



Innovativeness and Diversification as Veritable Competitive Strategies for Organisational Performance: Evidence from Nigerian Oil and Gas Sector

VICTOR P. ADENIYI, ADEKUNLE. O. BINUYO
Babcock University, Ilishan-Remo, Nigeria.

Abstracts. Organizations need to adapt to challenges of today's competitive environment by improving their performance. It is presumed that competitive strategies have impact on general performance. This study evaluated the effect of competitive strategies with respect to innovativeness and diversification on organizational performance of selected oil and gas firms in Lagos State, Nigeria. Survey research design was adopted for the study. The population of this study consisted of the employees (1400) of the four selected oil and gas firms (Capital Oil, ExxonMobil Nig, Cornoil and Total Nigeria Plc) located in Lagos state, Nigeria. The sample size used for the study was 302, using Cochran formula. Findings of the study revealed that diversification strategies dimensions have a significant effect on profitability of the organizations ($\beta = 0.310$, $F_{(1, 304)} = 1.541$, $\text{Adj } R^2 = 0.008$, $p > 0.05$), innovation strategies dimensions have a significant effect on firm growth of the organizations ($\beta = 0.511$, $F_{(1, 304)} = 8.726$, $\text{Adj } R^2 = 0.200$, $p < 0.05$) and finally there was a significant and positive effect of competitive strategies dimensions on organizational performance ($\beta = 0.326$, $F_{(1, 304)} = 6.101$, $\text{Adj } R^2 = 0.109$, $p < 0.05$). The study concluded that competitive strategies contribute immensely towards organizational performance and recommended that the human resource management team of the selected oil and gas firms should necessitate enough competitive strategies towards its beneficiaries as it leads to high level of organizational performance.

Keywords: Innovativeness, profitability, firm growth, diversification and strategies

1. Introduction

The Oil and Gas (O&G) sector is one of the largest industries in the world, with a wide variety of products. The main drivers of 2019 growth are the United States, Brazil, China, the UK, Australia, and Canada. Mexico and Norway are the countries to see the largest declines. Africa has 8% of the

world's oil reserves, and 81% of this production comes from Nigeria, Libya, Algeria, Egypt, and Angola. However, the performance of business organizations internationally has provoked worries due to the dynamic role the oil sector plays in the international economy.

Host communities bear the brunt of environmental degradation and other costs, while they derive little or no benefits from the revenues generated. The oil and gas sector is facing a major obstacle due to the rise of green technologies. Human resource management has a quantifiable impact on organizational profitability, and global competition has made technological changes possible. Competitive strategies are a firm's pursuit of an advantageous competitive position in an industry, which has a direct impact on firm performance. Nigeria's Oil and Gas has been hard hit by a low level of innovation in the local packaging industry, which has had a negative impact on sales and profits.

Poor product packaging has caused goods produced by Nigeria's Oil and Gas firms to not compete well with products from other countries. This has led to limited data on consumer needs and behavior, making it difficult to develop specific consumer insights. This study also examines the effect of Competitive Strategies with respect to innovative and diversification on the organizational Performance of Selected Oil and Gas Firms in Nigeria. The specific objectives were to:

- determine the effect of innovation Strategies on firm growth of selected Oil and Gas Firms in Lagos State, Nigeria and
- evaluate the effect of diversification strategies on the organizational performance of selected oil and gas firms in Lagos State, Nigeria

1.2 Research Questions

- What is the effect of innovation Strategies on firm growth in oil and gas firms in Lagos State, Nigeria?

- In what is the effect of diversification strategies on the profitability of an organization in oil and gas firms in Lagos State, Nigeria?

1.3 Hypotheses

H₀₁: Innovation Strategies has no significant effect on firm growth of the selected Oil and Gas Firms in Lagos State, Nigeria.

H₀₂: Diversification strategies has no significant effect on the profitability of the selected oil and Gas firms in Lagos State, Nigeria

2. Literature Review

Organizational performance is the ability of an organization to fulfill its mission through sound management, strong governance, and persistent rededication to achieving results. Research has focused mostly on financial indicators, but since the late '80s, there has been an increased emphasis on non-financial indicators. Armstrong (2006) suggested that performance is the accomplishment of laid down objectives, Robbins and Mary (2003) defined it as a result of an activity, and firm growth is a company growing faster than its peers or the broader economy. To remain in business, survival and growth should be the primary objective. Profitability is the ability of a business to earn a profit and measure its operational efficiency value. Innovation is the major reason for increased investments and business fluctuations. Organizations pursue a technological push or market pull innovation strategies to achieve a superior innovation performance. Diversification is the entry of a business unit or organization into new lines of activity, either by processes of internal business development or acquisition and mergers.

3. Empirical Review

3.1 Diversification Strategies and Profitability

Eukeria and Favourate (2014) found a positive relationship between diversification and profitability, while Hoskisson and Peng (2005), Wan (2011), Maksimovic & Phillip (2007), Ozbas & Scharefstein (2010), Santalo & Becerra (2004), Stowe and Xing (2006), Daud *et al* (2009), Mackey (2012), and Dimitrov and Tice (2006) found that high levels of diversification increase profitability and shareholder value. Tongli *et al* (2005) found that high levels of diversification are disadvantageous to profitability, while Masulis *et al* (2007) found that the characteristics that make firms diversify can also make them to be discounted.

3.2 Innovation strategies and Firm growth

Stam and Wennberg (2009) used Research and Development (R&D) as a measure for innovation, stating that the effect of R&D spending varies across firms. Benefits from increased R&D expenditure are achieved only by strong growth performers, and it is subject to conditions such as access to an established external network. Demirel & Mazzucato (2012) confirmed that R&D-spending positively affects smaller firms' growth, but particularly those tenacious innovators. Analysis at different heights of aggregation has been done on the effects of innovation on growth and several types of growth variables have equally been used. Herstad and Sandven (2015) found that innovation impact firm growth in two ways, either by direct return or indirect effects. Harrison *et al* (2014) carried out a survey that distinguished between those having innovations, only process innovations, or only product innovations, and concluded that productivity is higher among the innovating firms, meaning that innovating firms grow. For the product innovators group, demand is seen to drop for older products while the decrease is overtaken by increasing demand for new products.

3.3 Competitive strategies and organizational performance

Deressa and Zeru (2019) applied a qualitative research method to show the effect of competitive strategies on organizational performance. Previous studies have also used interactive and non-interactive approaches to cover issues in-depth. Their findings showed a positive relationship between competitive strategies and organizational performance.

4. Theoretical Review

4.1 Resource-Based View

The importance of resources to a firm's competitive growth was first recognized by Penrose (1959). She argued that a firm's growth depends on the way its resources are used, which can be physical, human, tangible, or intangible. The

Dynamic Capability Approach (RBV) identifies five resources as strategic resources contributing to firms' competitive advantage (performance). Critics of the RBV have criticized it as being conceptually unsubstantiated and tautological, possessing little consideration for market dynamism, and with limited attention to the mechanisms by which resources translates to competitive advantage. To improve the RBV and extend the knowledge on attaining sustainable competitive advantage in a

fast-changing environment, the Dynamic Capability Approach (DCA) has been developed.

Dynamic capabilities theory was developed by Teece *et al* (1997) to address the issues pointed out in the Resource-based view theory. It emphasizes the utilization of existing internal and external firm-specific competencies to address an evolving environment. It is seen as an emerging and potentially integrative approach to understanding the newer sources of competitive advantage. Nonaka (1991) acknowledged that knowledge is the only true lasting competitive advantage and that non-observable factors have an impact on organizational performance. A five-level knowledge hierarchy was proposed by Beckmann (1999) consisting of data, information, knowledge, expertise, and capabilities.

In the RBV School, a firm’s competitive advantage depends mainly on the bundle of unique resources it possesses and how it can stretch these to achieve competitive advantage. Wernerfelt (1984) defined resources as those tangible and intangible assets which are tied semi-permanently to the firm.

5. Methodology

This study used a cross-sectional survey research design to evaluate the thoughts, opinions, and feelings of different groups of individuals. Table 1 shows the population for the study was 1400 top and middle-level management of Oil and Gas Firms in Nigeria. The Cochran formula was used to calculate an ideal sample size given a desired level of precision, confidence level, and the estimated proportion of attributes present in the population as shown in Table 2. This formula is considered

especially appropriate in situations with large populations.

$$n_0 = \frac{Z^2 pq}{e^2}$$

e = level of precision
 p = estimated proportion of the population (0.5)
 q = 1 - p
 z = 1.96 (95 % confidence level)
 $n_0 = ((1.96)^2(0.5 * 0.5))/(0.05)^2$
 $n_0 = (3.8416 * 0.25) / (0.0025)$
 $n_0 = 0.9604 / 0.0025$; $n_0 = 384.16$
 $n_0 = 384.$

$$n = \frac{n_0}{1 + \frac{(n_0 - 1)}{N}}$$

n = sample size
 N = finite population
 n_0 = random sample
 $n = 384 / (1 + ((384-1)/1400))$
 $n = 384 / (1 + (383/1400))$
 $n = 384 / (1 + .2736)$
 $n = 384 / (1.2736)$
 $n = 301.51$
 $n = 302$
 Allowing 30% non-respondents
 Sample Size = 0.30 x 302 = 90.6
 Sample Size = 90.6 + 302 = 392.6,
 approximately 393
 The sample size derived for this study, using the Cochran formula is three hundred and eighty three (393) elements.
 A proportionate stratified technique was used to determine the sample of the study, as it increases sampling precision by dividing the population into strata (Kumar, 2005).

Table 1: Table of Population Distribution

Company	Total
Capital Oil.	247
ExxonMobil Nig.	358
Conoil	453
Total Nig. Plc	343
Total	1400

Source: Researchers Survey, 2021

Table 2: Table of Sample Size

S/N	Company	Proportionate Sample Size	Sample %
1	Capital Oil.	67	17%
2	ExxonMobil Nig.	102	26%
3	Conoil	126	32%
4	Total Nig. Plc	98	25%
Total		393	100%

Source: Field Survey, 2021

The sampling unit for this study was top-level and senior management staff of four Oil and Gas firms, from the Education and Training Department, Finance and Accounts Department, Administration and Human Resources Department, Strategic Planning and Documentation Department, Projects Department, and Legal and Secretariat Services Department.

Primary data was adopted for this research. The Primary data was adopted and sourced using the questionnaire in gathering data from the target respondents of the selected Oil and Gas firms in Lagos State, Nigeria.

Table 3: Cronbach’s Alfa Co-Efficient Values of Study Variables

Variables	No of Items	Cronbach Alfa Coefficient	Composite Reliability (CR)
Innovation Strategies	4	0.945	0.806
Diversification Strategies	4	0.731	0.893
Firm growth	4	0.721	0.881
Profitability	4	0.942	0.765

Source: Researcher’s Analysis, 2021

The data was analyzed using descriptive and inferential statistical methods. Descriptive analysis was done using percentage distribution, mean and standard deviation, while inferential analysis was done using simple linear regression analysis. Diagnostic tests such as Linearity, Normality, and Homoscedasticity were also performed to test the effects of the independent sub variable on corresponding dependable sub-variables. Homoscedasticity is a situation where the error term is the same across all values of the independent variables.

Functional Relationship

OP = f (CS)

PR = f (DS) (i)

FG = f (IS) (ii)

Regression Equation

The regression equation of the research is stated in Eqn 1-5

PR= $\alpha_0 + \beta_1DS + e_i$ Equation 1

FG= $\alpha_0 + \beta_1IS + e_i$ Equation 2

6. Result

The researcher distributed 393 copies of questionnaire to the respondents out of which 306 copies were rightly filled and returned and was used for the analysis. This represents a response rate of about 77.9% and a non-response rate of 22.1%. The 77.9% was considered very adequate in this study

Research Objective One: Establish the effect of diversification Strategies on the profitability of selected Oil and Gas Firms in Lagos State, Nigeria.

Research Question One: What is the effect of diversification Strategies on the profitability of an organization in oil and gas firms in Lagos State, Nigeria?

The descriptive analysis of the diversification strategy of the selected oil and gas firms in Lagos State, Nigeria is presented in Table 4. The respondents agreed that the prices for their products are relatively lower than their competitors', and that they offer some products aimed at specific groups of customers. They also agreed that they make conscious efforts to distinguish products from those of competitors by way of improved product quality. Finally, they agreed that customers prefer their products over their competitors even at a premium cost. The average mean score of the item is 5.35 with a standard deviation of 1.3, which indicates that productivity is very high in the media houses.

Table 4: Descriptive Statistics on Diversification Strategies

Items	SA	A	PA	PD	D	SD'	Mean	SD
The prices for our products are relatively lower than our competitors'	155	139	11	1	0	0	5.66	
	50.3%	45.4%	3.6%	0.3%	0.0%	0.0%		3.51
We offer some products that are aimed at specific group of customers	70	208	27	1	0	0	5.13	
	22.9%	68.0%	8.8%	0.3%	0.0%	0.0%		.56
We make conscious effort to distinguish our products from those of competitors by product quality improvement	172	116	18	0	0	0	5.50	
	56.2%	37.9%	5.9%	0.0%	0.0%	0.0%		.61
Customers prefer our products over our competitors even at a premium cost	61	222	22	1	0	0	5.12	
	19.9%	72.5%	7.2%	0.3%	0.0%	0.0%		.52

Average							5.35	1.3
---------	--	--	--	--	--	--	------	-----

Source: Field Survey Results, 2021

SA= Strongly Agree; A = Agree; PA = Partially Agree; PD Partially Disagree, D= Disagree; SD' = Strongly Disagree ; SD = Standard Deviation.

The descriptive analysis of profitability of selected oil and gas firms in Lagos State, Nigeria is presented in Table 5. The respondents agreed that their organization exploited their profit potentials each year, exceeded their competitors, met their profit target each year, and sustained substantial increases in their annual profits. The average mean score of the item was 5.45 with a standard deviation of 1.76, which indicates that productivity is high in the media houses.

Diversification strategies could influence profitability of selected oil and gas firms in Lagos.

Table 5: Descriptive Statistics on Profitability

Items	SA	A	PA	PD	D	SD'	Mean	SD
We exploit our profit potentials each year	157	128	22	0	0	0	5.44	
	51.3%	41.5%	7.2%	0.0%	0.0%	0.0%		.63
Our organization's annual profits exceed those of our competitors	101	187	16	1	0	0	5.43	
	33.0%	61.1%	5.2%	0.3%	0.0%	0.0%		2.90
Our organization is able to meet its profit target each year	163	128	14	1	0	0	5.48	
	53.3%	41.8%	4.6%	0.3%	0.0%	0.0%		.60
We sustain substantial increases in our annual profits year after year	77	210	17	1	0	0	5.35	
	25.2%	68.6%	5.6%	0.3%	0.0%	0.0%		2.90
Average							5.45	1.76

Source: Field Survey Results, 2021

SA= Strongly Agree; A = Agree; PA = Partially Agree; PD Partially Disagree, D= Disagree; SD'= Strongly Disagree; SD = Standard Deviation.

Restatement of Hypothesis One

H₀₁: Diversification strategies have no significant effect on the profitability of the selected oil and gas firms in Lagos State, Nigeria.

Profitability was the dependent variable, while diversification strategies were the independent variables.

Table 6 presents the results of a simple linear regression test to establish the effect of diversification strategies on profitability. The R = 0.088 shows a weak positive linear relationship between diversification strategies and profitability of selected oil and gas firms in Lagos State, Nigeria. The R² is given as 0.008, meaning 0.8% of the changes or variation that occurs in profitability can be accounted for by diversification strategies. The regression model can be formulated from the unstandardized coefficients to form the line of best will fit for the analysis. The initial model was given as $y_1 = a_0 + \beta_1x + e_i$.

The regression model of diversification strategies on profitability is expressed as:

$$PR=15.099+0.310DS..... \text{Eq. (i)}$$

Where: PR = Profitability and DS = Diversification strategies

The regression equation showed that diversification strategies had a 0.310 unit increase in profitability of selected oil and gas firms in Lagos State, Nigeria. The P value of the estimated result was greater than the conventional P value, so the null hypothesis was not rejected.

Table 6: Regression Result of the Effect of Diversification Strategies on Profitability Coefficients

Model	B	T	Sig.	R	R ²	F (1,304)	F(Sig.)
(Constant)	15.099	3.515	0.000	0.088	0.008	2.375	0.124 ^b
Diversification Strategy	0.310	1.541	0.000				

Dependent Variable: profitability

Predictors: (Constants), Diversification Strategy

Source: Field Survey Results, 2021

7. Discussion

The study evaluated the effect of diversification strategies on profitability of selected oil and gas firms in Lagos State, Nigeria. The results of the regression analysis for the effect of diversification strategies on profitability of selected firms provided an insignificant view (= 0.310, R = 0.088, R² = 0.008, t = 1.541, p > 0.05).

Diversification refers to the involvement of a firm in industries beyond the industry (or market) boundaries to which it originally belongs. Profitability can also be defined in terms of financial performance, debt management, and asset management. Debt management is measured by total debt to equity and long-term debt to equity.

Profitability is measured by return on equity, return on assets, and return on investment. Asset management is measured by receivable turnover, total asset turnover, and inventory turnover. Profitability is the ability of the company to make a profit concerning sales, total assets, and own capital. A profitability ratio is a ratio that measures a company's capacity to produce a profit. Studies have shown that diversification decreases performance in terms of profitability, while Santalo & Becerra (2004) found that there is no relationship between diversification and firm performance.

Daud *et al* (2009) added that another reason for inconclusive results is due to inconsistent data, different time frames, different performance measures, and moderate variables. Dimitrov and Tice (2006), Kuppuswamy and Villalonga (2010), and Tongli *et al* (2005) found that high levels of diversification increase profitability and shareholder value, while Tongli *et al* (2005) found that high levels of diversification are disadvantageous to profitability. Masulis *et al* (2007) found that the characteristics that make firms diversify can also cause them to be discounted.

Research Objective Two: determine the effect of innovation strategies on firm growth of selected Oil and Gas Firms in Lagos State, Nigeria

Research Question Two: What is the effect of innovation Strategies on firm growth in oil and gas firms in Lagos State, Nigeria?

The table 7 presents the descriptive analysis of the innovation strategy of oil and gas firms in Lagos State, Nigeria. The respondents agreed that their organization has introduced new products, methods of producing goods, new business practices, and significant changes to aesthetic design. The average mean score of the item is 5.35 with a standard deviation of .55, which indicates that productivity is high in the media houses.

Table 7. Descriptive Statistics on Innovation Strategies
Source: Field Survey Results, 2021

Items	SA	A	PA	PD	D	SD'	Mean	SD
During the last five years, my organization has introduced new products	182	112	12	0	0	0	5.56	
	59.5%	36.6%	3.9%	0.0%	0.0%	0.0%		.57
In the last five years, my organization has introduced new methods of producing goods	72	222	12	0	0	0	5.20	
	23.5%	72.5%	3.9%	0.0%	0.0%	0.0%		.49
During the last five years we have introduced new business practices to management	184	100	22	0	0	0	5.53	
	60.1%	32.7%	7.2%	0.0%	0.0%	0.0%		.63
During the last five years, my company has introduced significant changes to the aesthetic design of our products	54	228	23	1	0	0	5.09	
	17.6%	74.5%	7.5%	0.3%	0.0%	0.0%		.51
Average							5.35	0.55

SA= Strongly Agree; A = Agree; PA = Partially Agree; PD Partially Disagree, D= Disagree; SD'= Strongly Disagree; SD =Standard Deviation.

Table 8: Descriptive Statistics on Firm Growth
Source: Field Survey Results, 2021

SA= Strongly Agree; A = Agree; PA = Partially Agree; PD Partially Disagree, D= Disagree; SD'= Strongly Disagree; SD = Standard Deviation.

Also, the table 8 presents the results of a descriptive analysis of firm growth in Lagos State, Nigeria. The respondents agreed that their organization has increased production capacity, asset base, staff strength, and value long-term growth potentials over short-term growth potentials. The average mean score of the item is 5.32 with a standard deviation of .55, which indicates that productivity is high in the media houses. Innovation strategies have a linkage with firm growth, as evidenced by the pattern of responses and average agreement on all items. This suggests that innovation strategies could influence firm growth of selected oil and gas firms in Lagos State.

Restatement of Hypothesis two

H₀₂: Innovation strategies has no significant effect on firm growth of the selected Oil and Gas Firms in Lagos State, Nigeria.

To test the hypothesis, a simple linear regression was used. In the analysis, the dependent variable was firm growth while the independent variables were Innovation strategies. The regression results are presented.

Table 9: Regression Result of the Effect of Innovation Strategies on Firm Growth Coefficients

Model	B	t	Sig.	R	R ²	F (1,304)	F(Sig.)
(Constant)	10.343	8.257	0.000	0.448	0.200	76.136	0.000 ^b
Innovation strategies	0.511	8.726	0.000				

Dependent Variable: firm growth

Predictors: (Constants), Innovation strategies

Source: Field Survey Results, 2021

The table presents the results of a simple linear regression test to establish the effect of innovation strategies on firm growth. The results show that innovation strategies have a positive and significant effect on firm growth, with the R = 0.448 showing a positive linear relationship. The coefficient of determination is 0.448, meaning 44.8% of firm growth can be accounted for by innovation strategies. The regression model can be formulated from the unstandardized coefficients to form the line of best fit for the analysis. The initial model was given as $y_4 = a_0 + \beta_2x + e_i$.

The regression model of innovation strategies on profitability is expressed as:

$$FG = 10.343 + 0.511IS \dots \dots \dots \text{Eq. (ii)}$$

Where: FG = Firm Growth
and IS = Innovation Strategies

The regression equation showed that a unit increase in innovation strategies leads to 0.511 units increase in firm growth of selected oil and gas firms in Lagos State, Nigeria. The P value of the estimated result was 0.000 less than the conventional P value used in the study, rejecting the null hypothesis and concluding that innovation strategies have a significant effect on firm growth.

8. Discussion

This study evaluated the effect of innovation strategies on firm growth. The results of the regression analysis for the effect of innovation strategies on firm growth of selected oil and gas firms in Lagos State, Nigeria provided an overall significant view (= 0.511, R = 0.448, R² = 0.200, t = 8.726, p 0.05). Innovation is the application of ideas that are novel and useful, development of new products, designs, or ideas, and a visible business model perceived as new. Innovation strategies is a plan used by a company to encourage advancements in technology or services, usually by investing money in research and development activities. Profit only comes with the introduction

of innovation in manufacturing techniques and methods of supplying goods.

Firm growth is a company growing faster than its peers or the broader economy, and these firms generally have increased annual revenues by more than the industry average over a sustained period. Firms have a life cycle, which means that they are formed, grow to maturity, and decline if not properly taken care of. To remain in business, survival and growth should be the primary objective. Stam and Wennberg (2009) used Research and Development (R&D) as a measure for innovation, and other studies support the prominent effects R&D has on firms in the category of high-tech sectors. Harrison *et al* (2014) conducted a survey that distinguished between those having innovations, only process innovations, or only product innovations, and concluded that productivity is higher among the innovating firms, meaning that innovating firms grow.

For the product innovators group, demand is seen to drop for older products while the decrease is overtaken by increasing demand for new products. For those involved in process innovation, a little negative effect was noticed on employment.

9. Conclusion

This study examined the effect of competitive strategy on organizational performance in selected Oil and Gas firms in Lagos State, Nigeria. It highlights the need for organisations to take a comprehensive look at their internal and external operations to improve performance.

10. Recommendations

Based on the findings and submissions, this current study proposed the following recommendations:

- Management should focus on increasing innovation, diversification of strategies, and job security to boost performance in the petroleum industry.

- Competitive strategies have a significant impact on oil and gas firms' profitability, requiring human resources management.
- Enforce a competitive strategy policy to increase effectiveness of petroleum marketing companies.

References

- Beckmann, T. J. (1999). *The current state of knowledge management*. Boca Raton: CRC Press.
- Daud, W., Salamudin, N., and Ahmad, I. (2009). Corporate diversification and performance. *IBEJ*, 2(1), 1-15.
- Dimitrov, and Tice. (2006). Corporate diversification and credit constraints, real effects across the business cycle. *Review of Financial Studies*. Retrieved from <http://dx.doi.org/10.1093/rfs/hhj028>
- Easterby-Smith, M., Lyles, M. A., and Peteraf, M. A. (2009). Dynamic capabilities: Current debates and future directions. *British Journal of Management*, 20(1), 1-10.
- Eisenhardt, K. M., and Martin, J. A. (2000). Dynamic capabilities: What are they? *Strategic Management Journal*, 21(10), 1105–1121.
- Hoskisson, R. E., and Peng, M. W. (2005). *Linking theory and context*. Strategies Research in Emerging Economies.
- Hoskisson, R., Hitt, M., Wan, W., and Yiu, D. (1999). Theory and research in strategic management: Swings of a pendulum. *Journal of Management*, 25(3), 417-456.
- Kuppuswamy, V., and Villalonga, B. (2010). Does diversification create value in the presence of external financing constraints? Evidence from 2007–2009 financial crisis. *Harvard Business School Finance Working Paper*, 1-57.
- Lagos Business School. (2016). *Industry Report*. Lagos: Pan-Atlantic University.
- Masulis, R., Wang, C., & Xie, F. (2007). Corporate governance and acquirer returns. *The Journal of Finance*. Retrieved from <http://dx.doi.org/10.1111/j.1540-6261.2007.01259.x>
- Mackey, T. B. (2012). *The value of diversification and opportunities foregone when re-investing the firm*. Ohio: Ohio State University Press.
- Maksmovic, V., & Phillips, G. (2007). Conglomerate firms and capital markets. *Handbook of Corporate Finance*. Retrieved from <http://dx.doi.org/10.1016/B978-0-444-53265-7.50022-6>
- Nonaka, I. (1991). The Knowledge-Creating Company. *Harvard Business Review*, 96-104.
- Nonaka, I., and Takeuchi, H. (1995). *The knowledge-creating company*. New York: Oxford University Press.
- Ozbas, O., & Scharsfstein, D. S. (2010). Evidence on the dark side of internal capital markets. *Review of Financial Studies*, 23(2), 581-599.
- Penrose, E. T. (1959). *The theory of the growth of the firm*. Oxford: Oxford University Press.
- Santalo, J. and. (2008). Competition from specialized and the diversification performance linkage in. *The Journal of Finance*. Retrieved from <http://dx.doi.org/10.1111/j.1540-6261.2008.01333.x>
- Santalo, J., and Becerra, M. (2004). *The effect of diversification on performance revisited: diversification discount, premium or both?*. Madrid: Institutode de Empresa.
- Stam, E., & Wennberg, K. (2009). The roles of R&D in new firm growth. *Small Business*, 33(1), 77-89.
- Stowe, J., and Xing, X. (n.d.). Can growth opportunities explain the diversification discount? *Journal of Corporate Finance*. Retrieved from <http://dx.doi.org/10.1016/j.jcorpfin.2005.05.001>
- Teece, D., Pisano, G., and Shuen, A. (1997). Dynamic capabilities and strategic management. *Strategic Management Journal*, 18(7), 509-534.
- Tongli, L., Ping, E. J., & Chiu, W. K. (2005). International diversification and performance: Evidence from Singapore. *Asia Pacific Journal of Management*. Retrieved from <http://dx.doi.org/10.1007/s10490-005-6418-4>.
- Wernerfelt, B. (1984). The resource-based view of the firm. *Strateg Manage J*, 5(2), 171-180.