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Corporate Diversification and Business Performance of Service Firms in Nigeria

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Abstract: This study examined corporate diversification and business performance of Nigerian service companies. The problem that the research addressed was the reluctance of service firms to expand into new products, services, new markets which are required in spreading risks, improve competition and promote long-term growth. As a consequence, the research had one major aim, four objectives, through which four research questions and four research hypotheses were asked and formulated respectively. The research used product diversification and geographic diversification as dimensions of corporate diversification, and financial and operational performance indicators as measures of business performance. A quantitative survey design was employed, and Spearman's Rank Order Correlation was utilized in examining data from 272 respondents drawn from a population of 853 employees of studied Nigerian service companies. The findings revealed significant positive relationships between diversification of products and financial and operating performance, that is, firms with diverse products tend to be more profitable and efficient. Similarly, geographic diversification was found to have a significant positive relationship with financial and operating performance, that is, firms operating across more than one area tend to have improved revenue collection and provision of services. The study concludes that diversification has the ability to enhance firm resilience, competitiveness, and long-term sustainability if carried out strategically. It recommends that Nigerian service firms should undertake balanced product and geographical diversification strategies that complement their core competencies and operating capacities in order to maximize financial returns and operational efficiency.

Key words: Corporate Diversification, Financial performance, Geographic diversification, Operational Performance. Product Diversification.

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1.0 Introduction

Service sector in 2024 will contribute around 55.5% of Nigeria's GDP and will be the determinant of the country's high economic growth, overlooking the difficulties facing oil-dependent industries (World Bank, 2025). Firms in the banking industry, telecommunications, and hotels will be leading the way in maintaining employment growth, technology development, and economic stability. By developing additional revenue and lowering exposure to market volatility, these firms will have a direct effect on business performance as a whole (African Development Bank Group, n.d.). Not only does a healthy bottom line keep service businesses going, but it will also help the country's development through encouraging investment and helping with fiscal policy. In a fast-growing country like Nigeria, the capacity of a business to realize its strategic goals, stay competitive, and provide value to all its stakeholders is inversely proportional to its performance. Return on equity (ROE), return on investment (ROI), profit margins, and return on assets (ROA) are some of the performance measures of the company that assess the efficiency of the use of resources and profitability (Ele & Okwajie, 2025). operational performance indicators capture the efficiency on a day-to-day basis, growth in the market, and quality of service; they are indicators of asset base growth, contribution to GDP, and customer satisfaction (Eshiet, 2024). In order to protect themselves from inflation, exchange rate volatility, and regulatory action, Nigerian service firms ought to diversify their risk profiles and revenue streams.

Product diversification, which is used to take advantage of economies of scope and reduce reliance on conventional interest revenue, entails widening services like electronic banking, foreign exchange, or investment consulting in banks (Ele & Okwajie, 2025). Just as banks open up in underbanked states or in Africa, geographical diversification helps businesses expand operations to new geographic locations in Nigeria or foreign countries. This helps reach untapped markets, diversify risks across geographical regions, and enhance overall resilience (Orjinta et al., 2024).

The relationship between corporate diversity and company success in Nigeria has been the subject of several studies, the results of which have been mixed. As an example, Orjinta et al. (2024) showed that among listed diversified enterprises, product and subsidiary diversity favourably impacts return on investment (ROI) and accounts for 55.9% of the performance variation. Similarly, Ele and Okwajie (2025) discovered that digital banking and card fees, which are not interest sources, greatly increase deposit money institutions' ROA. By demonstrating that debt utilisation in diversified structures favourably influences excess value metrics such approximation Tobin's Q, Ibekwe and Siliya (2024) implicitly connected diversity to firm value. While there was no discernible correlation between interest income and portfolio diversification, Eshiet (2025) did note that it did increase banks' asset bases and GDP contributions. Few studies have examined how non-banking service organisations are integrating product and geographic diversification in light of recent economic changes. Most of the existing literature has concentrated on financial industries, such as banking or conglomerates, utilising data from before 2023. In order to tackle new post-pandemic dynamics, this study uses updated data from 2024–2025 to examine the interaction impacts of these variables on operational and financial performance in a larger sample of Nigerian service organisations.

1.1 Statement of Problem

In spite of its central role in driving economic development and accounting for almost 55.5% of GDP in 2024, Nigeria's service industry is struggling to maintain company performance in the face of economic uncertainty, shifting regulations, and fierce market rivalry (World Bank, 2025). Elevated inflation levels (hitting 32.7% in 2024) and currency devaluation undermine profitability and efficiency operations, which will challenge service companies, particularly those operating in the banking, telecom, and hospitality sectors, to sustain strong financial and operational performance (African Development Bank Group, n.d.). Ele and Okwajie (2025) and Eshiet (2025)

note that performance measures of operating performance, such as customer satisfaction and asset expansion, are vulnerable to infrastructural deficits as well as changing customer expectations whereas the performance measures of financial performance, such as profit margins and return on assets (ROA), tend to provide erratic results.

To decrease risk and increase performance, Nigerian service organisations are now adopting corporate diversity, both geographic and product. But to what extent these strategies are effective is yet to be seen. Research on the effects of diversifying products, including offering non-interest banking services, is contradictory; although some studies have found an improvement in return on assets (ROA), others have found that operational complexity and expenses have grown (Ele & Okwajie, 2025). Even while it has the ability to distribute risk, geographic diversification for example, entering underdeveloped parts of Nigeria or foreign markets often fails to produce consistent financial returns owing to significant establishment costs and regulatory hurdles (Orjinta et al., 2024). Some studies, like Ibekwe and Siliya (2024), have shown a favourable correlation between diversity and company value. However, it is unclear how these methods affect companies that do not provide banking services or how they combine financial and operational performance indicators.

Using economic data from after 2023, there has been little research into the ways in which product and geographic diversification interact to impact the performance of non-financial service firms in Nigeria, especially those in the telecommunications and hospitality industries. Optimal diversification strategies in Nigeria's ever-changing economic landscape may be better understood by filling this knowledge gap by an investigation of the combined impacts of these diversification factors on operational and financial performance.

1.2 Aim and Objectives of the Study

The aim of this study was to examine the relationship between corporate diversification and business performance of service firms in Nigeria. Specific objectives are:

1. To investigate the relationship between product diversification and financial performance.
2. To determine the relationship between product diversification and operational performance.
3. To examine the relationship between geographical diversification and financial performance.
4. To assess the relationship between geographical diversification and financial performance.

1.3 Research Questions

1. What is the relationship between product diversification and financial performance?
2. What is the relationship between product diversification and operational performance?
3. What is the relationship between geographic diversification and financial performance?
4. What is the relationship between geographic diversification and operational performance?

1.4 Research Hypotheses

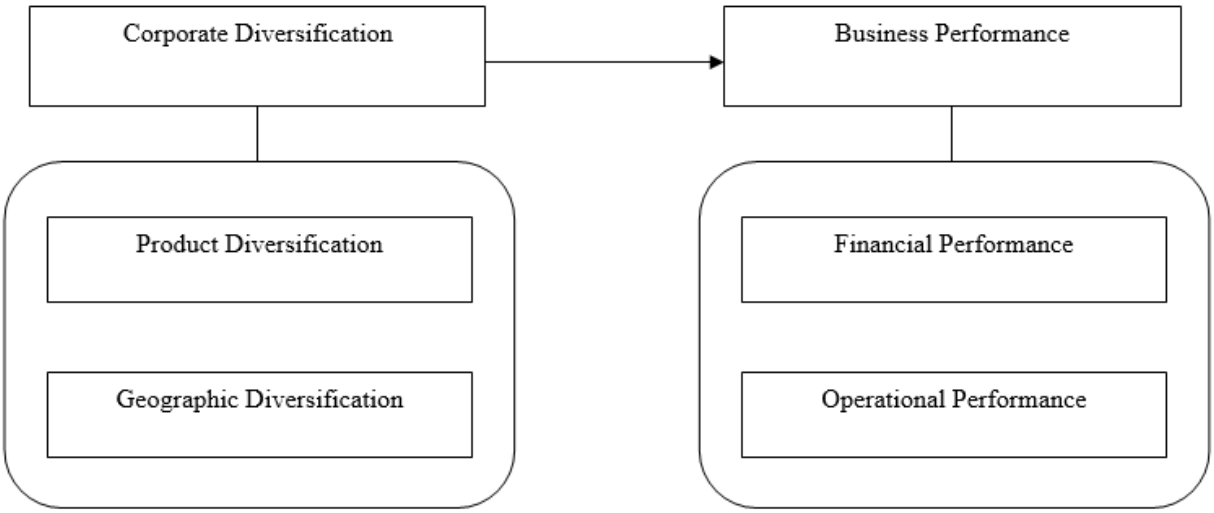
$H0_1$: There is no significant relationship between product diversification and financial performance.

$H0_2$: There is no significant relationship between product diversification and operational performance.

$H0_3$: There is no significant relationship between geographic diversification and financial performance.

$H0_4$: There is no significant relationship between geographic diversification and operational performance.

2.0 Conceptual Framework



Source: Researcher's Conceptualization (2025). The dimensions and measures were adopted from Nayyar (1992), and Rahim et al. (2018).

2.1 Theoretical Framework

2.1.1 Resource-Based View (RBV) Theory

The Resource-Based View (RBV) provides a good foundation for learning how diversity impacts company performance. According to RBV (Barney, 1991), firms may find success by concentrating on creating and using VRIN resources, which stand for valuable, rare, inimitable, and non-substitutable. Companies can use their management skills, brand recognition, and technological prowess by expanding into new product categories and geographies (Wernerfelt, 1984). Diversifying into new service lines or locations can help service firms in Nigeria take use of underutilised resources, reduce market risk, and produce economies of scope. Diversification without resource alignment may reduce competences and performance, according to RBV's warning, which Peteraf (1993) quotes. The RBV framework is a good prism through which to examine the ways in which Nigerian service businesses utilise their internal capacities to obtain an advantage over their competitors, as it makes it clear when diversity helps or hurts firm performance.

2.1.2 Transaction Cost Economics (TCE) Theory

Coase (1937) and Williamson (1985) developed Transaction Cost Economics (TCE), which provides an alternative theoretical framework for understanding the effects of workplace diversity on organisational effectiveness. When the expenses of conducting business in the market exceed the costs of coordinating internally, TCE states that firms should diversify their operations. According to Williamson (1981), when business owners bring important tasks in-house, they can safeguard themselves from opportunism, uncertainty, and wasteful contracting. To combat the high transaction costs caused by overly complex rules, insufficient infrastructure, and constantly shifting consumer demands, Nigerian service businesses in the banking, telecom, and transportation industries should diversify their income sources. Diversifying both geographically and in terms of products helps mitigate risk associated with unpredictable markets, while maintaining market dominance in complementary goods is made possible by product variety. Companies run the danger of losing money and efficiency if they diversify too widely, according to Hoskisson and Hitt (1990). This is because diversification raises bureaucratic expenses and makes coordination difficult. Hence, TCE gives an efficiency-based explanation for ascertaining optimum time when Nigerian service organisations' diversification strategies best deliver results.

2.2 Conceptual Review

2.2.1 Corporate Diversification

Corporate diversification is adopted by firms to provide product varieties, gain competitive advantage, achieve superior customers' loyalty and satisfaction, mitigate risks during downturn, boost brand image, provide a platform to utilize surplus cash flows, achieve higher profitability, and improve general performance (CIF Education, 2021). Patrisia, et al. (2019) and Ali et al. (2020) acknowledge that companies ought to broaden their variety of businesses beyond the one they are presently engaged in because of fluctuations in demand and non-guarantee of future workloads by the current workloads. Mierzejewska and Dziurski (2019) opine that companies can increase the range of their investment opportunities by expansions as it allows companies to make the most of the more lucrative opportunities available in other areas of the economy in which they are not hitherto engaged. Corporate diversification strategy is considered by many managers and academics among the economic strategies to turn around a firm's financial performance. Corporate diversification enables firms to optimize all market opportunities, thereby optimizing profit generation for the benefit of stakeholders (Riswan & Suyono, 2016; Salma & Hussain, 2018; Osifo & Ighodaro, 2020). Diversification is a situation whereby a company works concurrently in many different market sectors or extension of the active into many more distinct core businesses (Riswan & Suyono, 2016; Ramanujam & Varadarajan as cited in Gunu, et al., 2021). Corporate diversification is a corporate-level strategy adopted by firms to expand their operational activities by adding new product ranges, business segments, new markets and operations in several business fields simultaneously. Kotler and Armstrong (2008) defined diversification as a strategy where a firm acquires businesses/product lines external to its existing products and markets. Most managers diversify and, in most cases through acquisition, mainly to boost their reward/benefits, secure their jobs, or widen their scope of control in the firm. Diversification allows firms to pursue efficiency in product and market and reduce business risk through investing in a greater variety of services (Archana & Saumitra, 2015).

Corporate diversification is expressed as the strategy which companies adopt in order to expand in its operations that are different from its existing operations. Through expanding into new products, services, or even new markets altogether, corporations are able to spread their risk, improve the stability of their income, and promote long-term growth (Barney, 1991). For Nigerian service organisations, in particular, in confronting economic issues like inflation (estimated at 32.7% in 2024) and exchange rate volatility, diversification is crucial (World Bank, 2025). Business diversifications, either related or unrelated, that leverage internal resources to improve competitiveness are all encompassed. While diversification might make systems more resilient, poorly managed strategies might make systems more complicated, thereby harming performance (Manyuru et al., 2017).

2.2.2 Product Diversification

Diversification is a company's effort to develop its business by expanding its products or markets, either horizontally, vertically, or conglomerately. By offering a variety of products, companies can satisfy the diverse needs and wants of consumers by offering a variety of products or services. This can increase customer satisfaction and become a unique attraction for the company (Musdalifa et al., 2021). Product diversification is a business strategy that aims to develop products that are designed to meet unmet needs or desires. This can be done to meet the needs of diverse markets, increase the company's profitability, or reduce risk (Candra & Hidayatinnisa, 2023). Product diversification is a strategy that companies use to develop new products or markets, or both, in order to increase growth, sales, profitability and flexibility (Dakhi et al., 2020). According to Kotler and Keller (2020), product diversification involves broadening a company's product mix to enter new markets or satisfy different customer segments, thereby increasing organisational resilience and performance. This strategic move enables organisations to

reduce dependence on a single product line, which is essential in volatile or highly competitive industries. Hitt, Ireland and Hoskisson (2021) explain that product diversification allows firms to leverage their existing capabilities, such as technology, brand reputation, or distribution networks, to create new value propositions. When organisations build on their internal strengths to diversify, they gain a synergistic advantage that enhances innovation and operational efficiency. This is particularly important in environments where customer preferences shift rapidly, making reliance on one product line a risky endeavor. Similarly, Barney and Hesterly (2019) highlighted that organisations diversify to exploit strategic resources that can be transferred across products to achieve economies of scope.

Banks that have diversified their products to digital banking and telecommunication companies that have ventured into mobile money services are examples of product diversification (Ele & Okwajie, 2025). It allows Nigeria to achieve economies of scope by reducing its dependence on few sources of revenue. Two measures to define the product line diversification or the Herfindahl-Hirschman Index that calculates revenue concentration are given above. While studies have shown that diversification increases financial performance like return on assets (ROA), excessive diversification can stretch out operating resources (Ele & Okwajie, 2025).

2.2.3 Geographic Diversification

According to Hitt et al. (2020), geographic diversification enables firms to spread their activities across regions with varying economic conditions, thereby reducing exposure to country-specific uncertainties and fostering more stable performance. Firms engage in this type of diversification to avoid overreliance on a single market, a principle supported by Verbeke and Kano (2021), who argue that spreading operations geographically allows organizations to exploit new customer bases, resource pools, and institutional environments. Geographic diversification is seen as the process through which companies enter multiple international markets to leverage global efficiencies, exploit cultural differences, and gain access to new knowledge (Peng, 2022). By doing so, firms create a broader portfolio of markets that can buffer against local economic downturns and regulatory changes. Rugman and Verbeke (2020) note that geographic diversification strengthens organizational learning because firms gain insights from diverse environments, which can improve innovation and strategic flexibility. Moreover, scholars like Lu and Beamish (2021) highlight that geographic diversification involve balancing global integration with local responsiveness, as firms must tailor strategies to fit different regional conditions. This expansion across borders can increase organizational performance when managed effectively, though it may also introduce coordination costs and complexity.

As a diversification measure of their clientele, Nigerian banks can open branches in underbanked areas or in African nations (Orjinta et al., 2024). Apart from improving operations such as market share, it diversifies risk and taps into untapped customers. There are cons such as regulative impediments and costly outlays, as argued by Orjinta et al. (2024), but it also improves resilience in terms of revenue share and markets covered.

2.3 Business Performance

Olawole, Bamidele, Lawal, (2017) defined business performance as the ability to access the level of success of a business organisation, whether small or big (Nita & Andre 2017). Aduralere (2019) observed business performance as an approach that is used in assessing the progress made towards achieving organisational goals. Dinku (2018) defined business performance as a rise in efficiency, efficacy and the working ability of employees in an organisational setting. Kabir and Parvin (2018) hypothesized that performance is a broad concept, and its meaning changes in accordance with users and employees perspective and needs. Adnan (2018) defines performance as an approach that is used in assessing the progress initiated towards achieving organisational objectives. Zhang (2017) added that business performance is a rise in efficiency, efficacy and the

working ability of employees in an organisation. It reflects the means by which an organisation achieve organisational goals and as a source of direction in helping organisations to appropriate resources in the future. According to Richard et al. (2009), business performance encompasses both financial and non-financial indicators, meaning that it is not only about measuring profit but also about assessing factors such as productivity, quality, customer loyalty, and internal processes. Modern organizations evaluate performance through a multidimensional lens, recognizing that sustainable success depends on both quantitative and qualitative results. Business performance is often understood as the organization's ability to convert inputs into outputs effectively while achieving strategic objectives (Kaplan & Norton, 2001). This view emphasizes that performance is linked to how well a firm executes its strategy and aligns its activities with long-term goals. For example, a company that improves processes, invests in employee development, and innovates its products is likely to experience stronger performance outcomes over time.

A company's ability to achieve its strategic goals which encompass financial and operating performance is in performance, which is of concern to Nigeria's service sector which will contribute 55.5% of GDP in 2024 (World Bank, 2025). Efficiency and market position are quantified by financial metrics like return on assets (ROA) and return on equity (ROE), and operating metrics like customer delight. Investors have faith in Nigeria's volatile market and economic development is proceeding quite well, according to Eshiet (2025).

2.3.1 Financial Performance

Performance is generally regarded as one of the major influencing elements that are frequently used to assess an organization's success or failure. The growth and development of an organization are governed by the firm's financial performance. It demonstrates the degree of financial development a firm has made over time. Financial performance, which is typically assessed using metrics like sales growth, return on investment, liquidity ratios, and net profit margins, is the extent to which a company effectively uses its assets to create revenue and maintain profitability over time (Abdulwahab, 2021). At its core, financial performance refers to the capacity of an organization to generate economic value and meet its financial obligations through the efficient allocation and utilization of resources. Kaplan and Norton (2015), financial performance encompasses measures that reflect profitability, operational efficiency, and long-term growth potential, thereby serving as a critical indicator of an organization's competitive position. It is essential to recognize, however, that financial performance is a multifaceted construct, with scholars offering diverse interpretations. For instance, Keasey et al. (2016) argue that financial performance is inherently multidimensional, comprising both quantitative measures like revenue and profit margins and qualitative aspects such as stakeholder satisfaction and market perception. Divergent scholarly definitions have expanded the conceptual boundaries of financial performance. Nguyen and Tran (2018) define financial performance as the degree to which an organization achieves its strategic financial objectives, emphasizing its alignment with broader corporate goals. Prior literature reflects a consensus that financial performance serves as a benchmark for comparing organizations within and across industries. Youssef et al. (2021), argued that it provides a standardized framework for assessing efficiency, competitiveness, and the potential for sustainable growth.

Profitability and resource use are key indicators of financial performance in Nigeria's economy. Earnings per share (EPS), return on assets (ROA), ROI, and margins are some of the indicators. While a diversified product portfolio might sustain an enterprise financially, excessive indulgence in variety can drive up costs and reduce profit (Ele & Okwajie, 2025).

2.3.2 Operational Performance

Operational performance, as defined by Maestrini et al. (2017), is a collection of measures that are used to measure the efficacy and efficiency of interactions and activities in the supply chain that

span several organisational departments, numerous enterprises, and facilitate supply chain orchestration. Operational performance comprises the following, according to Inayatullah et al. (2012) product/service quality, lead time/service completion time, product development time, resource utilisation, response to client demand, and operational cost. Operational performance, in the words of Chavez et al. (2015), is the strategic dimensions that businesses decide to compete in. According to Salem (2003), the foundation of organisational performance is operational performance. The ability to meet customer needs is the primary basis for measuring operational performance (Kebede Adem & Virdi, 2020). Operational performance evaluation is defined by Liu et al. (2021) as a measurement process that is used to assess different operations within a company's value chain. Operational performance is significant to businesses because it increases production effectiveness, produces high-quality goods, increases customer satisfaction, and boosts profits (Ou, Liu, Hung & Yen, 2010). Operational performance, as noted by Slack and Lewis (2015), is the degree to which an operational activity has fulfilled its objectives in terms of cost, quality, speed, accuracy in fulfilling commitments (dependability), and adaptability. Reliability, manufacturing cycle time, inventory turns, and other quantifiable results of an organization's activities are examples of operational performance.

A company's operational performance, the way it manages its day-to-day operations and increases its market share is crucial to keeping consumers and providing high-quality service. Among the measures are increases in assets, market share, and satisfied consumers. Regional expansion has the ability to increase operational performance by exposing businesses to new consumers and marketplaces, but it also carries the risk of inefficiency if resources are overutilized (Eshiet, 2025).

2.4 Empirical Review

Nyarige et al. (2022) examined Kenyan commercial banks that were involved in mergers and acquisitions (M&A) beginning in 2010 to determine the impact of product and functional diversification, mergers, and acquisitions on financial performance. Mergers and acquisitions involving eleven (11) Kenyan commercial banks starting in 2010 were the focus of this descriptive analysis. Financial success was positively and significantly correlated with product diversification ($r=0.657$, $p=0.000$) in the study of correlations. A statistically significant influence of product diversity on financial performance is shown by the results of the hypothesis test ($\beta = 0.520$, $\rho = 0.000 < 0.05$). You can increase your chances of financial success by diversifying your purchases.

According to Rajesh (2023), a company's bottom line can benefit from a more diverse workforce. The final aim of the study is to substantiate the abstract with facts, i.e., illustrating the manner geographically and industrially, diversification has consolidated India's IT sector economically. Twelve IT shares traded at the BSE and NSE were employed for the purpose of the study, which represented 93% of the market. The stated link was unearthed by subjecting panel data to traditional econometric regression analysis. The financial performance of IT companies was unaffected by variety in product or market sectors, but it was greatly affected by regional and international diversity. Additionally, the poll confirms that there is a global demand for the Indian IT industry.

With intangible assets in mind, Kaikara and Mukasa (2024) investigated the nonlinear impacts of geographical diversity on company performance. Intangible assets, like as expenditure on R&D and advertising intensity, are examined as moderators in this study to determine the nature of the link between the two variables. Two hypotheses were evaluated with a robust dataset consisting of 2,067 businesses: first, that the connection is curvilinear and fits an S-shape; and second, that geographical dispersion boosts performance return in the presence of substantial intangible assets. Companies fare poorly with low or high levels of regional variety, according to these findings, while ROA and Tobin's Q are substantially enhanced with moderate levels of geographic

diversity. The results show that Tobin's Q performance drops 0.35 points below the baseline when internationalisation is minimal, but it improves by 40% and increases by 0.501 when internationalisation is moderately strong, up to 0.2. The once favourable correlation between internationalisation and performance starts to slant in the other direction as internationalisation levels rise. Increasing the R&D intensity from 2% to 4% at an internationalisation level of 0.7 on Tobin's Q results in a 20% performance improvement for companies with higher R&D and advertising intensities, as shown by the interaction effects.

Research on product diversification approaches was carried out by Jayathilake, who examined managerial abilities in connection to company success (2018). According to the article, a company's success is enhanced when its managers possess the kind of acumen that drives initiatives to diversify goods. From what we can see, increasing product market variety may or may not contribute to a company's success. In order to minimise costs, expand into new areas, create hybrid goods, improve their brand's reputation, and cross-sell other products, many organisations diversify their offers. As a result of liberalisation in the global financial markets, businesses in some nations have begun to diversify their product offerings. Profits and market share will go up for the business as a result. It is more critical to recognise the seven main components of management duties while assessing managing abilities. The duties of this position include managing your own performance, instructing subordinates, allocating resources, forming groups whose members can learn from each other, keeping tabs on the progress of those groups, being aware of the external business climate, and standing up for your employees. Most importantly, research has shown that managers' responsibilities vary greatly. Managerial traits have been the subject of much research. The ability to anticipate a manager's performance based on their skill elements—their technical, administrative, human, and citizenship conduct—is relevant here. Many studies have shown that managers' administrative abilities have a stronger correlation with their effectiveness. Organisational talent evaluation has not been the subject of much empirical research. At the organisational level, we see a moderating influence on the correlation between managerial competence and output.

3.0 Research Methodology

Quantitative methods and survey research are employed in this study. We used a stratified random sampling strategy to choose our samples. A proportionate sampling strategy was also used in the investigation. The study used a quantitative strategy to examine numerical data using specific statistical approaches. This allowed for support or to refute different knowledge statements as needed in the inquiry. The study's primary data was collected using a self-developed structured questionnaire. The study's main population consisted of twenty-four (24) Nigerian service companies. Ten (10) financial institutions which included deposit money banks,(10) insurance companies, and (4) telecommunication companies, made up the enterprises. According to reports from the National Insurance Commission (NAICOM) in 2020 and the Research Policy, International Relations, Insurance and Surveillance Department (RPIRD & ISD) in 2020, the selected deposit money banks and insurance firms have total assets that exceed 70% of all deposit money bank assets in Nigeria in 2020. According to the Nigeria Communications Commission (NCC) subscriber data from 2020, the telecommunications firms were selected since they dominate the market and together serve over 70% of Nigerians. Members of the project teams from the chosen service organisations, including sponsors, managers, coordinators, architects, testers/QAs, and product/service owners, made up the study's total population of 853 participants. The study's sample size was two hundred and seventy-two (272) participants, determined using the Taro Yamane’s (1967). The service firms were represented in the sample size according to the proportionate sampling technique. Spearman's Rank Order Correlation coefficient was utilised for the analysis of data collected.

4.0 Data Presentation and Analysis

4.1 Bivariate Analysis

4.1.1 Product Diversification and Financial Performance

Correlations				
			Product Diversification	Financial Performance
Spearman's rho	Product Diversification	Correlation Coefficient	1.000	.566**
		Sig. (2-tailed)	.	.000
		N	272	272
	Financial Performance	Correlation Coefficient	.566**	1.000
		Sig. (2-tailed)	.000	.
		N	272	272
**. Correlation is significant at the 0.01 level (2-tailed).				

According to Spearman's rho (r = 0.566), there is a relatively favourable correlation between product diversity and the financial performance of service firms. There is a statistically significant correlation between a wider range of products and improved financial performance (p = 0.000), at the 0.01 level of significance. It appears that service providers that provide a wider range of products are more likely to have a successful financial future, because they earn more money and are not exposed to as much market risk.

4.1.2 Product Diversification and Operational Performance

Correlations				
			Product Diversification	Operational Performance
Spearman's rho	Product Diversification	Correlation Coefficient	1.000	.612**
		Sig. (2-tailed)	.	.001
		N	272	272
	Operational Performance	Correlation Coefficient	.612**	1.000
		Sig. (2-tailed)	.001	.
		N	272	272
**. Correlation is significant at the 0.01 level (2-tailed).				

The Spearman's rho correlation value of 0.612 supports the idea that product diversity considerably impacts the operational performance of service organisations (p = 0.001 < 0.01). This means that as firms provide more services or products, operational performance also rises. By providing a wider range of products, the service companies that took part in the study achieved better efficiency, productivity, and overall operational outcomes.

4.1.3 Geographic Diversification and Financial Performance

Correlations				
			Geographic Diversification	Financial Performance
Spearman's rho	Geographic Diversification	Correlation Coefficient	1.000	.656**

		Sig. (2-tailed)	.	.000
		N	272	272
	Financial Performance	Correlation Coefficient	.656**	1.000
		Sig. (2-tailed)	.000	.
		N	272	272
**. Correlation is significant at the 0.01 level (2-tailed).				

There is a strong and highly correlated relationship between regional diversification and financial performance, as revealed by the Spearman's rho correlation result (r = 0.656, p > 0.01). There is evidence to support the fact that service firms can enhance their bottom line by expanding their operations to other regions. As the p-value (p = 0.000) shows, the relationship is not by chance. It reveals that regional diversity plays a crucial part in the financial success of Nigerian service firms.

4.1.4 Geographic Diversification and Operational Performance

Correlations				
			Geographic Diversification	Operational Performance
Spearman's rho	Geographic Diversification	Correlation Coefficient	1.000	.573**
		Sig. (2-tailed)	.	.000
		N	272	272
	Operational Performance	Correlation Coefficient	.573**	1.000
		Sig. (2-tailed)	.000	.
		N	272	272
**. Correlation is significant at the 0.01 level (2-tailed).				

As shown by Spearman's rho correlation outcome (r = 0.573, p = 0.000 < 0.01), there is a statistically significant and moderate positive correlation between the diversity of locations of service firms and their performance. This means that with the expansion to new locations, efficiency of operations and performance improve. As a result, companies in the study found out that the involvement of employees from other locations improved both service delivery and operational performance.

4.2 Discussion of Findings

The objective of this study was to quantify the financial and operating performance of product and geographical diversification among service providers in Nigeria. The empirical evidence verified all the four hypotheses ($H0_1$–$H0_4$) in a way that the dimensions of diversity were all positively related to the performance measures.

$H0_1$: Findings revealed a high correlation between product diversification and financial performance, in the sense that service providers with more products have a higher chance of realizing profits. What Nyarige et al. (2022) found is consistent with our findings. Researchers found a significant positive relationship (r = 0.657, p = 0.000) between product diversity and financial success in Kenyan commercial banks. Financial stability and new sources of revenue are two benefits that researchers have found to be associated with diversified organizations. Jayathilake (2018) offered the same level of insight into how product diversification by a firm helps in bottom line improvement through such aspects as enhancing brand equity, reducing risk, taking advantage of economies of scope, and enhancing cross-selling opportunities. As a result of

engagement in such a wide scope of service provisions, Nigerian service businesses are able to grow economically and remain competitive.

$H0_2$: Having a wide choice of products and services allows firms to better meet consumer demands and boost revenues, according to research that shows a strong connection between product assortment and business performance. This is in accordance with the assertions made by Jayathilake (2018), who states that firms see an improvement in service delivery, resource allocation, and internal coordination as a result of increased managerial capability and responsiveness to changing consumer preferences brought about by diversification. The outcome of this study lends credibility to the reality that Nigerian service providers can improve their business performance using product diversification by optimizing the use of their human and material resources and the ease of workflow.

$H0_3$: Geographical diversification and financial performance were found to be statistically significantly correlated. It follows that expanding across many areas or locations often yields better financial returns for service businesses. Rajesh (2023) found that regional and international diversity positively affected the profitability of Indian IT businesses, hence these findings are in accordance with his findings. This shows that there are more chances to acquire clients and make steady money when you extend into different areas. Meanwhile, if you want to boost your financial performance, moderate regional diversification is the way to go (ROA and Tobin's Q can go up to 40%!). But, if you go overboard with diversification, you can end up hurting your performance due to coordination issues. Geographical diversification, both in or out of Nigeria, strengthens the balance sheet of Nigerian service companies provided it is managed well.

$H0_4$: Empirical evidence suggests a close relationship between geographical diversity and performance in operations; firms with operations in many locations are most likely to have superior internal processes, flexibility, and quality of service. This validates what Kaikara and Mukasa (2024) found: that geographically diversified firms are best suited to respond quickly and effectively to shifts in the market. By diversifying their operations to other regions, Nigerian service firms can enhance their operational efficiency. By doing so, they are able to get insight into various market conditions, standardise their processes, and achieve logistical, distribution, and technology-related economies of scale.

5.0 Conclusion

Examining the relationship between corporate diversity and business performance of service firms in Nigeria, this study employed financial and operational performance as measures. Diversification strategies may substantially enhance the financial and operational outcomes of service providers, according to the data, which shown robust positive correlations across the board. By offering a wider variety of products, companies may boost efficiency and profits by capitalising on economies of scope, making the most of available resources, and meeting customers' ever-evolving wants. In addition to lowering income volatility and expanding exposure to new markets, geographical diversification boosted performance by allowing operational learning in different contexts. The study concludes that a more sustainable, competitive, and value-creating service sector for Nigeria can be achieved through the strategic diversification of companies. Moderate diversity, either geographical or product line, is suggested as the most valuable. On the other hand, managerial and coordination difficulties may arise from excessive diversity. Service companies should therefore diversify capability-based and in a balanced way to achieve long-term performance excellence.

5.1 Recommendations

1. Management of Nigerian service firms needs to embrace product diversification which will enable expanding their products or markets, either horizontally, vertically or conglomerate by

offering different products that satisfy the different needs of customers which will enable the assessment of their success in terms of growth or development.

2. Management of service organizations in Nigeria should be involved in the development of new products or markets designed to meet unmet needs or desires of customers in order to increase growth, sales profitability and flexibility which are used to measure the efficacy and efficiency of activities in the supply chain, and response to customer demands.
3. Management of service firms should be involved in geographic diversification in order to avoid over reliance on a single market, helping the exploitation of new customer bases, and have resource pools that will enable the assessment of their performance using metrics such as sales growth and return on investment.
4. Management of Nigerian service companies should be able to enter into international markets to take advantage of global efficiencies, exploit cultural differences, and gain access to new knowledge in order to increase their production effectiveness, high product quality and increase customer satisfaction and boost profit.

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