

LINKING DIVERSIFICATION STRATEGY AND PERFORMANCE OF SELECTED FAST MOVING CONSUMER GOODS (FMCGs) IN NIGERIA

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ABSTRACT

This study investigated linking diversification strategies and performance of selected Fast Moving Consumer Goods (FMCGs) in Nigeria. Specifically, it assessed how related, unrelated, and mixed diversification strategies impact performance of selected FMCGs in FCT-Abuja, Nigeria. Primary data were gathered through well-structured questionnaires, complemented by secondary data sourced from published annual reports. The research employed convenience sampling, selecting 125 participants from ten (10) selected FMCGs. Both descriptive and inferential statistical tools were utilized to analyse the questionnaire responses and test the formulated hypotheses, revealing a significant positive relationship between diversification strategy and organizational performance. The result also showed that related, unrelated, and mixed diversification showed a significant positive relationship with FMCGs performance in Nigeria. The study recommends continuous monitoring and evaluation of financial metrics and industry trends to identify opportunities. It emphasizes the importance of adapting to changes in the dynamic business environment and suggests that companies should strategically balance related, unrelated, and hybrid diversification strategies according to their capabilities to achieve enhanced performance.

Keywords: *Related Diversification, Unrelated diversification, Hybrid Diversification, Financial metrics, Operational efficiency, Market share.*

INTRODUCTION

The exploration of diversification has long captivated the interest of scholars in strategic management, representing one of the most extensively studied areas in business (Channon, 1983; Dyas & Thanheisers, 1976; Constable, 1986; Reed & Luffman, 1986; Salter & Weinhold, 1982). Researchers have primarily focused on understanding the origins of diversification and its impact on financial performance outcomes (Rumelt, 1974; Porter, 1987; Ramanujam & Varadarajan, 1989; Elango et al., 2008).

Despite numerous attempts, however, strategic management research has struggled to establish a consistent and clear link between diversification patterns and performance, with conflicting findings emerging from various studies (Johnson & Scholes, 2007).

The impact of diversification on firm performance in less developed institutional environments, such as Nigeria, has received limited attention, thereby constraining the generalizability of findings and the advancement of a comprehensive theory on

diversification. The extent to which firms in these contexts utilize diversification strategies, the types of diversification pursued, and the extent to which such strategies enhance financial performance and growth remain inadequately explored.

Many firms across various sectors in Nigeria, including those akin to FMCGs in Nigeria, have pursued diversification strategies to broaden their product-market portfolios, mitigate business risks, and navigate the challenges of competing in a transitioning and deregulated economy. Despite the perceived benefits such as risk spreading, synergy from economies of scope, and leveraging resources, the organizational, managerial, and investment challenges associated with diversification are considerable, particularly for companies in third-world nations like Nigeria.

Given the potential risks and rewards of diversification in such contexts, empirical investigation into the performance impacts of diversification strategies not only contributes to expanding the existing knowledge base but also provides valuable insights for managerial decision-making, especially in environments where resource allocation and utilization pose significant challenges.

The existing body of research on diversification and performance largely consists of anecdotal reports and case studies. There is a pressing need for large-scale studies that empirically demonstrate how diversification strategies can enhance or detract from organizational performance. This study aims to fill this gap by examining how diversification strategies impact two critical measures of organizational performance—profitability and growth.

Furthermore, while much of the literature has focused on comparing performance between firms pursuing related versus unrelated diversification strategies, empirical evidence suggests that many firms simultaneously adopt mixed or hybrid

strategies across diverse industries (Bowman & Ambrosini, 1997; Whittington et al., 1999). However, whether firms exclusively pursuing related or unrelated diversification strategies outperform those pursuing both concurrently remains an understudied area in strategic management literature.

In light of the rapidly evolving global business environment characterized by technological advancements, changing consumer preferences, and intense market competition, firms are increasingly adopting strategic approaches like diversification to expand their market reach and maintain relevance (Barney, 1991). Diversification initiatives represent a vital avenue for firms seeking to navigate these dynamics, reduce risks, and capitalize on emerging opportunities (Wang, 2022).

This study is crucial as it elucidates the intricate relationship between diversification strategy and both financial and non-financial dimensions of organizational performance. The study focus is on selected FMCGs, which allows for a broader examination within the industry. It explores how related, unrelated, and hybrid diversification strategies influence financial metrics, operational efficiency, and market share—a topic that has not been comprehensively addressed in current literature. By examining these diversification strategies and their impacts on organizational performance metrics, this study aims to provide valuable insights that can inform strategic decisions and contribute to the strategic management discourse. The main objective of the research is to analyze within the food and beverage industrial context, the impact of diversification strategy on selected FMCGs performance in Nigeria. The specific objectives of this study are to:

- i. determine the relationship between related diversification strategy and the performance of selected FMCGs in Nigeria.

- ii. ascertain the relationship between unrelated diversification strategy and the performance of selected FMCGs in Nigeria.
- iii. reveal the direction of the relationship between mixed diversification strategy and the performance of selected FMCGs in Nigeria.

Research Hypotheses

In order to achieve the objectives of the study, the following hypotheses were formulated:

Ho₁: There is a positive relationship between related diversification strategy and the performance of selected FMCGs in Nigeria.

Ho₂: There is a positive relationship between unrelated diversification strategy and the performance of selected FMCGs in Nigeria.

Ho₃: There is a positive relationship between mixed diversification strategy and the performance of selected FMCGs in Nigeria.

LITERATURE REVIEW

Concept of Diversification

An examination of existing literature reveals significant variability in how diversification is conceptualized, defined, and measured. Alfred (1977) considered diversification a strategic approach for large corporations to harness their managerial and technological strengths across various business sectors. He believed that through diversification, firms could utilize their internal resources and capabilities to achieve continuous growth and maintain competitiveness.

More recently, a definition of diversification has emphasized its multidimensional nature. Stephen et al. (2008) described diversification as a growth strategy wherein an organization seeks to expand its

operations, aiming for higher sales revenue, an increase in the number of employees, or a larger market share. This expansion can be accomplished through direct growth, the development of new products, quality enhancements, or by merging with or acquiring other companies.

Conglomerate diversification, on the other hand, is defined as a growth strategy involving the addition of new or unrelated products or services that are substantially different from the company's existing offerings. This type of diversification can be realized through mergers, acquisitions, or joint ventures.

This study conceptualizes diversification as a strategy that involves broadening a business or investment portfolio into various industries, markets, or asset classes. The goal is to minimize risk and enhance overall performance by not depending on a single source.

Concept of Related Diversification

Related diversification is a strategic initiative where a company extends its operations into new but related businesses, often within the same industry or value chain (Johnson and Scholes, 2020). This strategy aims to utilize existing resources and expertise to create synergies that can boost overall performance. There are two primary forms of related diversification: product-related and market-related.

Product-related diversification involves expanding into new product lines within the same industry (Torrise & Granstrand, 2004). This can include developing new offerings that align with the company's core strengths and existing product range. For example, a technology company might start producing complementary software or accessories, thereby engaging in product-related diversification.

A PWC (2023) report on Nigerian consumers indicates that 68% prioritize value for money, suggesting potential for horizontal diversification by offering similar products at varying price points. Additionally, increasing health consciousness has driven growth in the non-alcoholic beverage market, presenting opportunities for vertical diversification into healthier drink options.

Conversely, market-related diversification aims to reach new consumer groups with existing products or services (Oyedijo, 2012). This strategy focuses on expanding market reach without introducing new products. An example would be a fashion brand targeting a different demographic or geographic region with its current product line.

For this research, related diversification is precisely defined as the expansion into businesses that share strategic, technological, or marketing connections with the core business (Al-Tabbaa & Zahoor, 2024). This definition highlights the importance of creating synergies by leveraging existing resources and capabilities across various business units. By emphasizing linkages with the core business, the goal is not only to promote synergies but also to enhance overall organizational performance. This comprehensive view of related diversification provides a solid framework for analyzing the strategic decisions organizations make in their pursuit of interconnected growth.

Concept of Unrelated Diversification

In stark contrast to related diversification, the strategy of unrelated diversification propels organizations into completely new and often dissimilar business areas, with no apparent link to the core business (Cuervo-Cazurra & Colpan, 2023). This strategic decision is driven by the search for new market opportunities and alternative growth avenues. However, unrelated diversification presents significant challenges in managing

a wide range of activities and effectively coordinating disparate elements within the organization (Gu, Gao, Zhu & Ye, 2023).

In this study, unrelated diversification is carefully defined as the strategic expansion into businesses that lack tangible connections with the core business. This path necessitates the acquisition of new resources and capabilities, as described by Markides and Hoskisson (2003). This definition highlights the necessity for organizations to explore uncharted territories, where integrating new skills, assets, and expertise is crucial for effective operation and competitiveness.

Exploring this aspect of diversification requires a thorough examination of how companies manage the complexities inherent in unrelated diversification. This involves analyzing case studies, industry reports, and organizational strategies to uncover the intricacies of managing diverse activities without the direct ties to the core business. Through a detailed exploration, a deeper understanding of the potential advantages and disadvantages of unrelated diversification can be gained, offering valuable insights for organizations considering or currently pursuing this strategic direction.

Mixed (hybrid) Diversification

In the intricate landscape of corporate strategy, hybrid diversification emerges as a nuanced approach that artfully blends elements of both related and unrelated diversification (Williams & Wade-Golden, 2023). This strategic amalgamation aims to strike a delicate balance, harnessing the synergies inherent in related endeavors while simultaneously leveraging the growth opportunities presented by unrelated pursuits (Markides & Hoskisson, 2003).

The foundation of hybrid diversification lies in the acknowledgement that managing a diverse portfolio entails inherent challenges. However, it is precisely within these

challenges that the strategy seeks to unlock a unique pathway to reap benefits from both related and unrelated approaches (Shi, Sutherland, Williams, & Rong, 2021). By doing so, organizations can navigate the complexities of a multifaceted business landscape, capitalizing on synergies within certain realms while exploring new avenues for growth in others.

In this study, hybrid diversification is specifically described as pursuing related and unrelated strategies at the same time while acknowledging and accepting the increased complexity that comes with taking two approaches at once (Al-Tabbaa & Zahoor, 2024). This definition emphasizes the strategic goal of navigating the complexities of overseeing several business divisions, each with its own possibilities and problems.

Delving into the realm of hybrid diversification requires a meticulous examination of case studies, industry trends, and organizational strategies. Analyzing how companies effectively blend related and unrelated elements in their portfolio can unearth valuable insights into the potential advantages and pitfalls of this sophisticated strategic approach. Through this exploration, the study aims to contribute a nuanced understanding of how hybrid diversification shapes organizational dynamics and performance outcomes in diverse business landscapes.

Concept of Organizational performance

Organizational performance refers to how well a company executes its strategies to achieve its goals and objectives. It is often measured through various key performance indicators (KPIs) such as financial metrics, customer satisfaction, employee productivity, and operational efficiency (Onwuegbute, 2022). Effective leadership, strategic planning, and the alignment of resources play crucial roles in influencing organizational performance. Continuous monitoring and adaptation to changing

circumstances are essential for sustaining and improving performance over time (Mohammed, 2023)

Diversification has both positive and negative impact on organizational performance. On the positive side, diversification leads to improved performance by reducing overall risk. A well-executed diversification strategy enables an organization tap into new markets, expand its customer base, and achieve more stable financial results.

However, if diversification is not carefully managed, it can also pose challenges. Overextension into unrelated businesses may result in a lack of focus, increased complexity, and inefficiencies (Angus, 2000). The success of diversification in enhancing organizational performance depends on strategic alignment, effective management, and the ability to leverage synergies among diversified operations (Zhang, 2023).

Empirical Review

The impact of diversification strategies on organizational performance is multifaceted and complex. Weston and ManSinghka (2011) examined Fortune 500 companies and reported that diversified firms demonstrated superior economic performance, indicated by higher returns on net assets, earnings per share growth rates, and sales growth rates compared to non-diversified firms. Similarly, Varadarajan (1986) used the number of enterprise products as a proxy for diversification, finding a positive correlation between higher diversification levels and improved company performance. Capon et al. (1988) further supported these findings by highlighting the economic advantages often achieved by diversified firms. John and Ofek (1995) discovered that unrelated diversified firms yielded higher excess returns in their analysis of 321 companies from 1986 to 1988. Additionally, Amit and Livnat's (1988) study suggested that diversification

for financial purposes could mitigate cash flow volatility and operational risk, thereby enhancing overall firm performance. Li and Kami (2010) found that diversification could facilitate the creation of internal capital markets and reduce operating costs, contributing positively to firm performance.

Conversely, some studies challenge the benefits of diversification. Lang and Stulz (1994) utilized the "franchise store method" to refine Tobin's Q value, revealing that diversified companies tended to have lower Tobin's Q values compared to specialized firms, indicating less value creation. There is also a negative association between increased diversification and stock price returns. Berger and Ofek (1995) studied a large sample of U.S. companies and identified a "diversification discount," particularly pronounced in firms engaging in unrelated diversification. Doukas et al. (2002) found that mergers and acquisitions in unrelated industries often led to decreased performance for the acquiring firms, while acquisitions in related industries offered more benefits. They concluded that investing in unrelated industries increased agency costs and reduced operational efficiency, overshadowing the advantages of diversification. Lialunga's (1989-1996) study of Compusta enterprises and Benberg's analysis of the U.S. property insurance industry both underscored the performance disadvantages associated with diversified operations.

Further research highlights potential negative impacts of diversification on company performance. Fang's (2001) regression analysis indicated that increased diversification could diminish enterprise performance. Studies by Zhang et al. (2002) emphasized the importance of aligning diversification strategies with adaptable organizational structures for optimal performance. Daolin and Dehua (2006) explored endogenous issues within companies and concluded that diversification exacerbated performance

challenges, even under firm control. Feng et al. (2016) found significant negative impacts of diversification strategies on corporate performance in their survey of enterprises in Shanghai.

On the other hand, several studies found no significant correlation between diversification and performance. Liu (1995), Zhu & Jiang (1999), Yao et al. (2004), and Qin et al. (2004) all reported no clear relationship between diversification and metrics such as sales profit rates or total returns on assets in their respective analyses.

Rumelt (1974) categorized Fortune 500 companies into diversified types, concluding that firms focused on related business diversification generally performed better, whereas those engaging in excessive unrelated diversification faced performance challenges. Michel and Shaked (1984) extended Rumelt's classification, using professional and vertical ratios to assess diversification levels and affirming that non-related diversified businesses typically underperformed related diversified counterparts.

Theoretical Framework

The origins of the Resource-Based View (RBV) can be traced back to the seminal works of Barney (1991), Wernerfelt (1984), and Prahalad (1998). The RBV posits that the possession of rare, valuable, inimitable, and non-substitutable resources underpins a firm's sustainable competitive advantage. This framework is particularly effective in analysing how FMCGs strategically utilises its resources across various business divisions within the same industry. Through the lens of RBV, this research explores how FMCGs unique capabilities were strategically deployed across different business sectors, thereby shedding light on the intricate relationship between resource utilization and organizational success. The RBV analysis is crucial for understanding

FMCGs strategic choices and their broader implications for businesses striving for enduring competitive advantage in the Nigerian market.

According to the RBV theory, a firm's performance is shaped by its unique and valuable resources. When applied to diversification strategies, this theory suggests that organizations can leverage their distinctive capabilities to venture into new markets or industries, thereby enhancing overall performance. For instance, if a company possesses specialized knowledge, cutting-edge technologies, or a strong brand, these resources can be effectively utilized across diversified business units, contributing to improved organizational outcomes. The RBV underscores the strategic importance of internal resources in enabling a firm to diversify successfully and achieve superior performance relative to competitors. By focusing on the strategic deployment of internal resources, firms can create and sustain competitive advantages that drive long-term success

METHODOLOGY

The study adopted the descriptive research design which was premised on the need to describe the relationship between diversification strategies and performance of selected FMCGs in particularly, FCT-Abuja. The study population consist of 245 management employees from FMCGs in FCT-Abuja, Nigeria. The composition is made up of 45 Strategic managers, 80 Tactical managers and 120 operational staffs. Sample of 125 participants were conveniently selected from ten (10) selected FMCGs in FCT-Abuja. Primary data sources were used in the study and method of data collection was the use of questionnaires. The questionnaire was the 5point Likert scale ranging strongly agree to strongly disagree. Test-retest was used to determine the reliability of the study scale while face

validity was used to determine the validity of the scale through the use of experts in management and strategic policy. The Pearson Moment correlation was used to determine the relationship between the variables. The analysis was carried out with the aid of SPSSv25. The analysis results are presented further.

RESULTS AND DISCUSSIONS

Although the intended sample size for this study was 125, a total of 150 questionnaires were distributed. This over-distribution is a common practice in survey research to account for potential non-responses and incomplete data, ensuring a sufficient number of responses for meaningful analysis (Creswell, 2014). Out of the 150 questionnaires distributed, 125 were retrieved, and a preliminary analysis confirmed that all 125 were suitable for further analysis.

The demographic variables of the respondents were analyzed to provide a comprehensive overview. Regarding age, 20 respondents (16%) were between 18-25 years, 45 respondents (36%) were between 26-35 years, 30 respondents (24%) were between 36-45 years, 20 respondents (16%) were between 46-55 years, and 10 respondents (8%) were above 55 years.

In terms of gender distribution, there were 70 male respondents (56%) and 55 female respondents (44%). Analyzing the number of years working, 10 respondents (8%) had less than 1 year of experience, 40 respondents (32%) had 1-5 years of experience, 35 respondents (28%) had 6-10 years of experience, and 40 respondents (32%) had more than 10 years of experience.

For marital status, 60 respondents (48%) were single, 55 respondents (44%) were married, 5 respondents (4%) were divorced, and 5 respondents (4%) were widowed.

The major assumptions required for conducting a Pearson product-moment correlation were thoroughly examined and satisfied. These assumptions included linearity, homoscedasticity, and normality of the data. Since these assumptions were met, it was deemed appropriate to proceed with

further analysis using Pearson's correlation. Meeting these assumptions provides a robust foundation for examining the relationships between diversification strategies and organizational performance in the selected FMCGs.

Table 1: Correlations result on diversification strategies and performance of FMCGs in FCT-Abuja.

		Related	Unrelated	Mixed	Performance
Related	Pearson Correlation	1	.561**	.675**	.742**
	Sig. (2-tailed)		.000	.000	.000
	N	125	125	125	125
Unrelated	Pearson Correlation	.561**	1	.438**	.665**
	Sig. (2-tailed)	.000		.000	.000
	N	125	125	125	125
Mixed	Pearson Correlation	.675**	.438**	1	.697**
	Sig. (2-tailed)	.000	.000		.000
	N	125	125	125	125
Performance	Pearson Correlation	.742**	.665**	.697**	1
	Sig. (2-tailed)	.000	.000	.000	
	N	125	125	125	125

** . Correlation is significant at the 0.01 level (2-tailed).

Source: Author's Analysis, 2024

The results of the Pearson correlation analysis between diversification strategies and the performance of FMCGs in FCT-Abuja are presented in Table 1. The table reveals significant positive correlations among the variables of related diversification, unrelated diversification, mixed diversification, and organizational performance.

Firstly, the Pearson correlation coefficient between related diversification and performance is $r=.742$, which is statistically significant at the 0.01 level ($p < 0.01$). This indicates a strong positive relationship, suggesting that firms engaging in related diversification tend to experience

enhanced performance. This could be attributed to the synergies and resource efficiencies gained from operating within interconnected business domains.

The correlation between unrelated diversification and performance is $r=.665$, also significant at the 0.01 level ($p < 0.01$). This strong positive relationship indicates that venturing into unrelated business areas can significantly boost organizational performance. Despite the managerial complexities associated with unrelated diversification, firms may benefit from accessing new markets and revenue streams.

For mixed diversification, the correlation with performance is $r=.697$, $r=.697$, $r=.697$, which is statistically significant at the 0.01 level ($p < 0.01$). This strong positive relationship implies that combining related and unrelated diversification strategies can lead to improved performance outcomes, possibly due to the balanced approach of leveraging core competencies while exploring new opportunities.

Moreover, the interrelationships among the diversification strategies themselves are noteworthy. The correlation between related and unrelated diversification is $r=.561$, $r=.561$, $r=.561$ ($p < 0.01$), indicating a moderate positive relationship. This suggests that firms that engage in related diversification may also explore unrelated diversification opportunities, potentially as a means to further spread risk and capitalize on diverse growth avenues.

The correlation between related and mixed diversification strategies is $r=.675$, $r=.675$, $r=.675$ ($p < 0.01$), highlighting a strong positive relationship. This suggests that firms utilizing related diversification are likely to incorporate elements of mixed diversification, enhancing their performance through a combined strategic approach.

Finally, the correlation between unrelated and mixed diversification strategies is $r=.438$, $r=.438$, $r=.438$ ($p < 0.01$), indicating a moderate positive relationship. This implies that firms engaging in unrelated diversification may also adopt mixed diversification strategies, integrating their operations to benefit from a broader strategic perspective.

The Pearson correlation analysis underscores the significant positive impact of diversification strategies on the performance of FMCGs in FCT-Abuja. The strong correlations between related, unrelated, and mixed diversification strategies with performance highlight the strategic importance of diversification in enhancing organizational outcomes. These

findings provide valuable insights for managers and policymakers aiming to improve the performance of FMCGs through strategic diversification initiatives.

Discussion of Findings

The findings from this study align with the multifaceted and complex nature of the impact of diversification strategy on organizational performance, as evidenced in the existing literature. The Pearson correlation analysis conducted in this study provides robust support for the notion that diversification strategies significantly influence the performance of FMCGs in FCT-Abuja.

Related Diversification

The strong positive correlation between related diversification and performance ($r=.742$, $r=.742$, $r=.742$, $p < 0.01$, $p < 0.01$, $p < 0.01$) indicates that firms engaging in related diversification tend to achieve better performance outcomes. This result is consistent with the findings of Weston and ManSinghka (2011), who observed that diversified companies exhibit higher economic performance metrics such as return on net assets, earnings per share growth rate, and sales growth rate. Similarly, Varadarajan (1986) found that a higher degree of diversification correlates with improved company performance. This synergy can be attributed to the leveraging of existing resources and capabilities, as noted by Rumelt (1974), where related business diversification enhances organizational performance by creating strategic, technological, and marketing linkages.

Unrelated Diversification

The positive correlation between unrelated diversification and performance ($r=.665$, $r=.665$, $r=.665$, $p < 0.01$, $p < 0.01$, $p < 0.01$) underscores that firms exploring new, unrelated business domains also experience enhanced performance. This finding

resonates with the work of John and Ofek (1995), who reported higher excess returns for firms engaged in unrelated diversification. Moreover, Amit and Livnat (1988) highlighted that diversification for purely financial purposes can reduce cash flow volatility and operational risk, thus improving overall performance. However, unrelated diversification could lead to increased agency costs and reduced operational efficiency, ultimately impacting performance negatively.

Mixed Diversification

The correlation between mixed diversification and performance ($r=.697$, $p<0.01$) suggests that a balanced approach combining related and unrelated diversification strategies can be particularly beneficial. This finding supports the argument made by Michel and Shaked (1984), who concluded that firms adopting a mixed strategy could achieve higher performance levels. The ability to leverage core competencies while simultaneously exploring new opportunities allows firms to spread risks and capitalize on diverse growth avenues.

The results of this study align with the empirical evidence presented by several researchers and diversification can form internal capital markets and reduce operating costs, thereby improving firm performance. Conversely, studies suggested that higher diversification levels could adversely affect company performance, with diversified firms showing lower Tobin's Q values and stock price returns.

The negative impact of diversification highlighted in some studies, that underscores the importance of strategic alignment and the need for firms to carefully manage their diversification activities. Firms must ensure that their diversification strategies are well-integrated with their core business operations to avoid the pitfalls of over-diversification and inefficiency.

The findings of this study contribute to the ongoing debate about the impact of diversification strategies on firm performance. The positive correlations observed between diversification strategies and performance metrics among FMCGs in FCT-Abuja indicate that strategic diversification, whether related, unrelated, or mixed, can significantly enhance organizational outcomes. These findings provide valuable insights for managers and policymakers aiming to improve the performance of FMCGs through well-considered diversification initiatives. However, it is crucial to balance diversification with strategic coherence and operational efficiency to maximize the benefits while minimizing potential downsides.

CONCLUSION AND RECOMMENDATIONS

This study explored the intricate relationship between diversification strategies and the performance of Fast-Moving Consumer Goods (FMCGs) firms in the Federal Capital Territory (FCT) of Abuja, Nigeria. These findings substantiate the notion that strategic diversification can play a pivotal role in enhancing firm performance, aligning with existing literature that highlights both the benefits and challenges associated with diversification. The study concludes that there is a strong positive correlation between related diversification and firm performance. Firms that expand into interconnected business areas within the same industry or value chain tend to leverage existing resources and capabilities effectively, resulting in enhanced performance.

The study concludes that there is a significant positive correlation was also observed between unrelated diversification and firm performance. This suggests that entering entirely new and disparate business domains can offer fresh market opportunities and pathways for growth, despite the

potential challenges of managing diverse activities. This study concludes that there is a positive correlation between mixed diversification strategies and firm performance indicates that a balanced approach, combining both related and unrelated diversification, can be particularly beneficial. This strategy allows firms to spread risks while capitalizing on diverse growth opportunities. Overall, the study concludes that strategic diversification, when managed effectively, can significantly improve the performance of FMCGs in the FCT-Abuja.

Based on the findings of this study, the following recommendations are made for FMCGs in FCT-Abuja:

1. **Strategic Alignment in Related Diversification:** FMCGs should focus on related diversification strategies that align with their core competencies. By leveraging existing resources and capabilities, firms can create synergies that enhance overall performance. Managers should identify business areas within the same industry or value chain where they can effectively expand their operations.
2. **Risk Management in Unrelated Diversification:** While exploring unrelated diversification, firms should adopt robust risk management practices. This includes conducting thorough market research and feasibility studies to understand new business domains. Additionally, developing new capabilities and integrating novel skills are essential to manage the complexities of unrelated diversification.
3. **Balanced Diversification Approach:** FMCGs should consider a mixed diversification strategy to balance the benefits of both related and unrelated diversification. This approach can help firms spread risks

and capitalize on a wider range of growth opportunities. Strategic planning should involve evaluating potential synergies and market opportunities across different business areas.

4. **Continuous Performance Monitoring:** Firms should implement mechanisms for continuous monitoring and evaluation of their diversification strategies. This includes assessing the impact of diversification on various performance metrics and making necessary adjustments to ensure strategic coherence and operational efficiency.

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