GeoJournal of Tourism and Geosites
ISSN 2065-1198, E-ISSN 2065-0817

Year XV, vol. 42, no. 2spl, 2022, p.727-734
DOI 10.30892/gtg.422spl11-882

INNOVATION: A MODERATING FACTOR FOR THE EFFECTIVENESS OF DIVERSIFICATION STRATEGIES ON THE SUSTAINABILITY OF HOSPITALITY FIRMS IN NIGERIA

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Citation: Enobong, U.I., Ekpenyong-Effa, O.O., Obong, M.M., Hammed, K.M., & Isong, U.K. (2022). INNOVATION: A MODERATING FACTOR FOR THE EFFECTIVENESS OF DIVERSIFICATION STRATEGIES ON THE SUSTAINABILITY OF HOSPITALITY FIRMS IN NIGERIA. *GeoJournal of Tourism and Geosites*, 42(2spl), 727–734. https://doi.org/10.30892/gtg.422spl11-882

Abstract: The study aims to examine the effect of innovation as a moderating factor for the effectiveness of diversification strategies on the sustainability of hospitality firms in Nigeria. The study applied a quantitative method involving a survey design. A questionnaire measurement instrument was constructed and deployed on a sample of 104 respondents from 3 four-star hotels in the study area. Confirmatory Factor Analysis (CFA) was used to validate the constructs in the measurement instrument. Multiple regression analysis was used to test the study hypotheses. The results showed that concentric and conglomerate diversification strategies have a significant positive effect on the sustainability of hospitality firms. Also, innovation has a significant positive moderating effect on the relationship between diversification strategies and the sustainability of hospitality firms. Therefore, the study concluded that hospitality firms, particularly hotels should consistently innovate and diversify their services and product to gain market share, customer patronage and improve organizational performance in the long run while also remaining sustainable.

Key words: innovation, diversification strategies, sustainability, hospitality firms, concentric diversification, conglomerate diversification

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INTRODUCTION

Hospitality firms, particularly hotels operate in a dynamic and increasing business milieu with stiff competition and other factors which present significant challenges for hospitality firms to operate sustainably while also maintaining their competitive position in the market and attracting customer patronage. This situation has impeded the performance and sustainability of most hospitality firms. In response to the challenges faced by firms in the hospitality industry, most hotel firms adopted diversification strategies to remain competitive. Despite the potential of diversification strategies in changing the fortune of most hospitality firms who may want to adopt the strategies to improve the business performance by diversifying into related and unrelated business and develop products and services that will expand the firm's market and competitive position, diversification strategies still present significant challenges and uncertainty due to poor evaluation of the market, lack of skill and experience manpower to implement the strategy, lack of production technique and inadequacy of data on these new ventures. However, there is a noticeable paradigm shift in the hospitality industry in Nigeria as most of the firms, particularly hotel conglomerate has in recent decades adopted diversification strategies to diversify into related and unrelated businesses to gain greater market visibility and share as well become more profitable and sustainable. Diversification strategies have over the years become a game-changer for several hospitality firms, due to the potential of diversification strategies in enhancing business growth and sustainability (Omaliko and Okpala, 2022).

Furthermore, most hotels in Nigeria have in recent times diversified into power generation, gas, and beverages production, etc. The adoption of a diversification strategy by hotels has further widened their market share and is present in several industries (Arte and Larimo, 2022). Diversification strategies have been effective in creating new products, services, and markets and enhancing the competitiveness and sustainability of firms that adopted them (Benito-Osorio et al., 2012; Han et al., 2019). Diversification strategy enables enterprises to expand their scope of business and venture into

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related and unrelated businesses to gain a competitive advantage and established market presence. Businesses, particularly hospitality firms spend significantly to diversify to increase the firm performance and sustainability, while also establishing the presents of the company in several sectors and industries (Marinelli, 2011). A diversification strategy enables a firm to assess competitors in the market or industries and develop products and services which will help the company to remain competitive in the market, sustainable, and perform efficiently in the long run (Rubio-Andres et al., 2022). Organizations that desire to diversify their product and services need to consistently adopt innovative techniques in product designs and services that will bring about competitive advantage and improve performance (Benko et al., 2022).

However, most hospitality firms adopt diversification strategies such as concentric, conglomerate, or product diversification to enhance their firm's performance and sustainability. These diversification strategies could be effective and achieve the required results of improving performance, sustainability, and competitive advantage as well as shareholder value if adequately implemented (Singh, 1994). Unfortunately, most enterprises particularly hospitality firms in developing nations, like Nigeria have not been able to effectively apply or implement diversification strategies such as concentric, conglomerate, or product diversification which are capable of increasing business performance and the firm's sustainability (Xie et al., 2022). This situation has been attributed to inadequate evaluation of the market and the business environment to identify products and services that are needed by customers which could attract significant customer patronage after diversification. Furthermore, most hospitality firms fail to carry out adequate feasibility analyses and adhered strictly to the recommendations during the diversification process, leading to poor diversification and undesirable results. Also, due to the lack of skill, experience, and knowledgeable personnel in most hospitality firms, the hotels often fail to include significant details that could aid the implementation of the diversification strategies during the strategy formulation process which impeded the strategy implementation in the long run. Most hotels appear to face challenges of poor implementation of concentric diversification strategy leading to a situation where the firm add unrelated products and market to its current product portfolio, this situation affects workers' performance as employee struggle to perform efficiently. Furthermore, the lack of innovative products and services and poor implementation of conglomerate diversification strategy impeded the performance and sustainability of hotels. Also, the lack of innovation in most hospitality firms affects the diversification effort of hotels and impedes the firm's performance and sustainability. Therefore, the study aims to investigate the effect of innovation as a moderating factor for the effectiveness of diversification strategies on the sustainability of hospitality firms in Nigeria.

LITERATURE REVIEW

The growth or entry into new markets that are distinct from the firm's present product lines or markets is referred to as a diversification strategy (Hoskisson and Hitt, 1990). It is a technique used by top executives to accomplish corporate expansion through the acquisition of new firms to generate above-average returns by capitalizing on new possibilities. Diversification strategy is a technique that is regularly employed to adapt to environmental conditions (Arte and Larimo, 2022). While there are many motivations for a company, particularly a hospitality firm to diversify, the most important is the quest for improved performance and sustainability. Diversification enables businesses to achieve a higher return on investment by pooling resources and spreading capacity (Deepak et al., 2014). Diversification permits a firm to branch out into new business areas that are not related to its current activities. Diversification strategies such as concentric, conglomerate, and product diversification are used by businesses to extend their business functions by bringing new markets, products, services, or phases of manufacturing to their present operations to get better outcomes (Omaliko and Okpala, 2022). When businesses have possibilities incorporated in market structures and technology, as well as the potential for development in their core business, they adopt a diversification strategy (Chatterjee and Singh, 1999). This means that businesses expand into other industries or markets if, after solidifying their positions in their primary industry or market, they still have resources that may be deployed to other industries. Diversification is thought to increase economic advantages by more effectively utilizing corporate resources across various markets (Cavaliere et al., 2019).

Diversification helps businesses to increase their value by broadening the range of markets and sectors in which they compete and expanding their offering to additional clients (Hitt, 1997). Tushman et al. (2010) described diversification as the introduction into new markets with new goods to better grasp the idea. According to Tushman et al. (2010), companies desire diversification primarily for financial reasons. Furthermore, diversification of the company was seen as a way to increase the size of the business, get economies of scale, and promote better operating efficiency of businesses (Xie et al, 2022).

Some hospitality firms' economic success, financial effectiveness, market domination, and risk reduction have all been linked to diversification (Ismail, 2021). Diversification appears to be essential for other types of companies as well, even though much of the current research concentrates on large industrial enterprises. Nerkar and Roberts (2004), for instance, showed that diversification is extremely significant for service businesses. Diversification of products, services, or market operations provides firms with competitive advantages. Its effective execution, nevertheless, necessitates extensive knowledge and a comprehensive evaluation of the company and its surroundings. Even though diversification might be challenging for certain businesses, it is often necessary when their primary markets become unviable. Onsomu (2013), indicated that diversification provides varied results in some cases and that firms are limited in establishing enterprise-wide diversification capability owing to the absence of managerial expertise and abilities. He stressed that if adequate managerial competencies are available to promote the diversification strategy it will enhance its effectiveness. Diversification helps an organization to develop, according to Wheelwright (1987), and diversification purposefully leads the company far from its existing product lines with the ultimate goal of increasing the variety that can be managed by the business. Also, Chai-Aun et al. (2009) stated that diversification enhances the performance of the organization and has the potential of expanding a firm's product portfolio. Han et al. (2019) asserted that diversification includes both reviewing the inputs and the outputs and it helps in the creation of synergy with corporations to improve performance and sustainability of the firm. According to Gerry et al. (2005), this synergy allows for a cumulative return on assets that is higher than the amount of the individual elements. A diversification strategy, according to Gerry et al. (2005), is a corporate growth plan that allows a firm to enter new lines of business that are distinct from its present goods, services, and markets. According to Sahu (2017), firms diversifying into unrelated industries have indeed been able to outperform those with mostly connected operations.

Concentric diversification strategy

Concentric diversification is a type of diversification in which a company acquires or develops new products or services (closely related to its core business or technology) to enter one or more new markets (Gunjan and Rambabu, 2010), or when a company creates goods or services that have been mainly associated to its existing product offerings or market. Concentric diversification, according to Chen and Yu (2012), enlarges the products portfolio by adding new products or services to successfully leverage the potential of current technology and marketing techniques. Furthermore, Chen and Yu (2012) state that strategic fit arises when one or more operations in the supply chain of various companies are sufficiently comparable to provide an opportunity for the diversified organization to be successful in the long run. Concentric diversification is a large-scale approach that entails the administration of a company that gains from the firm’s core strengths. Thompson et al. (2003) stress that when the value chains of various firms present opportunities, it led to low costs by incorporating the effectiveness of associated business processes. Diversification helps the company to benefit from the competitiveness of skills transfer, reduced costs and enhanced performance and sustainability (Cavaliere et al., 2019).

According to Mashiri and Sebele (2014), diversification increases the product portfolio of firms and their competitive advantage. Berry (1995), stresses that diversification increases a firm ability to generate value for its customers by conducting more relationships with existing customers and decreasing business failure. As stated by Thompson et al. (2003), companies with higher comparative market dominance have a more competitive edge. A study by Landi and Venturelli (2001) indicated that diversification improves product and service offering and lead to an increase in the performance of firms. Also, Berry (1995) found a significant influence of diversification on organizational performance.

Conglomerate diversification strategy

Conglomerate diversification is a growth strategy that involves adding new products or services that are significantly different from the organization's present products or services. Conglomerate diversification occurs when the firm diversifies into an area unrelated to the organization’s current business Mashiri and Sebele (2014). Conglomerate diversification may come from synergy through the set of management experience or resources available, although the fundamental goal of conglomerate diversification is to increase the performance of an organization. According to Mishra and Akbar (2007), conglomerate diversification refers to that diversification in which a company goes into a new business that is completely unrelated to the current business of the company or in simple words company develops products or services which have no relation to current core products or services of the company. Investing in conglomerate diversification is a strategy to reduce the risk associated with the company's current activities. There are three major motivations for a firm's decision to adopt conglomerate diversification strategy. According to Gerry et al. (2005), the first rationale is the market–power concept, which holds that if a company grows larger, it will be able to gain a better position. The agency approach is the next one that has been recognized. This is when managers use diversification to improve the firm's position and protect the firm's financial position during times of economic instability. The third rationale, known as the resource view, supports diversification when the business has extra resources that might be put to better use elsewhere. Therefore, conglomerate diversification is vital to ensure that a firm diversifies its products portfolio into an unrelated area to widen the portfolio and the firm’s market and enhance the firm profitability and sustainability (Putri and Pan, 2022).

Innovation

Innovation is a vital process that involved the procedure of turning an idea or invention into goods and services that provide value to a firm (Benko et al., 2022). Innovation, according to Mishra and Akbar (2007), is the way of transforming innovative ideas into products or services. Innovation, according to Phung and Mishra (2017), is an organizational learning process that leads to the development of new and improved ideas. Innovation, according to Christensen and Montgomery (1981), is a prospective new synthesis that leads to the development of knowledge and ideas which improve goods and services in a firm and enhance growth and business performance. As indicated by Wheelwright (1987), innovation is the development of ideas that can be translated into goods and services which enhances the performance and sustainability of firms. According to Hitt et al. (1997), to succeed in innovation, businesses must prioritize consumer demands and satisfy them with creative products and services. He, therefore, defined innovation as the process of bringing new products and services to a target market. Innovative activities introduce new products, create new demand and substitute for old products, thereby enhancing the performance of hospitality firms (Chivandi et al., 2020). Therefore, it is important for hospitality firms to continually innovate while diversifying to produce goods and services that meet customers' desires, expand the firm’s portfolio, improve performance and enhance the sustainability of the firm.

Sustainability

Sustainability has become a critical perspective in managing firms via a holistic approach by considering the economic, environmental, and social dimensions of hospitality firms (Hyasat et al., 2022). With the rising significance of sustainable development, the theories of sustainability in firms have evolved during the past six decades. Though Gray (2010) established that 'sustainability' refers to a state, while sustainable development refers to the process for achieving this state. Cella-De-Oliveira (2013) said that sustainability is an approach born outside organizations such that; when it enters the internal ambient it lacks management tools. Therefore, there is little in terms of how to systematically articulate these concepts to become organizational actions and decisions (Han et al., 2019). As such, a set of tools become a necessity for the adequate management of organizational sustainability, and the organizational competence approach has proven to be sufficient, as demonstrated in empirical works (Berry, 1995; Cella-de-Oliveira, 2013; Phung and Mishra, 2017). Meanwhile, Colbert and Kurucz (2007), identify the colloquial definition of sustainability as being to "keep the business going", whilst another frequently used term in this context refers to the "future-proofing" of organizations.

Dyllick and Hockerts (2002) defined corporate sustainability as meeting the needs of a corporation's current direct and indirect stakeholders without compromising its ability to meet the needs of future stakeholders as well. Sustainable growth encompasses a business model that creates value consistent with the long-term preservation and enhancement of financial, environmental, and social capital. In that context, the Chartered Institute of Personnel and Development (CIPD, 2012, P.17) therefore said that: the essence of sustainability in an organizational context is "the principle of enhancing the economic, environmental and societal systems within which a business operates". Therefore, Cella-De-Oliveira (2013), stresses that Economic sustainability must guarantee sufficient liquidity cash flow, by producing an average return for its stockholders. Therefore, it becomes pertinent for firms to adopt diversification strategies to diversify into the related and unrelated products, services, or markets to enhance the performance and sustainability of the firm.

The study aims

The research aimed to investigate the effect of innovation as a panacea for the effectiveness of diversification strategies on the sustainability of hospitality firms in Nigeria. The specific aims of the research include:

1. To examine the effect of concentric diversification strategy on the sustainability of hospitality firms in Nigeria s.
2. To investigate the effect of conglomerate diversification strategy on the sustainability of hospitality firms in Nigeria.
3. To examine the moderating effect of innovation on the relationship between diversification strategies and the sustainability of hospitality firms in Nigeria.

Hypotheses formulation

Ho_1: Concentric diversification strategy does not have a significant effect on the sustainability of hospitality firms in Nigeria.

Ho_2: Conglomerate diversification strategy does not have a significant effect on the sustainability of hospitality firms in Nigeria.

Ho_3: Innovation does not have significant moderating effect on the relationship between diversification strategies and the sustainability of hospitality firms in Nigeria.

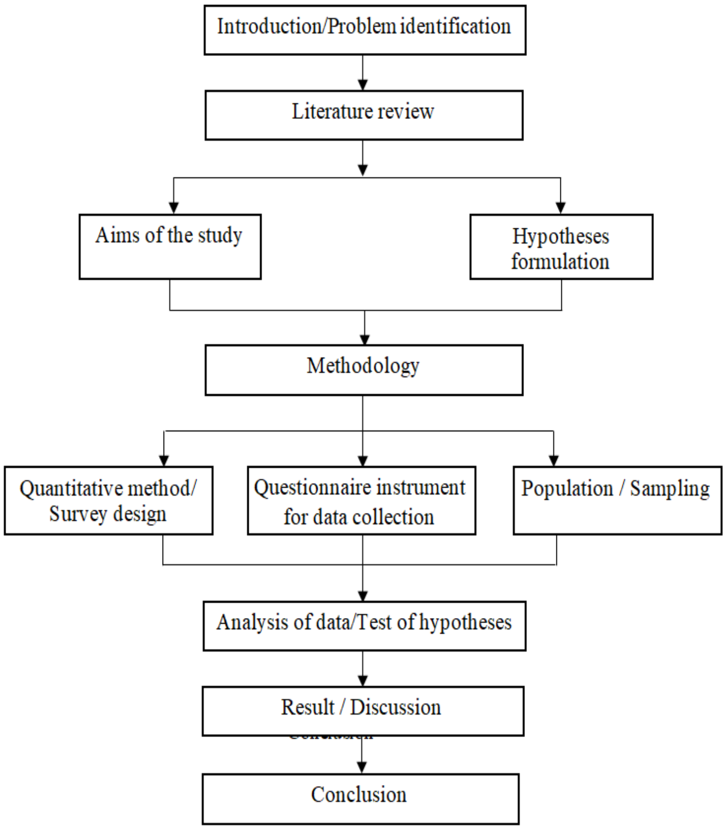

Figure 1. Flowchart of the research

MATERIALS AND METHODS

The study applied a quantitative method involving a survey design to investigate the influence of innovation as a panacea for the effectiveness of diversification strategies on the sustainability of hospitality firms in Nigeria. The population of the study was the entire 104 employees from 3 four-star hotels in Cross River State, Nigeria. The sampling technique adopted for the study was the census method. Since the study adopted the census method, the criteria were to select all the three four-star hotels in the study area. The rationale for this sampling method/criteria for selection was to enable all the 104 employees from the three hotels in the study area to have full and equal participation in the study. Based on the survey method employed for the research, a questionnaire instrument was developed on the variables of the research and conveniently distributed to the sampled 104 employees in the hotels included in the study. The questionnaire instrument was developed to cover the variables of the study; innovation; diversification strategies measured by (concentric and conglomerate diversification) and sustainability of hospitality firms.

A total of 104 copies of the questionnaire instrument were produced and administered in the three selected hotels. However, 80 copies of the instrument representing 77 percent were retrieved. The first version of the questionnaire measurement instrument comprised 24 items measuring the four variables: Innovation (Inn), Concentric Diversification (ConcentD), Conglomerate Diversification (CongD), and Sustainability (Sust). In conducting the Confirmatory Factor Analysis (CFA) to test if the measures of the variables are consistent with the aim of the study and to validate the measurement instrument, the Composite Reliability (CR), Standardized Factor Loadings (SFL), Average Variance Extracted (AVE) and Cronbach's alpha coefficients with values of 0.70 or higher were used (Hair et al., 2010). After conducting the CFA analysis, six items were deleted, two each from (Inn) and (ConcentD), and one each from (CongD) and (Sust) variables respectively due to low factor loadings. The remaining 18 items were retained and used in the study. Multiple regression analysis was used to test the study hypotheses and to establish the influence of innovation as a moderating factor for the effectiveness of diversification strategies on the sustainability of hospitality firms in Nigeria.

RESULTS

Table 1 presents the summary of descriptive statistics (means, standard deviations (SD), and correlation matrix) for the study constructs. As indicated in Table 1, the means were well above 2.5 and the standard deviation was all below one in (innovation, concentric diversification, conglomerate diversification, and sustainability respectively indicating a good response and clustered around the mean. Also, Table 1 indicated a satisfactory and acceptable discriminant validity of the variables since the square root of AVE between any two variables was higher than the variance between the variables and other constructs as well as their corresponding intercorrelations (Fornell and Larcker, 1981).

Table 1. Summary of descriptive statistics (mean, standard deviation and correlation matrix)

VARIABLES	**Mean**	**SD**	**1**	**2**	**3**	**4**
Innovation (Inn)	4.413	0.563	**0.887**			
Concentric Diversification (ConcentD)	4.493	0.654	0.443	**0.846**		
Conglomerate Diversification (CongD)	4.310	0.532	0.404	0.386	**0.877**	
Sustainability (Sust)	4.261	0.712	0.421	0.433	0.437	**0.884**

Table 2 presents the summary results of the CFA for the measurement instrument. The constructs evaluated in the analysis were diversification strategies (concentric diversification and conglomerate diversification), innovation, and sustainability of the hospitality industry. In conducting the CFA analysis, SFL higher than (>.70), AVE (>.50), CR (>.50), and Cronbach Alpha of .70 or higher were used to evaluate the measurement instrument (Hair et al., 2010; Kline, 2015). However, the results of the CFA in Table 2 indicated SFL for the variables in the study, Inn variable had an SFL range of (0.813-0.901), ConcentD (0.811-0.888), CongD (0.821-0.916), and Sust (0.822-0.921) respectively. Also, the model indicated a CR range of (0.874-0.893), AVE (0.777-0.793), and Cronbach Alpha range of (0.865-0.893) (Hair et al., 2010; Kline, 2015). Also, the goodness of fit indices of the measurement model was examined using RMSEA (<0.08), CMIN/DF (<3), CFI (> 0.9), and GFI (>0.9) (Hair et al., 2010; Kline, 2015). The results in Table 2 indicated the following indices (RMSEA 0.073; CMIN/DF 2.891; CFI 0.937 and GFI 0.902) for the study constructs (ConcentD, CongD, Inn, and Sust) respectively, which indicated the goodness of fit of the model and was satisfactory and acceptable.

Table 2. Summary of CFA results for the measurement instrument

Variables	**Items Codes**	**SFL**	**AVE**	**CR**	**Cronbach Alpha**	**Collinearity Statistics Tolerance**	**VIF**
Innovation (Inn)	Inn	0.901					
	Inn	0.866					
	Inn	0.813	0.784	0.874	0.865	.433	1.447
	Inn	0.822					
Concentric Diversification (ConcentD)	ConcentD	0.811					
	ConcentD	0.843					
	ConcentD	0.888	0.793	0.893	0.893	.448	1.489
	ConcentD	0.817					
Conglomerate Diversification (CongD)	CongD	0.899					
	CongD	0.916					
	CongD	0.855	0.745	0.887	0.867	.446	1.501
	CongD	0.821					
	CongD	0.911					
Sustainability (Sust)	Sust	0.842					
	Sust	0.822					
	Sust	0.862	0.777	0.879	0.887	.449	1.436
	Sust	0.863					
	Sust	0.921					
	Summary of model fit indexes						
	CMIN/DF		RMSEA		CFI	GFI	
	2.891		0.073		0.937	0.902	

Note: RMSEA=Mean Square Error of Approximation; CMIN/DF=Chi-Square / degree of freedom=CFI; Comparative Fit Index; GFI=Goodness of Fit Index

In assessing the results of the collinearity statistic, Tolerance value (>0.2) and Variance Inflation Factors (VIF <5.0) were used (Hair et al., 2010). The result in Table 2 showed that the obtained tolerance values range from (.433-.449) and VIF (1.436-1.501), which was satisfactory and acceptable.

Table 3. Model summary for diversification strategies and sustainability

Model Summary[b]				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.785[a]	.748	.747	1.213
a. Predictors: (Constant), ConcentD, CongD				
b. Dependent Variable: Sustainability				

Table 4. ANOVA result for diversification strategies and sustainability

ANOVA[a]						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	4283.041	3	4283.041	212.084	.000[b]
	Residual	1534.851	76	20.195		
	Total	5817.892	79			
a. Dependent Variable: Sustainability						
b. Predictors: (Constant), ConcentD, CongD						

Table 3 present the result of the model summary for diversification strategies and sustainability. The Adjusted R2 showed that the model was able to explain 74.7 percent of the variations in the sustainability of hospitality firms with the remaining 25.3 percent not explained by the model. The significance of the model demonstrated by the ANOVA F-test in table 4 revealed a value of 212.084 and was found to be significant at 0.05 (p=0.000) thus establishing the validity of the model. Also, the results of the standardized coefficients Beta in table 5 were 0.238 and 0.102 for concentric and conglomerate diversification strategies respectively, indicating that a 1 percent increase in these constructs, will increase the sustainability of hospitality firms by 0.238% and 0.102% respectively. The model coefficients result show that the t-tests of the constructs had a p-value that was less than 0.05 (p=0.000) in concentric and conglomerate diversification strategies respectively, indicating that the two diversification strategies constructs used in the study had a statistically significant impact on the sustainability of hospitality firms. Based on these results the relationship between whether or not the sustainability of hospitality firms is influenced by diversification strategies was significant at p=0.000. Therefore, the null hypotheses were rejected and it was concluded that concentric diversification strategy has a significant positive effect on the sustainability of hospitality firms. Also, conglomerate diversification strategy has a significant positive effect on the sustainability of hospitality firms.

Table 5. Coefficient result for diversification strategies and sustainability

		Coefficients[a]				
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	-3.624	.61020		-4.175	.000
	Concentric diversification	.451	.021	.238	11.286	.000
	Conglomerate diversification	.181	.031	.102	4.416	.000

Dependent Variable: Sustainability Sig. @ p<0.05

Table 6. Model summary for the moderating effect of innovation on diversification strategies and sustainability

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.826[a]	.767	.766	.68585	.767	743.075	3	76	.000
2	.833[b]	.781	.780	.64477	.013	55.867	1	78	.000
a. Predictors: (Constant), ConcentD, CongD; b. Predictors: (Constant), ConcentD, CongD									

Table 7. ANOVA result for the moderating effect of innovation on diversification strategies and sustainability

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	1608.136	3	1608.136	462.506	.000[b]
	Residual	264.257	76	3.4770		
	Total	1872.393	79			
2	Regression	1636.304	4	1636.304	542.901	.000[c]
	Residual	226.101	75	3.014		
	Total	1862.405	79			
a. Dependent Variable: Sustainability; b. Predictors: (Constant), ConcentD, CongD c. Predictors: (Constant), ConcentD, CongD						

Table 8. Coefficients result for the moderating effect of innovation on diversification strategies and sustainability

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	-5.072	.511		-8.672	.000
	Concentric diversification	1.157	.131	.182	8.071	.000
	Conglomerate diversification	2.408	.114	.431	16.617	.000
2	(Constant)	-8.182	.607		-12.228	.000
	Concentric diversification	1.147	.121	.178	8.384	.000
	Conglomerate diversification	2.036	.112	.432	14.527	.000
a. Dependent Variable: sustainability						

Table 6 presented the model summary for the moderating effect of innovation on diversification strategies (concentric and conglomerate diversification) and sustainability. The R Square Change column demonstrated an increase in variation explicated by the addition of the moderating variable (innovation). The result shows that the R square change for models 1 and 2 were 0.767 and 0.013. This result indicated that there is a 76.7 and 1.3% change in the effect of diversification strategies when innovation is introduced in the hospitality firms (hotels). The Sig. F Change column revealed that this change is statistically significant at (p = 0.000 < 0.05). However, the adjusted R square shows that the model accounted for 78% and 76.6% effect on the sustainability of hospitality firms when innovation is introduced in the hotels. The significance of the model demonstrated by the ANOVA F-test in Table 7 revealed a value of 462.506 and 542.901 for models 1 and 2 respectively and was found to be significant at 0.05 (p=0.000) thus establishing the validity of the model.

Furthermore, the Beta values in Table 8 were (0.82, 0.431) and (0.178, 0.432) for concentric and conglomerate diversification strategies respectively, in models 1 and 2, indicating that a 1 percent increase in these constructs after the introduction of innovation, will increase the sustainability of hospitality firms by 0.82%, 0.431%, 0.178%, and 0.432% respectively. The model coefficients result show that the t-tests of the constructs had a p-value that was less than 0.05 (p=0.000) in concentric and conglomerate strategies in models 1 and 2 respectively. Based on this result, the null hypothesis was rejected and it was concluded that innovation has a significant moderating effect on the relationship between diversification strategies and sustainability of hospitality firms in Nigeria.

DISCUSSION

The results of the study further showed the importance of innovation as a moderating factor for the effectiveness of diversification in hospitality firms. From the test of the hypotheses, the result indicated that concentric diversification has a significant positive effect on the sustainability of hospitality firms in Nigeria. The finding implied that hospital firms (hotels) that consistently innovate while diversifying into related and unrelated products, services, or markets may remain more sustainable. The result was consistent with previous studies. For instance, the findings from the study of Arte and Larimo (2022) found that diversification has a significant relationship with the performance of firms. Also, Gunjan and Rambabu (2010) found that a concentric diversification strategy significantly influences the performance of service organizations. Corroborating the finding of the study, Berry (1995) study found that diversification strategy impacts the performance of organizations as well as profitability. Also, the research conducted by Landi and Venturelli (2001) found that diversification enhances organizational performance. This finding implies that hospitality firms that adequately carry out concentric diversification could increase their organizational performance and sustainability in the long run. Omaliko and Okpala (2022) indicated that corporate diversification has a significant influence on the sustainability of firms.

Similarly, the study found that conglomerate diversification strategy has a significant positive effect on the sustainability of hospitality firms. This finding was reached after the test of the hypotheses revealed a p-value that was less than 0.05 ($p=0.000$) across the dimensions of diversification strategies utilized in the research, indicating a statistically significant positive effect of the two constructs of diversification on the sustainability of hospitality firms. This finding was supported by Xie et al. (2022) who found that financial diversification enhances the sustainability of firms. Also, Chandan (1987) found that diversification strategy has a significant positive influence on organizational performance. The outcome of the research was also supported by the findings of Thompson et al. (2003) who found that intra-industry product diversification influences firms' performance. Also, the finding was supported by the study of Nastase and Hotaran (2011) who found that diversification strategies enable firms to gain new markets and expand the business scope as well as enhance the firm performance. Han et al (2019) indicated that effective diversification strategies enhance the financial sustainability of firms.

Finally, from the test of hypothesis three, it was found that innovation has a significant positive moderating effect on the relationship between diversification strategies and the sustainability of hospitality firms. This finding was reached after the Sig. F Change reveals a statistically significant effect of innovation on the regressand constructs ($p = 0.000 < 0.05$). The model showed that with the introduction of the moderator (innovation), diversification strategies increase the sustainability of hospitality firms by 78% and 76.6% respectively as indicated by the adjusted R-square. This implies that innovation plays a vital role in enhancing the effectiveness of diversification to related and unrelated products, markets, or services in hospitality firms in Nigeria. The finding was supported by Rubio-Andres et al. (2022) who found that innovation enhances share value and sustainable growth and performance in a firm. Also, Mishra and Akbar (2007) study found that innovation has a significant mediating effect on diversification strategies and the performance of manufacturing firms' nexus. Corroborating the findings were Hoskisson and Hitt (1990) who found that innovative products diversification relates to hospitality firms' performance. This finding implied that effective innovation of products and services of hospitality firms (hostels) will consequently enhance the performance, customer patronage, and sustainability of the hotels in Nigeria. Also, Cavaliere et al. (2021) indicated that innovation plays a vital role in enhancing business portfolio diversification and performance.

CONCLUSION

Hospitality firms the world over strive to remain competitive, profitable, and sustainable. To this end, proper diversification of goods and services in hospitality firms (hotels) becomes imperative to enhance performance and sustainability in the industry. It is obvious from this study that concentric and conglomerate diversification strategies significantly and positively influence the sustainability of hospitality firms in Nigeria. Hospitality firms and other businesses can grow and remain competitive by implementing diversification strategies.

This is because diversification increases a firm's product and service delivery thereby improving sales growth of the enterprise, profitability, and sustainability. Furthermore, offering unique products through diversification enhances customers' patronage and the market share of hospitality firms. Hospitality firms gain new market niches by diversifying into businesses that improve the overall performance of a firm. It is important for hospitality firms (hotels) to consistently diversify its product and services through the adoption of concentric and conglomerate diversification strategies to improve performance, productivity, and sustainability. Therefore, it becomes pertinent that hospitality firms, particularly hotels consistently innovate and diversify their services and products to gain markets share, customer's patronage and improve organizational performance in the long run while also remaining sustainable.

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Article history: Received: 22.01.2022 Revised: 29.05.2022 Accepted: 06.06.2022 Available online: 30.06.2022