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DIVERSIFICATION AND PERFORMANCE OF SELECTED PHARMACEUTICAL SHOPS IN ILORIN, KWARA STATE

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Research Article

ABSTRACT

The study examined the effect of diversification onthe performance of selected pharmaceutical shops in Ilorin, Kwara State. A survey research design was adopted for the study. A structured questionnaire was used to collect data for the study. The study adopted the test-retest reliability method and content validity. The population of the study consists of 166 employees from 12 selected pharmaceutical firms.The sample size of 117 was determined by using Yamane's (1968) sample size determination formula.Findings showed that conglomerate diversification has a positive effect on the performance of pharmaceutical stores (ß = 0.654, 0.000 < 0.05). Concentric diversification has a positive effect on the performance of pharmaceutical stores (ß = 0.216, 0.019 < 0.05).The study concluded that70% of the change in performance of selected pharmaceutical shopswas brought about by the dimensions of diversification. Organizations were recommended to use diversification as a survival strategy to outperform their rivals.

KEYWORDS

Diversification, Conglomerate Diversification, Concentric Diversification, Organizational Performance

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Introduction

Businesses today operate in a more dynamic and difficult environment; they need to be able to react rapidly to possibilities and obstacles (Valis-Boas & Suarez-Gonzalez 2015). The most important question is how businesses attain and maintain their competitiveness (Santarelli& 2015). According toEmel&Yildirim (2016), an organization must create diversification strategies to perform well and remain competitive in the market. A company chooses its diversification strategy based on a detailed examines its resource and capability portfolios and takes the market's impact into account.(Hannan & Freeman, 2017). Barney contends further that resources that are scarce, expensive, difficult to duplicate, and impossible to replace are factors or sources that influence how well business functions(Castaldi&Giarratana 2018)). According to Sulaimon, Ogunkoya, Lasisi&Shobayo (2015), a complete analysis of an organization's performance can be done using a variety of metrics, including profitability, social and environmental performance, customer and staff happiness, and firm growth. Social performance describes how a business interacts with its social environment through time, as opposed to environmental performance, which describes how a firm responds to its environment over time. Profitability is determined by how much money is made and how few expenses are incurred. Continual customer and employee satisfaction, as well as, where suitable, a rise in their numbers, are signs of a successful business. When a company's relationships with its customers and the environment are poor, performance suffers. deteriorate rather than improve.

Isoraite (2018) emphasized the balanced scorecard theory while reiterating that Financial metrics such as profitability and return on investment, as well as customer metrics such as customer base and satisfaction, organizational learning and innovation, and internal operational procedures, can be used to gauge a company's performance. According to the author, a successful organization will have a high level of organizational learning and the development of organizational skills.Similar to this, a successful business will offer internal procedures that are more geared toward producing high yield/quality. Wu (2013) claimed that a firm's productivity might serve as a proxy for its growth or performance, just like internal processes do. For instance, a company with improved output or a greater yield may suggest improved performance. A corporate strategy called diversification tries to extend or add new markets, goods, services, or stages of manufacturing, and a business can extend its operations. A company can enter business sectors through diversification that is distinct from its current operations. Additionally, diversification employs either concentric or conglomerate diversification strategies. When a company buys identical business possibilities, it engages in concentrated diversification, whereas conglomerates When a business creates goods or services that go beyond its current capabilities, this is known as diversification (Sahu 2017).

An organization engages in diversification when it wants to alter the nature of its company. This can be done by independently generating new products or collaboratively entering a new market (Su& Tsang, 2015). It helps businesses get a competitive edge and allows them to spread risk over several businesses, which increases profitability, decreases the danger of bankruptcy, fosters synergy, enhances market operations, and improves performance (Oladele, 2012).Despite the foregoing, there don't seem to be as many empirical studies on the relationship between organizational performance and diversification strategy in drug stores. The majority of earlier research was mostly focused on other industries, including manufacturing, banking, and insurance. Consequently, it is hypothesized that:

$H1_a$: There is a significant relationship between conglomerate diversification and the performance of selected pharmaceutical stores in Ilorin, Kwara State.

$H2_a$: There is a significant relationship between concentric diversification and the performance of selected pharmaceutical stores in Ilorin, Kwara State.

The following research questions were generated:

i. To what extent does conglomerate diversification affect the performance of pharmaceutical stores?

ii. To what extent does concentric diversification affect the performance of pharmaceutical stores?

Literature Review

Conceptual Review

Concept of diversification

Akpinar and Yigit, (2016) asserted that the degree of similarity between distinct product groups is diversification. According to Hannan and Freeman (2017), diversification is the strategy of incorporating complimentary product or service lines into the current core business, either through the acquisition of rival businesses or the internal development of new goods or services. This strategy also entails increasing orders in new markets that are dissimilar to the existing product lines or markets,(Akewushola, 2015).According to the definitions given above, diversity refers to how closely tied a firm's many activities are to one another.The degree to which a company's various business lines are connected by a shared talent, market, purpose, or resource is known as product relatedness (Castaldi&Giarratana 2018). In actuality, a firm's level of diversity is typically gauged by the number of operations it conducts across several industries.

Businesses diversify to reduce risk, find market dominance, and adapt to changing environmental conditions. According to Kafouros, Wang, Piperopoulos& Zhang (2015), the second reason businesses should consider diversification as a strategy is that it may be a way to expand their reach if they experience internal coordination issues, which are common in big businesses.Mashiri and Sebele (2014) also suggest that the development of positive spillovers is a factor in why organizations diversify since the value of resources in one industry rises as a result of investment in another. By pooling resources and spreading capacity, diversification should allow businesses to achieve economies of scale or scope (Hurriyati, Lisnawati&Rhamdani, 2017). Diversification may also result from flaws in the financial markets that encourage managers to distribute capital more effectively (Block, Henkel, Schweisfurth&Stiegler, 2016).

According to Hunger and Wheelen (2015), a firm's level of product and market engagement determines its level of diversification. Increased market power, more effective resource allocation through internal capital markets, the use of existing resources in new contexts, or lower performance variability by a portfolio of loosely coupled businesses are just a few of the perceived benefits that might motivate diversification (Syarifuddin 2017). This indicates that by utilizing corporate resources in two business units, it is possible to take advantage of any synergies between them (for instance, in production or distribution) to outperform undiversified companies in terms of cost or distinctiveness. The same gains result from tax and other financial advantages linked to diversification, but these advantages are dependent on institutional growth.In more developed institutional economies, the diversification approach is less advantageous when institutional development is high (Oladimeji &Udosen, 2019).

The diversification method also entails risks and drawbacks. Although most of them were anticipated to have good value, diversification also produced negative elements, according to Porter's analysis of

the records of diversification of 33 large, prominent U.S. corporations between 1950 and 1986. Corporate diversification strategies could be at risk due to bureaucratic costs that can result from business unit coordination, agency issues, and managers acting primarily in their interests absent close supervision by key stakeholders. These risks could result in the wrong decisions being made regarding diversification (Ajay &Madhumathi, 2012). (Akewushola, 2015).

Vertical and horizontal diversification methods are related and can result in several competitive advantages. This is due to the theory that linked diversification enables the corporate center to use the relationships between its many businesses to gain a competitive advantage over its rivals in terms of cost and differentiation (Hannan & Freeman, 2017). These benefits come from economies of scope and core competencies that have valued assets transferred from business units. Diversification methods that are unrelated to one another offer minimal operational synergies; hence, value-adding financial synergies are necessary. Diversification into unrelated industries helps companies expand their market reach but frustrates companies because it is challenging to adapt current knowledge to new market circumstances (Oladimeji, &Udosen, (2019).A corporation may diversify for several reasons, including to increase profitability (Alamsyah, Trijumansyah&Hariyanto 2017). Among other reasons, diversification lowers risks in the event of a downturn in the industry.

• Diversification opens up more options and variety for products and services.

• When done correctly, diversification greatly boosts a business's profitability and reputation.

• Diversification can act as a safeguard. By diversifying its offerings, a company can protect itself against competition and make use of excess cash flows in the event of a cash cow in a market that is slowly growing.

Organizational Performance

According to Schommer, Richter and Karna (2019), an organization's performance is a gauge of how efficiently it makes use of the resources from its core business operations and generates profits over a given period. According toMawdsley (2019), organizational performance is a component of organizational effectiveness that includes the financial, market, and shareholder value performance categories. They go on to define organizational effectiveness as a more general term that encompasses both organizational performances as well as the excess of internal performance results typically linked to operations that are more effective or efficient, as well as other external measures that are linked to factors other than just economic value and reputation.In this study, financial performance, effectiveness, and efficiency are used to gauge organizational performance.

Effectiveness and Efficiency

Although effectiveness and efficiency may appear to be the same thing, Hunger and Wheelen (2015) argue that each of these phrases has a unique meaning. The majority of businesses evaluate their efficacy when evaluating performance. Realizing its objectives and vision is the main focus. Nevertheless, there is a subset of businesses that place a high priority on efficiency, or the effective use of resources to produce the intended results (Oladimeji &Udosen 2019). Is there a difference if an organization is both effective and inefficient, or vice versa? Companies that focus on effectiveness are concerned with output, sales, quality, adding value, innovation, and cutting costs. It gauges how well a company accomplishes its objectives or how outputs relate to the environment, both social and economic. Effectiveness typically determines the degree to which an organization accomplishes its goals or the organization's policy objectives (Sihite (2018). Organizational commitment was used by Isoraite (2018) to examine organizational effectiveness. On the other side, effectiveness gauges the

efficiency with which inputs are transformed into outputs or the relationship between inputs and outputs.

Financial Performance

There are other additional metrics for gauging organizational success, according to Karimi (2013). Financial metrics, such as an organization's profitability, are one of these measures. In this measure, variables like the Return on Assets (ROA) are used to determine the output-to-input ratio (ROA). Quality can be used by an organization to gauge performance. Here, the actual quality and punctuality are contrasted with what was anticipated. Performance can also be gauged by an organization's degree of productivity and creativity. While productivity focuses on the ratio of output to input, innovation gauges an organization's capacity to bring about change (Karimi, 2013).

Diversification and Organizational Performance

Organizations now frequently use diversification as a survival tactic to outperform rivals (Haug&Ultich, 2013). Diversification is a tactical choice that more and more managers are making to boost performance, whether it takes a connected shape or not (Castaldi&Giarratana, 2018; Makau &Ambose, 2018). Organizations have selected from a variety of available strategic options to maximize the use of the resources at hand to achieve predefined performance goals (Xaxx, 2017).An organization engages in diversification when it wants to alter the nature of its company. This can be done by independently generating new products or collaboratively entering a new market (Su& Tsang, 2015).It catalyzes competitive advantage and is a way for a company to spread risk over several enterprises'profitability, lower the likelihood of bankruptcy, foster synergy, improve market operations, and boost performance (Oladele, 2012). A diversification strategy enhances debt capacity, and asset deployment, and further enables the company to utilize its current competencies to create distinctive goods (Ajayi &Madhumati, 2012; Akpinar, &Yigit, 2016); Junior &Funchai, 2013). Diversified businesses can successfully use ad hoc sources of information to lower the viability of operating cash flow and gain a competitive advantage. However, diversification should not be viewed as a magic bullet that will solve all of the problems that firms confront in the fast-paced business climate of today.

Businesses are exposed to severe risks and structural challenges, which may inhibit managerial decisions about whether to separate certain operations or join a holding group structure, as shown by Zheng-fend and Lingyan (2012) and Oladele (2012). Additionally, according to Ugwuanyand Ugwu (2013), diversity typically results in discounts owing to problems with the agency between managers and shareholders as well as those who are hesitant to take on managerial risk. As a result, diversification can be value-destroying. Additionally, it could lead to the breakdown of corporate governance systems and family relationships (Ayeni, 2013).Therefore, if improperly planned and implemented, diversification may lead to regressive performance, especially in less developed countries like Nigeria that are plagued by instability, economic uncertainty, frequent business closures, a lack of technology and resources, as well as deteriorating infrastructure (Hasby, Buyung&Hasbudin, 2017). Sahu (2017) argues that increasing diversification is harmful to overall performance whereas diversification is not the best strategy to increase an organization's profitability and may result in inferior performance. Santarelli and Tran (2016) have both voiced views on these variables that are similar.

Numerous studies have shown that diversification improves performance due to size and cost savings, market power benefits, risk mitigation effects, and learning effects. The majority of empirical studies

on the connection between organizational success and diversification fall into one of four categories. Inverted U shapes are the first kind. As a result, there is a nonlinear link between organizational success and diversification. The performance will increase as the degree of diversification rises to a certain average level, but after an average level, the company'sperformance will decline (Castaldi&Giarratana, 2018).The degree of diversification is the basis for this curved relationship between organizational success and diversification. The second is based on research indicating a negative association between organizational performance and diversification and a positive relationship between the two (Castaldi&Giarratana 2018). (Emel& Yildirim, 2016). The third kind of diversification is based on the connected and unrelated diversification styles that are specifically classified. According to certain studies, related diverse businesses outperform unrelated ones (Hasby, Buyung&Hasbudin 2017). Based on differences across nations, the fourth type. According to numerous research, diversification is more likely to be successful in developing nations (Isoraite, 2018).

Diversification would not enhance company performance in perfect markets because, generally speaking, its potential returns decline with the market and institutional growth. Therefore, it is anticipated that businesses in less institutionally developed nations will gain from diversification more significantly than those in more institutionally established economies (Makau & Ambrose 2018). To study the relationship between organizational performance and diversification strategy, fresh studies comparing industrialized and emerging countries or economies in business groups should be conducted.

Concentric Diversification and Organizational Performance

Concentric diversification is the process of introducing new products, markets, or technologies that are connected to or comparable to those already present.Concentric diversification happens when a company expands into adjacent markets or products. Achieving strategic fit is the aim of this diversification. An organization can establish synergy by finding its strategic fit. Synergy, in its simplest form, is the capacity of two or more organizational components to achieve more overall effectiveness compared to what would happen if the contributions of each component were totaled together. Synergy may result from merging companies with similar marketing, financial, operating, or management goals. Breweries have established marketing synergy through national advertising and distribution. (Hasby, Buyung&Hasbudin, 2017).For instance, to boost the borrowing capacity of the lever-aged organization, debt-ridden companies may choose to buy comparatively debt-free businesses. Similarly to this, companies occasionally make an effort to stabilize their revenues by diversifying into industries with various seasonal or cyclical sales patterns.

The integration of operating units with a strategic fit could produce synergy, increasing total effectiveness. Overall efficiency would be increased by combining two units so that redundant equipment or R&D is eliminated. Diversifying into a sector that may utilize the waste products from current activities is yet another technique to increase efficiency. Concentric diversification, a type of horizontal diversification, is essentially when businesses:

a. To service comparable clients in comparable markets using the same distribution system, new products are added to current products. This is known as market-related concentric diversification. If a business that now offers food items also sells kitchenware, it will target clients in comparable markets.
b. Use comparable technologies to combine new items with existing ones. Concentric diversification tied to technology is what this is. The addition of music players and washing

machines by a company that sells televisions is known as technology-related concentric diversification, this also involves market-inclined diversification because the same people might buy these products.

Conglomerate Diversification and Organizational Performance

Conglomerate diversification entails introducing completely new products or services that are drastically different from one another and have no connection to either technology or industry. As an illustration of a conglomerate diversification strategy, a computer maker can decide to produce notebooks. The riskiest strategy among the three main types of diversification strategies is conglomerate diversification. Conglomerate diversification requires the company to go into a new market and serve a new set of customers. Advertising and R&D costs are higher for a corporation. A conglomerate diversification approach also has a far higher chance of failing.Conglomerate diversification is the "unrelated" method of diversification, whereas concentric diversification is the "related" method. It entails supplementing the current items with new, unrelated goods or services. It involves diversifying the company's operations by entering new markets for goods, services, technologies, or market functions. Numerous industries have adopted the conglomerate model of diversification by expanding into unrelated fields like transportation, iron and steel, telecommunication, consumer goods (such as salt), etc.
Reasons for conglomerate diversification
Conglomerate diversity is preferred by businesses for the following reasons:

1. To expand more quickly than can be accomplished through aggregation or expansion.
2. To expand into foreign markets.
3. To improve managerial proficiency.
4. To gain from senior, seasoned leaders who can take risks and launch new, lucrativebusinesses.
5. To use resources as efficiently as possible.
6. To increase the firm's market worth and earning potential.

Theoretical Framework

The Market Power Theory, created by Treacy and Wiersema in 1995, served as the study's foundation. The notion was built on the premise that market forces may produce company quality. According to this philosophical perspective, a multi-segment approach has a favorable impact on the industry's competitiveness (Castaldi&Giarratana, 2018). The diversification approach can enhance market share in the industry by lowering market competition due to its dominance, which will improve corporate performance.Cross-subsidization may enable a firm to use the surplus profit from one industry to join another, providing this new enterprise with an edge, which is why the theory applies to the research. Additionally, for less fiercely contested deals, reciprocal forbearance may be provided on a different market. To create a market and combat competition, diversification was created in the traditional sense of market strength. This plan primarily aims to increase finances and cost-effectiveness (Yigit& Tur, 2012).

Empirical review of literature

In their study on the effect of a diversification strategy on organizations' performance, Oh, Sohl, and Rugman (2014) confirmed that both inter-regional and intra-regional diversification have a horizontal S-curve relationship with performance. They used a panel dataset of 68 European retailers from 19 countries between 1997 and 2010.

Tobin-q, Ulton, and Entropy Indexes were used by Rishi, Rudra, and Vinay (2014) to measure diversification in a sample of 44 Indian enterprises. Comparing diversified enterprises to those that aren't indicated that the former are more lucrative and have greater physical assets.

Due to firms' incapacity to transfer information, negotiate contracts, and manage institutional processes in host nations, diversification is inversely connected with performance. The S-curve looks adequate in the assessment of diversification and performance, according to Valis-Boas and Gonzelaz (2015). International diversification was also thought to be detrimental to performance.

In Nairobi City County in Kenya,Makau & Ambrose (2018) looked at the impact of horizontal diversification tactics as a factor in real estate companies' performance. The study concluded that, albeit not statistically significant, horizontal diversification improves business performance. To effectively control the risks associated with the entire diversification process, the study advised real estate corporations to develop sound regulations, such as rules for allocating diversified products' per-unit costs and risk management practices.

Martinez-Campilo (2016) extended the agency-stewardship approach and employed 183 Spanish businesses to determine the benefits of related and unrelated diversification initiatives on leadership style. The outcome shows that the viability and expansion of diversified enterprises are positively impacted by the relevance of leadership style.

Makau and Ambrose investigated the impact of portfolio diversification on the financial performance of investment firms listed on the Nairobian Stock Exchange in Kenya (2017). The explanatory non-experimental research design was used for the study with the conclusion that diversification strategy remains a general research topic for researchers in the field of management and social science since the effect remains equivocal.

A study of 38 firms listed on the Kenyan NSE was undertaken in 2017 by Manyuru, Wachira, and Amata. According to the study's findings, managers should exercise caution when pursuing diversification because the costs outweigh the advantages.

Sindhu, Haz, Ali & Ali (2014) looked at the success of state-owned sugar companies in western Kenya and their implementation of a horizontal diversification approach. According to the results, there is no connection between the success of sugar companies and the use of a horizontal diversification strategy. Therefore, it was determined that there is no connection between the performance of sugar enterprises and the use of a horizontal diversification strategy. According to the report, companies should work to develop new revenue streams to survive the current, fiercely competitive business environment. The sugar companies must, however, examine how horizontal diversification affects their performance.

From 2000 to 2009, US-based management consulting businesses were used by Castaldi and Giarratana (2018) to investigate the performance diversity of professional service firms. The panel regression results demonstrated that professional service organizations benefit from diversification while performance is favorably correlated with the tactic employed by specialized barrow brands.

Methodology

For the study, a survey research design was used. Data for the study were gathered through the use of a structured questionnaire. The questionnaire was tested through the test-retest reliability method and content validity. The study's population comprises 166 workers from 12 chosen pharmaceutical

companies in Ilorin, Kwara State, Nigeria. The sample size was determined by using Yamane's (1968) sample size determination formula:

$$n = \frac{N}{1 + N(e^2)}.$$

The sample size calculated is 117 employees of the pharmaceutical stores. The researcher utilizedBowley's (1964) population allocation formula to arrive at the exact figures for each of the 12 Stores. The formula is stated below:

$$nh = \frac{nNh}{N}$$

A hundred and eight (108) of the questionnaire's copies were dutifully completed and deliveredout of the one hundred and seventeen (117) copies of the distributed questionnaire. The respondents were asked to rate how much they agreed or disagreed with each statement on what extent conglomerate diversificationaffects organizational performance in selected pharmacy stores in Ilorin, Kwara State. The responses were placed on a five-point Likert scale ranging from 5 (strongly agree) to 1 (strongly disagree).Therefore, 108 copies of the questionnaire were usable for this research.Descriptive statistics and multiple regression analyses were used as statistical techniques to analyze the collected data.

Descriptive analysis

Research question 1: To what extent does conglomerate diversification affect the performance of pharmaceutical stores?

A mean of above 3.00 is seen to measure the level of satisfaction with the test variables. When the mean is above the cut-off point of 3.00 it indicates that it is satisfactory otherwise it is unsatisfactory. The result is presented in the table below

Table: 1 Descriptive analysis of conglomerate diversification and performance of pharmaceutical stores

	Statement	**S A 5**	**A 4**	**N 3**	**D 2**	**S D 1**	**Total**	**Mean**
1	Our company now deals in different goods and services than when it first began.	24 (120)	50 (200)	23 (69)	7 (14)	4 (4)	108 407	3.76
2	We produce new goods and services that are neither technologically nor commercially related to those already available.	26 (130)	55 (220)	20 (60)	6 (12)	1 (1)	108 423	3.91
3	This organization's customer base is increasing every day.	40 (200)	56 (224)	12 (36)	0 (0)	6 (6)	108 460	4.25
4	The number of our employees increases yearly.	10 (50)	58 (232)	22 (66)	12 (24)	6 (6)	108 378	3.50

Research question 2: To what extent does concentric diversification affect the performance of pharmaceutical stores?

Table: 2 Descriptive analyses of concentric diversification and performance of pharmaceutical stores

S/N	Statement	S A 5	A 4	N 3	D 2	S D 1	Total	Mean
5	Since its inception, our business has traded in the same goods and services	10 (50)	62 (248)	5 (15)	23 (46)	8 (8)	108 367	3.39
6	Our business deals in goods that are comparable to or closely related to the ones it began with.	18 (90)	58 (232)	16 (48)	11 (22)	5 (5)	108 397	3.67
7	This organization is profitable.	60 (300)	39 (156)	9 (27)	0 ()	0 ()	108 483	4.47
8	Our sales volume increases significantly per annum.	58 (290)	50 (200)	()	()	()	108 490	4.53

Table 3: Multiple regression analyses of diversification and performance of selected pharmaceutical shops

Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.135	1.257		-.107	.915
	Conglomerate diversification	.733	.102	.654	7.192	.000
	Concentric diversification	.265	.112	.216	2.375	.019

a. Dependent Variable: Performance ofpharmaceutical stores

Table 4 Analysis of variance

ANOVA

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	176.811	2	88.406	124.008	.000[b]
	Residual	74.855	105	.713		
	Total	251.667	107			

a. Dependent Variable: Performance ofpharmaceutical stores

b. Predictors: (Constant), Concentric diversification, Conglomerate diversification

Table 5 Model Summary

Model Summary

Model	R	R Square	Adjusted R Square	Std. The errorin the Estimate
1	.838[a]	.703	.697	.8443

a. Predictors: (Constant), Concentric diversification, Conglomerate diversification

Discussion of Results

Table 1 analyzed the effect of conglomerate diversification on the performance of pharmaceutical stores inselected Pharmacy Stores in Ilorin, Kwara State indicates that the first statement on whether theorganizationdeals in different goods and services than what it began with, with a mean score of 3.76 which is greater than the cut-off point 3.00 shows that conglomerate diversification significantly determinesorganizational performance.The second statement is on whether the firm venture into the creation of fresh goods and services that are neither commercially nor technologically related to those already on the market.with a mean score of 3.91 which is higher than the cut-off point of 3.00 shows conglomerate diversification boosts organizational performance. The third statement on whether the organization's customer base is increasing every day with a mean score of 4.25 which is above the cut-off point of 3.00 indicated that conglomerate diversification increases organizations' customer base.The last statement on whether the number of our employees increases yearly with a mean score of 3.50 which is greater than the cut-off point of 3.00 indicates that conglomerate diversification increases the employee base of the organization.Table 3 showed that conglomerate diversification has a positive effect on the performance of pharmaceutical stores (ß = 0.654, P<0.05). Test ofH1ashowed that there is a significant relationship between conglomerate diversification and the performance of selected pharmaceutical stores in Ilorin, Kwara State (0.000 < 0.05).According to Hannan and Freeman (2017),diversification is the strategy of incorporating complimentary product or service lines into the current core business, either through the acquisition of rival businesses or the internal development of new goods or services. Concentric diversification happens when a company expands into adjacent markets or products. Achieving strategic fit is the aim of this diversification. An organization can establish synergy by finding its strategic fit.The integration of operating units with a strategic fit could produce synergy, increasing total effectiveness.

Table 2 analyzed the effect of concentric diversificationon the performance of pharmaceutical stores inselected Pharmacy Stores in Ilorin, Kwara State indicates that the first statement on whether the organization trades in the same goods and services ever since it began, with a mean score of 3.39 which is greater than the cut-off point 3.00 shows that concentric diversification significantly determines organizational performance.The second statement on whether the business deals in goods that are comparable to or closely related to those it began with, a mean score of 3.67 which is higher than the cut-off point of 3.00 shows concentric diversification improves organizational performance. The third statement on whether the organization is profitable with a mean score of 4.47 which is above the cut-off point of 3.00 indicated that concentric diversification increases organizations' profitability.The last statement on whether the sales volume increases significantly per annum with a mean scoreof 4.53 which is greater than the cut-off point of 3.00 indicates that concentric diversification increases the sales value of the organization. Table 3 showed that concentric diversification has a positive effect on the performance of pharmaceutical stores (ß = 0.216, P<0.05). Test ofH2aindicated that there is a significant relationship between concentric diversification and the performance of selected pharmaceutical stores in Ilorin, Kwara State(0.019< 0.05).Kafouros, et al (2015) also found that businesses should consider diversification as a strategy because it may be a way to expand their reach if they experience internal coordination issues, which are common in big businesses.Conglomerate diversification forces the business to get into a new market and serve new customers.

The *F*-ratio in Table 4 showed that diversification statistically predictsthe performance of selected pharmaceutical shops, F =124.008, *0.000*< 0.05. This connotes that the regression model is statistically significant.Table 5 showed that 70% of the change in performance of selected pharmaceutical shops was brought about by the dimensions of diversification.

Conclusion

The study concluded that70% of the change in performance of selected pharmaceutical shops was brought about by the dimensions ofdiversification.An organization engages in diversification when it wants to alter the nature of its company. This can be done by independently generating new products or collaboratively entering a new market. A diversification strategy allows the business to deploy more assets and debt while maximizing the use of its current competencies to produce standout products.Concentric diversification is the process of introducing new products, markets, or technologies that are connected to or comparable to those already present.

Recommendations

i. Organizations should frequently use diversification as a survival tactic to outperform their rivals.
ii. Conglomerate diversification should be adopted by firms because it can necessitate a corporation to enter a new market and cater to new customers.

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