained by other variables not considered in this model. The adjusted R-square compensates for the model complexity to provide a fairer comparison of model performance. The result is supported by the value of the adjusted R which is to the tune of 80% showing that if the entire population is used, the result will deviate by 9.4% (i.e. 89.5 – 80.1) with the linear regression model, the error of the estimate is 0.26732. The result of Durbin Watson test shows 2.2385 therefore it shows that there is no auto correlation.

Table 11 ANOVA^a

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	245.476	1	245.476	334.024	.000 ^b
	Residual	28.449	241	.117		
	Total	273.925	242			

a. Dependent variable: cost optimization

b. Predictors: (constant), concentric optimization

The ANOVA table confirms the results of model summary, analysis of the result revealed that F = 334.024 which is significant at (0.000) < 0.05. Hence, since the P-value < 0.05 (critical value), the null hypothesis that there is no significant relationship between concentric diversification and cost optimization is rejected.

Table 12 Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1 (Constant)	.054	.026		1.372	.000
Concentric diversification	1.51	.018	.675	26.452	.000

a. Dependent Variable: cost optimization

The coefficient provides information on how the explanatory variable (the estimated coefficient or beta) influences the dependent variable. The result shows that the regression constant is 0.675 giving a predictive value of the dependent variable when all other variables are zero. The coefficient of concentric diversification is 0.54 with p-value of 0.000 less than (0.05%) critical value. Therefore, it can be concluded that the null hypothesis that there is no significant relationship between concentric diversification and cost optimization is rejected.

Conclusion

This study examined diversification strategy and the survival of manufacturing firms in Anambra state, from empirical evidences, the results have shown that there was a significant

positive relationship between diversification strategy and survival of manufacturing firms in Anambra State. This implies that the survival of manufacturing firms in Anambra state is largely influenced by diversification strategy. Therefore, it can be concluded that application of diversification strategy serves as catalyst to the survival and performance of the manufacturing sub-sector in Anambra State.

Recommendations

Premised on the findings and conclusion from this study the researchers recommend that the Firms should consistently maximize their strategic capacities to attain improved performance and firms should consciously adopt innovative strategies with the view to averting product decline so that customers satisfaction would not only be sustainably attained but be improved upon. More so, the need for a periodic review of business environment should be emphasized considering the dynamic nature of business activities in recent time. This would give manufacturing firms the opportunity to identify potential areas of challenges as well as likely prospects that could be explored towards improving the attainment of firms immediate and strategic objectives. Finally, the employees at all levels should constantly be integrated with the innovative strategies through training and retraining with the view to building their capability to meet up with both immediate and strategic needs of all critical Stakeholders in the manufacturing industry.

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