Pobrane z czasopisma Annales H - Oeconomia **http://oeconomia.annales.umcs.pl**
Data: 20/11/2026 22:09:31

DOI:10.17951/h.2026.60.2.101-116

ANNALES
UNIVERSITATIS MARIAE CURIE-SKŁODOWSKA
LUBLIN – POLONIA

VOL. LX, 2 SECTIO H 2026

YUSUF OLAMILEKAN QUADRI

quadriyusuf@gmail.com
Kwara State University. Faculty of Management and Social Sciences
P.M.B. 1530, Malete, Nigeria
ORCID ID: https://orcid.org/0000-0002-3755-7924

LUKMAN ADEBAYO-OKE ABDULRAUF

okelukman2003@yahoo.com
Kwara State University. Faculty of Management and Social Sciences
P.M.B. 1530, Malete, Nigeria
ORCID ID: https://orcid.org/0000-0003-2019-989X

ABDULRAHEEM OLAYIWOLA KADIR

abdulraheem.kadir@kwasu.edu.ng
Kwara State University. Faculty of Management and Social Sciences
P.M.B. 1530, Malete, Nigeria
ORCID ID: https://orcid.org/0009-0006-9599-1602

Corporate Diversification Strategies and Firm Value Among Nigerian Listed Non-Financial Firms

Keywords: income diversification; product diversification; geographical diversification; firm value; Tobin's Q

JEL: G30; G32; L25

How to quote this paper: Quadri, Y.O., Abdulrauf, L.A.-O., & Kadir, A.O. (2026). Corporate Diversification Strategies and Firm Value Among Nigerian Listed Non-Financial Firms. *Annales Universitatis Mariae Curie-Skłodowska, sectio H – Oeconomia*, *60*(2), 101–116.

Pobrane z czasopisma Annales H - Oeconomia **http://oeconomia.annales.umcs.pl**
Data: 20/11/2026 22:09:31

Abstract

Theoretical background: This study is underpinned by the synergy theory as it posits that the combination of complementary operations and assets to create value exceeds the sum of their standalone contributions thus driving the rationale for diversification. The theory proposed a positive interaction on firm value as value creation arising from cost and/or revenue synergies and risk mitigation make firms more attractive to potential investors.

Purpose of the article: The inclusive importance of firm value to firms cannot be overstretched as its essence lies in its representation of the overall worth of a firm as perceived by the stakeholders, investors and broader market. However, the complexities of managing diversified operations as well as difficulty in maintaining synergies have constituted a challenge to the Nigerian listed non-financial firms. Hence, this study examines how corporate diversification strategies impact on firm value among Nigerian listed non-financial firms.

Research methods: While adopting a causal research design, the Taro Yamane method of sampling selection and multi-stage sampling technique were adopted; 84 firms were sampled out of 104 listed non-financial firms; and their data was extracted through their annual reports and market data websites. Generalized least square was conducted after the preliminary analysis.

Main findings: At a 5% significance level, the results revealed that income diversification strategy significantly affect firm value; product diversification significantly affects firm value and geographical diversification impact significantly on the firm value of Nigerian listed non-financial firms. The study concluded that corporate diversification strategies contribute to the firm value by reducing dependency on a single income source while hedging against regional economic fluctuation. The study recommends that diverse sources should be explored through different innovative service models to generate more income thereby reducing overdependence on a revenue source.

Introduction

Globally, the quest to create a sustainable firm value has become increasingly important especially in emerging economies where structural constraints, macroeconomic instability, market uncertainty pose impending challenge on firm performance. Besides traditional profitability measures, firm value thus reflects market perception of management quality, efficient capital allocation, strategic decisions, organizational resilience. Investors' decision-making, risk management, creditworthiness and financing, overall economic prosperity and stakeholders' engagements (Akinyemi, 2025; Diantimala et al., 2021; Sampurna & Romawati, 2020; Zalikha et al., 2019). Essentially, maximizing firm value can be achieved through various means but corporate diversification has emerged as one of the most frequently adopted strategic mechanism, however, the choice and success of diversification strategies depends on the prevalence around the company's unique goals, market conditions, industry dynamics, and the company's core competencies (Kennedy, 2020; Saravanakumar, 2023).

The Nigerian environment constitutes an interesting setting for firm value examination due to host of challenges ranging from currency depreciation, inflationary pressure, rising operating costs, energy hiccups and declining consumer purchasing power thereby making it difficult for many firms to maintain stable earning and market valuation (Abdulrauf et al., 2025; Alhassan, 2023). These complexities have compelled firms to look for alternate growth methods: diversification into new

Pobrane z czasopisma Annales H - Oeconomia **http://oeconomia.annales.umcs.pl**
Data: 20/11/2026 22:09:31

product or market to enhance value and long-term survival (Nwankwo et al., 2026). Diversification strategies may be related diversification, unrelated diversification, vertical diversification, product diversification, income diversification, and geographical diversification. While successful diversification strategies require careful planning, market research, and consideration of a company's core competencies, poorly executed diversification efforts can result in inefficiencies, increased operational complexities, and even a decrease in overall firm value (Asif & Akhter, 2019; Chikalipah, 2019; Chisel, 2021; Omaliko & Okpala, 2022; Wanjira et al., 2018; Zamore et al., 2019).

Remarkably, in the quest of maximizing the firm value that aligns with the interests of shareholders and other stakeholders, numerous challenges are usually encountered ranging from poor financial performance, lack of diversification, high debt level, weak corporate governance, market volatility, legal and regulatory issues, strategic missteps among others (Gupta et al., 2021; Scott, 2023). These challenges have culminated in sensational fluctuations in firm values of Nigerian listed companies between 2010 and 2020 fiscal years; eventually leading to losses to investors especially the institutional investors whom as a means of protecting future commitments, depends strongly on capital development (Kolawole & Alabi, 2024). Evidently, any drop in stock prices put investors at serious risk and Nigerian companies have lost 80% of share value in eight years as the data on the performance of the companies share prices revealed that Unilever's fell from NGN 43 to NGN 14.50 kobo, while SCOA's fell from NGN 4.16 kobo in 2015 to NGN 1.40 kobo while UACN also decreased, going from NGN 38 to NGN 10.60 kobo (Lee et al., 2019; The Guardian, 2023).

Specifically, the problem of diversification strategies on firm value is a contentious issue, and diversifying into unrelated or poorly integrated businesses has led companies to overextension of limited resources, complexity, strategy drift, synergy challenges, and risk amplification (Harmono, 2023; Segal, 2023). Poor income diversification strategies have weakened companies' financial resilience, limited their growth opportunities, increased their risk perception, and reduced investor confidence, all of which ultimately impacted on firm value negatively (Setianto, 2020). Furthermore, despite the range of products and services introduced by Nigerian firms, the populace is still bent on patronizing imported goods which is ultimately truncating the maximization of firms' value objective. Similarly, geographical diversification remains controversial as Nigerian firms still encounter problems associated with geographical resource allocation, competitive dynamics, additional coordination costs, regulatory complexities, cultural differences (Akinyemi, 2025; Benito-Osorio et al., 2020).

Drawing from the above, this study seeks to investigate corporate diversification strategies on firm value among non-financial firms in Nigerian. This study is different from earlier studies by capturing investors' perceptions and market-based assessment as opposed to accounting-based performance measures like return on assets and re-

Pobrane z czasopisma Annales H - Oeconomia **http://oeconomia.annales.umcs.pl**
Data: 20/11/2026 22:09:31

turn on equity. More so, this study offers sector-specific evidence on value creation strategies in a sector of the economy that is crucial to economic development by focusing exclusively of listed non-financial firms.

Literature review

Theoretically, this study is underpinned by resource-based view (RBV) and synergy theory. The RBV as proposed by Penrose (1959), Wernerfelt (1984), and Barney (1991) suggests that firms build lasting competitive edge and better value creation when they have and use valuable, rare, hard-to-copy, and non-interchangeable resources. RBV also argues that organizational resources in the form of managerial know how, technological capacities, brand reputation, innovation ability, and market insight tend to be key drivers of firm outcomes and value (Barney, 1991; Peteraf, 1993). From an RBV angle, diversification becomes value relevant when firms manage to reuse their current strategic resources across various products, markets, or streams of income. This reuse can lead to economies of scope and a more efficient way to extract, or harvest, resources (Ferreira et al., 2020; Kraaijenbrink et al., 2010; Markides & Williamson, 1994). Also, RBV implies that both geographical diversification and product diversification can help strengthen firm value. This happens because firms may tap distinctive capabilities in fresh markets, while also reducing reliance on only one revenue well (Barney, 1991). For Nigerian listed non-financial firms, the logic feels especially important since many operate in a tough setting, with economic ups and downs, infrastructure gaps, and heavy competition. So, the strategic use of internal resources, rather than just generic expansion plans, becomes sort of essential for firm value.

On the other hand, synergy theory suggests that corporate diversification increases firm value when the firm has significant intangible, information-based assets that can benefit from economies of scale and scope (Morck & Yeung, 1991). Also, the theory suggests that synergy can arise from the combination of two or more businesses, leading to increased efficiency, cost savings, and improved performance (Balmaceda, 2007). However, the synergy theory also acknowledges that diversification can lead to coinsurance effects, where the benefits of diversification are offset by the costs of managing a more complex organization (Septian & Dharmastuti, 2019). Furthermore, the synergy theory premise on the idea that the summation of values of individual parts is lesser than the value of a diversified firm because diversification can lead to improved risk management, enhanced market shat and optimum economies of scale. Nevertheless, the theory also recognizes that diversification can lead to coordination problems, agency costs, and other negative effects that can reduce firm value (Matsusaka, 2001; Salter & Weinhold, 1978; Zhou, 2011).

Empirically, income diversification has been one of the most widely cited strategies for firms to help smooth cash flows, to lessen reliance on a single income

Pobrane z czasopisma Annales H - Oeconomia **http://oeconomia.annales.umcs.pl**
Data: 20/11/2026 22:09:31

stream, and to increase shareholder wealth. Studies in emerging markets has found that income diversification can help enhance the resilience of the organization and its performance by mitigating earnings volatility and diversifying revenue sources (Alouane & Haddou, 2026; Farhanto & Chalid, 2020). Likewise, some more recent studies have found that diversification can improve firm performance if the diversification is accompanied with supportive organizational skills and technological assets that allow firms to leverage synergy among business segments (Wang & Yang, 2024). These results are similar to those of studies which consider diversification as a value-creating activity that can enhance the long-term competitiveness and buffer environmental uncertainty. Despite these advantages, a counter stream of literature exists that suggests that diversification in the income stream can have negative effects on firm value. Farhanto and Chalid (2020) reported that diversification led to an increase in risk profile of ASEAN banking institutions, but did not have significant impact on market performance as measured by Tobin's Q and market-to-book ratio. Similarly, diversification-value studies provide evidence that over-diversification can lead to the generation of agency costs, suboptimal managerial monitoring and resource allocation inefficiencies that may reduce the potential benefits (Damarcheli & Kalantari, 2024; Setianto, 2020). Therefore, the results of the literature search do not provide clear evidence on the value creating or value destroying potential of income diversification, especially in emerging markets with macroeconomic uncertainty and institutional weaknesses. It is an issue that is yet to be settled particularly for Nigerian listed non-financial firms that could face a change in effectiveness of diversification strategies due to exchange-rate volatility, inflationary pressures and varying consumer demands.

H_{01}: Income diversification strategy has no significant effect on the value of listed non-financial firms in Nigeria.

Furthermore, product diversification is one of the most used growth strategies for firms that aim to expand their market opportunities, to become more competitive, and to increase firm values. The rationale behind product diversification is that firms can tap into the expertise, technology, brands and distribution networks of their existing products and/or activities in other product channels to realize economies of scope and achieve higher profits. There is much empirical evidence to support this view. Product diversification benefitted the performance of manufacturing firms in Kenya as it allowed the firms to adapt to changing consumer preferences and competitive pressure of the firms (Omosa et al., 2022). Likewise, Gunu (2022) found that product diversification and the performance of quoted manufacturing Companies in Nigeria had positive and significant relationship. Recent studies also indicates that diversification into the areas of a company's "core competencies" has positive impacts on productivity, competition, and future growth prospects (Bontadini et al., 2023). However, it does not always yield better value to have diversified products as studies have challenged the potential benefits of diversification and suggested that it could reduce management attention, add complexity to operations and decrease organiza-

Pobrane z czasopisma Annales H - Oeconomia **http://oeconomia.annales.umcs.pl**
Data: 20/11/2026 22:09:31

tional focus (Benito-Osorio et al., 2020; Nomaler & Verspagen, 2024; Obaro et al., 2022). Furthermore, the research that investigates diversification and firm value in emerging markets finds that diversification can generate either premiums or discounts based on the growth opportunities, governance attributes and managerial skills of the firms (Damarcheli & Kalantari, 2024; Setianto, 2020). Although there has been significant research interest, there is no consensus in the literature on whether product diversification increases or decreases firm value. The non-conclusiveness of previous studies indicates the need for additional empirical research in the Nigerian listed non-financial companies in a highly competitive and uncertain business environment.

H_{02}: Product diversification strategy does not significantly affect the value of listed non-financial firms in Nigeria.

In recent years, the importance of geographical diversification has risen as companies look to grow outside of their home markets. Geographical technological diversification improved the innovation results of manufacturing companies, according to Wen and Zheng (2020), implying that companies benefit from access to a wider range of knowledge resources and technological capacities. Similarly, studies on geographical diversification suggests that companies with multiple sites tend to perform better via market expansion, learning opportunities, and risk sharing benefits (Barros et al., 2024; Zoghlami, 2020). While there are many benefits to geographical diversification, it also comes with significant costs and risk. Coordinating across multiple regions could create a higher cost of coordination, information asymmetries, regulatory complexity, and managerial issues, which could lower firm value. The diversification premiums resulting from the wider market access and the use of resources are reported in some studies, while diversification discounts due to overexpansion and inefficient resource deployment are reported in other studies (Damarcheli & Kalantari, 2024; Setianto, 2020; Wang & Yang, 2024). In addition, Benito-Osorio et al. (2020) suggested that the performance consequences of geographical diversification are also contingent on its relationship with product diversification, suggesting that geographical diversification may not necessarily lead to better performance. As a result, research on the question of whether geographical diversification creates sustainable shareholder value is inconclusive. Nigeria is plagued by several challenges in its infrastructure, policy uncertainty, foreign exchange and disparities in markets in the different regions and geographical area, and so the effectiveness of geographical diversification is an empirical matter that needs to be investigated.

H_{03}: Geographical diversification does not significantly impact the value of listed non-financial firms in Nigeria

Pobrane z czasopisma Annales H - Oeconomia **http://oeconomia.annales.umcs.pl**
Data: 20/11/2026 22:09:31

Research methods

Notably, this study uses causal research design because; mostly, it is informed by the need to answer specific research questions of the effects of diversification strategies on value of Nigerian listed non-financial firm. The target population include 104 non-financial firms listed on the Nigerian Exchange group. The sample size used in this study as depicted was arrived via Taro Yamane's sample size technique (1967). Therefore, 84 listed firms were selected for this study across all the ten sectors of the non-financial economy. Regarding the sampling technique, the multistage sampling technique was used so that a strong base for this study required through representativeness, statistic validity, efficiency, free from bias and providing all-necessary information related to the objective of this study were positioned.

Moreover, the variables relating to the corporate diversification strategies and firm value of the sampled listed non-financial firms were extracted from the firms' annual report while other specific data was obtained from market data websites such as Wall Street Journal, investing.com among others. The study was carried out with reference to a business cycle that lies from 2011 to 2023 since the choice of the 13-year period hinge on the Federal Government of Nigeria's continuous efforts to diversify the economy through the implementation of industrial plans. After the preliminary analysis, the data were analyzed using generalized least square regression analysis.

Model specification

To achieve the research objective, this study adapts the model of Tarigan et al. (2022). The study, using capital structure as a moderating variable, investigated the effects of investment decisions, business diversification and company size on firm value and the model was stated as:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_1 \times Z_1 + \beta_3 X_2 + \beta_4 X_2 \times Z_2 + \beta_5 X_3 + \beta_6 X_3 \times Z_3 + e \quad (1)$$

where:
Y – firm value
A – constant
$B_{1\text{-}6}$ – regression coefficient of each factor
X_1 – company size
X_2 – diversification
X_3 – investment decision
$Z_{1\text{-}3}$ – capital structure

To achieve the research objective, Tarigan et al.'s (2022) model is adapted as:

$$\text{Firm value} = f \text{ (Diversification Strategies)} \quad (2)$$

Pobrane z czasopisma Annales H - Oeconomia **http://oeconomia.annales.umcs.pl**
Data: 20/11/2026 22:09:31

$$\text{Tobin's } Q_{it} = \beta_0 + \beta_1 IDIV_{it} + \beta_2 PDIV_{it} + \beta_3 GDIV_{it} + \beta_4 SIZE_{it} + \beta_5 CS_{it} + \varepsilon_{it} \quad (3)$$

where:
$IDIV_{it}$ = income diversification
$PDIV_{it}$ = product diversification
$GDIV_{it}$ = geographical diversification
$SIZE_{it}$ = firm size
CS_{it} = capital structure

Table 1. Variable measurement

Variables	Construct	Measurement	Sources	a-priori
Dependent variable				
Firm value	Tobin's Q	$\frac{MVE + Debt}{BVE + Debt}$	(Chabachib et al., 2020; Putri et al., 2020)	
Independent variables				
Diversification strategies				
Income diversification	Herfindahl–Hirschman concentration Index	$HHI = \sum_{i=1}^{N} (\frac{Revenue_i}{Total\ Revenue})2$	(Ammar & Boughrara, 2019; Suleiman & Gunu, 2020)	+
Geographical diversification	Location Diversity Index	$LDI = 1 - \sum_{k=1}^{n} S_k^2$	(Belderbos et al., 2022; Smith & Johnson, 2021; Wen & Zheng, 2020)	+
Product diversification	Product Diversification Index	$PDI = \frac{N}{1 + HHI}$	(Garcia-Cornejo et al., 2020; Kim et al., 2019; Nigam & Gupta, 2018)	+
Control variables				
Firm size	SIZE	ln total asset	(Nurhandari & Choiriyah, 2023; Warrad & Oqdeh 2018)	
Capital structure	CS	$\frac{Total\ Debt}{Total\ Equity}$	(Fahmi et al., 2021; Yusbardini & Andani, 2022)	

Source: Authors' own study.

Results

Descriptive statistics

Table 2. Statistical summary of the variables

Variable	Obs	Mean	Std. dev.	Min	Max
tobinsq	1,092	5.2740860	7.04637	-3.977600	55.33112
gdiv	1,092	0.2289141	0.10970	0.115790	0.55000
pdiv	1,092	0.2301268	0.11183	0.119750	0.65000
idiv	1,092	0.4651332	0.22654	0.231579	1.10000
size	1,092	23.3598000	1.92820	15.39428	28.75285
capstr	1,092	1.9109580	5.58856	-45.66640	47.92299

Source: Authors' own study.

Pobrane z czasopisma Annales H - Oeconomia **http://oeconomia.annales.umcs.pl**
Data: 20/11/2026 22:09:31

Table 2 provided the summary statistics results in which Tobin's Q gives an average of 5.27, standard deviation of 7.05, minimum of -3.98 and a maximum of 55.33. This means that on average, the firms are prized higher implying that the non-financial firms listed in the stock market signify good growth potential, confidence in the market and competitiveness. The study found that non-financial firms have a mean of 0.23 for geographical diversification, implying that on average, firms get revenues from more than one region; the standard deviation of 0.11 implies that there is moderate fluctuations in geographical diversification among non-financial firms.

Moreover, product diversification has a mean of 0.23 meaning that on average the firms have modest range of products, that is, the revenue generated from the listed non-financial firms emanates from different product lines; the standard deviation of 0.11 meaning that the variability of product diversification in the listed non-financial firms is not very high. Besides, income diversification shows a figure of 0.47 which imply that for an average, the listed non-financial firms have income diversification; the standard deviation of 0.226 imply moderate variability in income diversification.

Variance inflation factor

This sub-section presents the statistical measures result to further assess the extent of the connection between the independent variables and detect any multicollinearity which may twist the regression coefficients, and blow up the standard errors thereby leading to defective estimates.

Table 3. Variance inflation factor

Variable	VIF	1/VIF
Size	1.41	0.710135
Capstr	1.1	0.909343
Pdiv	1.02	0.979509
Gdiv	1.02	0.979844
Idiv	1.02	0.981451
Mean VIF	1.11	

Source: Authors' own study.

The result availed in Table 3 revealed that size, capital structure, product diversification, geographical diversification, and income diversification have low VIF values indicating that these predictors are almost immaterial and do not contribute significantly to multicollinearity. The mean VIF gives an overall sense of multicollinearity in the model thereby suggesting that multicollinearity is not a widespread issue. The tolerance levels (TOLs) which are the reciprocals of VIFs evidence a vast majority of results higher than the benchmark of 0.2. Consequently, there is no evidence that the standard errors of the regression coefficients could have been inflated inadvertently.

Pobrane z czasopisma Annales H - Oeconomia **http://oeconomia.annales.umcs.pl**
Data: 20/11/2026 22:09:31

Unit root test

Table 4. Results of Fisher-type augmented Dickey–Fuller unit root test

Variable	*P*-Statistic	*p*-value	*Z*-Statistic	*p*-value	*L**-Statistic	*p*-value	*Pm*-Statistic	*p*-value	Remarks
Tobin's Q	736.1755	0.0000	-17.756	0.0000	-17.7562	0.0000	30.99650	0.0000	Stationary
Gdiv	988.4093	0.0000	-23.353	0.0000	-29.4512	0.0000	44.75700	0.0000	Stationary
Pdiv	866.3299	0.0000	-20.878	0.0000	-25.6082	0.0000	38.09700	0.0000	Stationary
Idiv	1079.5302	0.0000	-24.199	0.0000	-32.0634	0.0000	49.72810	0.0000	Stationary
Capstr	347.2951	0.0000	-3.7778	0.0001	-5.1502	0.0000	9.78140	0.0000	Stationary
Size	359.0443	0.0000	-10.691	0.0000	-12.1347	0.0000	10.42230	0.0000	Stationary

Source: Authors' own study.

The unit root test results are shown in Table 4 which is the Fisher-type augmented Dickey–Fuller procedure. Altogether, the test results highlighted that the four test statistics support the claim that each variable is stationary. As it can be observed fixed prices and forecasted prices rejected the null hypothesis of unit root all the available test has large statistic values and low *p*-values. All variables in the dataset are stationary since the null hypothesis of a unit root is consistently rejected across all statistical tests. The results suggest no need for differencing or further transformation to achieve stationarity, enabling direct modeling in panel data techniques and confirming the reliability of these variables for long-term equilibrium relationships in a panel setting.

Panel regression result

Table 5. Panel regression results for corporate diversification strategies

	Fixed			Random		
Variable	coefficient	t	*p*-value	coefficient	z	*p*-value
idiv	0.1127081	2.8	0.005	0.113222	2.83	0.005
pdiv	0.081613	1.99	0.047	0.07893	1.98	0.049
gdiv	0.038051	3.13	0.001	0.03948	3.11	0.001
size	0.287798	10.81	0.000	0.29021	12.63	0.000
capstr	-0.001944	-0.55	0.585	-0.00216	-0.61	0.541
const	7.68901	12.28	0.000	7.747662	14.13	0.000
R-squared	0.2862			0.2863		
Wald Chi2	26.21			174.78		
prob>F	0.0000			0.0000		
F-test	23.07					
Hausman	0.9545					

Source: Authors' own study.

Pobrane z czasopisma Annales H - Oeconomia **http://oeconomia.annales.umcs.pl**
Data: 20/11/2026 22:09:31

Table 5 shows the panel regression result that gives an insight into the understanding of the corporate diversification strategies' relationship with firm value. To the extent that unobservables such as firm characteristics that might affect firm value also vary across firms, panel estimation has significant advantages over pooled ordinary least squares. The two sets of estimations (fixed-effects and random-effects) support the conclusion that the explanatory variables collectively have a statistically significant impact on firm value. Based on the model, firm value was examined using Tobin's Q and the regression model diagnostics showed that Wald chi-squared is 174.78 and the corresponding *p*-value = 0.000, thus, implying that the overall significance test approved that the independent variables (corporate diversification strategies) as a whole explain a variation in the dependent variable (firm value). More so, the R-squared has 0.2863 meaning that about 28.63% of the variance of the dependent variable can actually be accounted for by the model. The Hausman test value of probability was 0.9545 which is significantly greater than 0.05. Therefore, the null hypothesis of the consistency and efficiency of the random-effects estimator was not rejected. Thus, the random-effects model was chosen as the specification of interest, as it offers superior efficiency of parameter estimation and preserves the variation of the data across firms and variation of the data within each firm.

From the results of the panel regression, it was established that the sign for income diversification was positive and equal to 0.1132. The *p*-value of this coefficient was 0.005 which means that income diversification is statistically significant at 5% level of significance. This suggests that firm value is likely to appreciate by an average of 0.1132 each time there is enhancement of income diversification. Also, product diversification is significant and positively signed at 0.07893 ($p = 0.049$); this means that product diversification has a positive and marginal significance on firm value. On geographic diversification, the coefficient is 0.03948 and this means that the higher the geographic diversification of the firm, firm value will improve by 0.039 and its *p*-value being less than 0.05, the result is statistically significant as indicated by the *p*-value of 0.001. Therefore, it could be deduced that, null hypotheses in all the above-mentioned analysis were consequently rejected implying that all the respective alternative hypotheses were accepted.

Discussion

Specifically, the empirical findings revealed that income diversification strategies positively impact on firm value of listed non-financial firms and it is statistically significant. The economic impact of this finding signifies that dependency on a single source as well as the probability of financial distress are reduced through diversified income streams and spreading of operational risks across sectors. Thus, by broadening their income base, firms can better withstand market fluctuations, maintain more stable cash flows, reduce exposure to operational disruptions, and strengthen their ability to meet financial obligations during periods of economic uncertainty.

Pobrane z czasopisma Annales H - Oeconomia **http://oeconomia.annales.umcs.pl**
Data: 20/11/2026 22:09:31

More so, firms with diversified income sources often enjoy economies of scale and better cost management and are usually perceived by banks and investors as less risky thereby facilitating access to cheaper credit and boosting the firm value. As regards product diversification, the findings revealed that it impacts positively on the firm value of listed non-financial firms and it is statistically significant signifying that firms with product diversification share resources and capabilities across different product lines thus enhancing operational efficiency, tap into new markets, increase their customer base, generate more revenue, boosts profitability and ultimately increase the firm value.

Furthermore, the findings showed that geographical diversification is significant to firm value and the nexus is positive. This implies that a prime benefit of geographical diversification is market expansion as geographically-diversified firms benefit from increased sales volume arising from wider access to new customer-base, hence, having more growth opportunities as they leverage on economies of scale in procurement and production across different regions. These findings concur with the studies of Setianto (2020), Olalere et al. (2021), Kang et al. (2021), Putri and Pan (2021), Doerr and Schaz (2021) or Hu and Nguyen (2021). This finding aligns with both resource based view and synergy theory that emphasize on leveraging complementary capabilities, resources, and opportunities across regions to create greater value than would be possible if operations were confined to a single location.

Conclusions

The study concludes that corporate diversification is one of the significant strategic levers of firm value of listed non-financial companies in Nigeria. The results offer empirical evidence on how each of the three forms of diversification strategies, i.e., income diversification, product diversification and geographical diversification, is positively influenced firm value, albeit in varying degrees. The study not only confirms the relevance of diversification strategies but also adds to the literature by showing that diversification is still another viable value-creation mechanism in Nigeria's tough business environment, which is beset with economic uncertainty, exchange-rate fluctuations and intense competition. The study also contributes to the body of knowledge in this field by providing evidence specific to the sectors of listed non-financial companies, and by identifying the value of the various dimensions of diversification in building the resilience of an organisation, increasing its growth opportunities and enabling long term value creation. Based on the conclusion drawn that corporate diversification strategies significantly influence the firm value of listed non-financial firms in Nigeria, it is recommended that:

- diverse sources should be explored through different innovative service models to generate more income thereby reducing overdependence on a revenue source;

Pobrane z czasopisma Annales H - Oeconomia **http://oeconomia.annales.umcs.pl**
Data: 20/11/2026 22:09:31

- based on the consumers' preference, the development of new products should be prioritized to complement existing ones to ensure operational synergies and cost efficiencies;
- navigation through high-growth domestic and regional markets should be encouraged to mitigate risks associated with economic volatility in Nigeria.

References

Abdulrauf, L.A.O., Quadri, Y.O., & Ibrahim, S.A. (2025). Income diversification, ESG practices and financial sustainability of listed non-financial firms in Nigeria. *Proceedings of Sustainability, Entrepreneurship, Equity and Digital Strategies (SEEDS 2024)*, 203.

Akinyemi, J.O.O. (2025). International diversification strategy, resource intensity, and financial performance of listed banks in Nigeria. *Cogent Business & Management*, *12*(1), 2579664.

Alhassan, I. (2023). Asset efficiency and financial performance of listed non-financial firms in Nigeria. *Singaporean Journal of Business Economics and Management*, *9*(4), 91–96.

Alouane, N., & Haddou, S. (2026). The double-edged effect of bank revenue diversification: Insights from an emerging market. *International Journal of Financial Studies*, *14*(5), 102.

Ammar, N., & Boughrara, A. (2019). The impact of revenue diversification on bank profitability and risk: Evidence from MENA banking industry. *Macroeconomics and Finance in Emerging Market Economies*, *12*(1), 36–70. **https://doi.org/10.1080/17520843.2018.1535513**

Asif, R., & Akhter, W. (2019). Exploring the influence of revenue diversification on financial performance in the banking industry: A systematic literature review. *Qualitative Research in Financial Markets*, *11*(3), 305–327. **https://doi.org/10.1108/QRFM-04-2018-0057**

Balmaceda, F. (2007). *Corporate Diversification: The Costs and Benefits of Synergy*. Palgrave Macmillan. **https://doi.org/10.1057/9780230589681_5**

Barney, J. (1991). Firm resources and sustained competitive advantage. *Journal of Management*, *17*(1), 99–120.

Barros, V., Matos, P.V., Sarmento, J.M., & Vieira, P.R. (2024). ESG performance and firms' business and geographical diversification: An empirical approach. *Journal of Business Research*, *172*, 114392.

Belderbos, R., Lokshin, B., Boone, C., & Jacob, J. (2022). Top management team international diversity and the performance of international R&D. *Global Strategy Journal*, *12*(1), 108–133.

Benito-Osorio, D., Colino, A., Guerras-Martín, L.Á., & Zúñiga-Vicente, J.Á. (2020). The combined effects of product and geographical diversification on performance: Evidence in manufacturing SMEs. *BRQ Business Research Quarterly*, *23*(2), 91–106.

Bontadini, F., Campi, M., & Duenas, M. (2023). Being at the core: firm product specialisation. *arXiv preprint arXiv:2302.02767*.

Chabachib, M., Hersugondo, H., Septiviardi, D., & Dapit Pamungkas, I. (2020). The effect of investment opportunity set and company growth on firm value: Capital structure as an intervening variable. *International Journal of Innovation, Creativity and Change*, *12*(11).

Chikalipah, S. (2019). Does the geographic expansion of microfinance branches affect profitability? Panel data evidence from Sub-Saharan Africa. *Journal of International Development*, *31*(5), 393–410.

Chisel. (2021). *What Is Product Diversification? Definition & Strategies*. https://chisellabs.com/glossary/what-is-product-diversification-its-strategies/

Damarcheli, M., & Kalantari, Z. (2024). The impact of COVID-19 on the relationship between diversification and firm value. *Immunopathologia Persa*, 1–7. **https://doi.org/10.34172/ipp.2024.40559**

Diantimala, Y., Salsabila, A., & Majid, R.A. (2021). The influence of investment decisions and corporate financial policies on firm value. *Jurnal Dinamika Akuntansi*, *13*(1), 1–13.

Pobrane z czasopisma Annales H - Oeconomia **http://oeconomia.annales.umcs.pl**
Data: 20/11/2026 22:09:31

Doerr, S., & Schaz, P. (2021). Geographic diversification and bank lending during crises. *Journal of Financial Economics*, *140*(3), 768–788.

Fahmi, M.A.H., Adam, M., Widiyanti, M., & Isnurhadi, I. (2021). The influence of capital structure, its size, growth of the value of the company with its profitability as variable intervening the company LQ45 are listed in Indonesia stock exchange. *International Journal of Business, Economics and Management*, *4*(4), 487–493. **https://doi.org/10.21744/ijbem.v5n1.1805**

Farhanto, J.R., & Chalid, D.A. (2020). *The Impact of Income Diversification on Bank's Market Performance and Risk in ASEAN-5 Countries*.

Ferreira, J., Coelho, A., & Moutinho, L. (2020). Dynamic capabilities, creativity and innovation capability and their impact on competitive advantage and firm performance: The moderating role of entrepreneurial orientation. *Technovation*, *92*, 102061.

Garcia-Cornejo, B., Perez-Mendez, J.A., Roibas, D., & Wall, A. (2020). Efficiency and sustainability in farm diversification initiatives in northern Spain. *Sustainability*, *12*(10), 3983.

Gunu, U. (2022). Effect of income diversification on the financial performance of quoted manufacturing firms in Nigeria. *Journal of Business and Economic Research*, *20*(1), 1–12.

Gupta, I., Raman, T.V., & Tripathy, N. (2021). Creating value through related and unrelated merger and acquisition: Empirical evidence. *Corporate Ownership and Control*, *18*(4), 67–76. **https://doi.org/10.22495/cocv18i4art5**

Harmono, H. (2023). Financial performance and ownership structure: Influence on firm value through leverage. In W.A. Barnett & B.S. Sergi (Eds.), *Macroeconomic Risk and Growth in the Southeast Asian Countries: Insight from SEA* (Vol. 33B, pp. 93–115). Emerald Publishing. **https://doi.org/10.1108/S1571-03862023000033B005**

Hu, T.V., & Nguyen, M.H. (2021). A study on the relationship between diversification and firm performance using the GSEM method. *Emerging Markets Finance and Trade*, *57*(1), 85–107. **https://doi.org/10.1080/1540496X.2019.1582413**

Kang, T., Baek, C., & Lee, J.D. (2021). Dynamic relationship between technological knowledge and products: diversification strategy for firm growth. *Technology Analysis and Strategic Management*, *33*(6), 653–669. **https://doi.org/10.1080/09537325.2020.1834082**

Kennedy, R. (2020). *Strategic Management*. Virginia Tech Publishing. https://vtechworks.lib.vt.edu/handle/10919/99282

Kim, K., Hwang, J., Jung, S., & Kim, E. (2019). Which technology diversification index should be selected?: Insights for diversification perspectives. *Cogent Business & Management*, *6*(1), 1643519.

Kolawole, J.S., & Alabi, A.W. (2024). Employee diversity and firm value of listed Nigerian consumer goods manufacturing companies. *International Journal*, *16*(2), 42–50.

Kraaijenbrink, J., Spender, J.C., & Groen, A.J. (2010). The resource-based view: A review and assessment of its critiques. *Journal of Management*, *36*(1), 349–372.

Lee, J., Kim, S., & Park, H. (2019). The impact of corporate announcements on stock prices: Evidence from event studies. *Journal of Financial Markets and Institutions*, *15*(2), 89–102.

Markides, C.C., & Williamson, P.J. (1994). Related diversification, core competences and corporate performance. *Strategic Management Journal*, *15*(S2), 149–165.

Matsusaka, J.G. (2001). Corporate diversification, value maximization, and organizational capabilities. *The Journal of Business*, *74*(3), 409–431.

Morck, R., & Yeung, B. (1991). Why investors value multinationality. *Journal of Business*, *64*(2), 165–187.

Nigam, N.K., & Gupta, C.P. (2023). Negative related diversification, positive related diversification and firm's performance: Measurement and application. *Global Business Review*, *24*(1), 48–67.

Nomaler, Ö., & Verspagen, B. (2024). Related or unrelated diversification: What is smart specialization?. *Structural Change and Economic Dynamics*, *70*, 503–515.

Nurhandari, R.L., Fatimah, F., & Choiriyah, C. (2023). The influence of firm size, capital structure and profitability on firm value in food and beverage sub-sector manufacturing companies listed on the Indonesia Stock Exchange. *International Journal of Finance Research*, *4*(3), 180–195.

Pobrane z czasopisma Annales H - Oeconomia **http://oeconomia.annales.umcs.pl**
Data: 20/11/2026 22:09:31

Nwankwo, C. (2026). *Business diversification and firms value-added in consumer goods: Assessing Nigerian business environment*. https://ssrn.com/abstract=6643280 or **http://dx.doi.org/10.2139/ssrn.6643280**

Obaro, R., Udo, S., & Igbinovia, E. (2022). Corporate diversification and firm performance: Evidence from the Nigerian banking sector. *Journal of Financial Studies*, *15*(3), 204–218.

Olalere, O., Islam, M.A., & Rahmi, N. (2021). The effect of revenue diversification on the firm value and stability of banks: A comparative study of Nigerian and Malaysian banks. *Banks and Bank Systems*, *16*(3), 141.

Omaliko, E., & Okpala, N. (2022). Impact of corporate diversification on sustainability of listed health care firms in Nigeria. *Asian Journal of Economics, Business and Accounting*, *22*(4), 59–69. **https://doi.org/10.9734/ajeba/2022/v22i430558**

Omosa, H.M., Muya, J., Omari, S., & Momanyi, C. (2022). Role of product diversification strategy on performance of selected tea factories in Kenya. *International Academic Journal of Innovation, Leadership and Entrepreneurship*, *2*(2), 279–296. https://iajournals.org/articles/iajile_v2_i2_279_296.pdf

Penrose, E.T. (1959). *The Theory of the Growth of the Firm*. Oxford University Press.

Peteraf, M.A. (1993). The cornerstones of competitive advantage: A resource-based view. *Strategic Management Journal*, *14*(3), 179–191.

Putri, M.M., Firmansyah, A., & Labadia, D. (2020). Corporate social responsibility disclosure, good corporate governance, firm value: Evidence from Indonesia's food and beverage companies. *The Accounting Journal of Binaniaga*, *5*(2), 113–122.

Putri, N.A., & Pan, Z. (2021). Corporate diversification and firm performance: Evidence from Asian markets. *Journal of Asian Business and Economic Studies*, *8*(2), 123–140.

Salter, M.S., & Weinhold, W.A. (1978). *Diversification via Acquisition: Creating Value*. Harvard Business Review. https://hbr.org/1978/07/diversification-via-acquisition-creating-value

Sampurna, D.S., & Romawati, E. (2020). *Determinants of Firm Value: Evidence in Indonesia Stock Exchange*. **https://doi.org/10.2991/aebmr.k.200331.003**

Saravanakumar, N. (2023). *Diversification Strategy*. Wall Street Mojo. https://www.wallstreetmojo.com/diversification-strategy/

Scott, G. (2023). *Delisting: What It Means and How It Works for Stock Shares*. Investopedia. https://www.investopedia.com/terms/d/delisting.asp

Segal, T. (2023). *What Is Diversification? Definition as Investing Strategy*. Investopedia. https://www.investopedia.com/terms/d/diversification.asp

Septian, S., & Dharmastuti, C.F. (2019). Synergy, diversification and firm performance in mergers and acquisitions. *Advances in Economics, Business and Management Research*, *100*.

Setianto, R.H. (2020). Corporate diversification and firms' value in emerging economy: the role of growth opportunity. *Journal of Asian Business and Economic Studies*, *27*(2), 195–207. **https://doi.org/10.1108/JABES-08-2019-0075**

Suleiman, U.U., & Gunu, U. (2020). Effect of income diversification on the financial performance of quoted manufacturing firms in Nigeria. *Journal of Research in Emerging Markets*, *3*(1), 44–57. **https://doi.org/10.30585/jrems.v3i1.569**

Tarigan, T.M., Utami, N., & Arifin, S. (2022). The effects of company size, business diversification, and investment decision on firm value with capital structure as a moderating. *Jurnal Ilmiah Akuntansi dan Keuangan*, *11*(2), 127–140.

The Guardian. (2023). *Conglomerates lose 80 per cent of share value in eight years.* https://guardian.ng/business-services/conglomerates-lose-80-per-cent-of-share-value-in-eight-years/

Wang, Y.A., & Yang, H.L. (2024). Innovation diversity, product diversity and innovation performance. *International Review of Economics & Finance*, *96*, 103619.

Wanjira, N.G., Ngoze, M.L., & Wanjere, D.M. (2018). Horizontal diversification strategy adoption and the performance of state-owned sugar firms in Western Kenya. *International Journal of Novel Research in Marketing Management and Economics*, *5*(3), 1–9.

Pobrane z czasopisma Annales H - Oeconomia **http://oeconomia.annales.umcs.pl**
Data: 20/11/2026 22:09:31

Warrad, L.H., & Oqdeh, S.K. (2018). Do liquidity and firm size affect profitability and does capital structure play a moderator role: Study based on Jordanian data. *International Research Journal of Finance and Economics*, *170*(2018), 27–40.

Wen, J., & Zheng, L. (2020). Geographic technological diversification and firm innovativeness. *Journal of Financial Stability*, *48*, 100740.

Wernerfelt, B. (1984). A resource-based view of the firm. *Strategic Management Journal*, *5*(2), 171–180.

Yamane, T. (1967). *Statistics: An Introductory Analysis*. Harper & Row.

Yusbardini, Y., & Andani, K.W. (2022). Determinants of dividend payout ratio on IDXHIDIV20. Issuers in Indonesia Stock Exchange. *Budapest International Research and Critics Institute-Journal*, *5*(2), 13184–13191.

Zalikha, Mulia, S., & Nuraini, A. (2019). The influence factors of firm value (study of manufacturing company listed on Indonesia Stock Exchange). *Journal of Research in Business, Economics and Management*, *12*(1), 2270–2278.

Zamore, S., Beisland, L.A., & Mersland, R. (2019). Geographic diversification and credit risk in microfinance. *Journal of Banking and Finance*, *109*. **https://doi.org/10.1016/j.jbankfin.2019.105665**

Zhou, Y.M. (2011). Synergy, coordination costs, and diversification choices. *Strategic Management Journal*, *32*(6), 624–639.

Zoghlami, F. (2020). Geographical diversification effects on banks' performance: Evidence from Islamic banks of some selected countries. *Journal of Accounting, Business and Management*, *27*(2), 15–29.