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CORRELATION-SHIP BETWEEN DIVERSIFIED GROWTH STRATEGY AND CORPORATE ROBUSTNESS AMONGST DEPOSIT MONEY BANKS IN PORT HARCOURT

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Abstract

This research work examines correlation-ship between diversified growth strategy and corporate robustness amongst deposit money banks in Port Harcourt. The study was conducted at the group macro-level of analysis and group unit of analysis, and drew its research data from a population of 49 departments drawn from 8 money deposit banks in Port Harcourt. The major data collection instrument was questionnaire supported with scheduled interviews. The data collected were analysed using Descriptive (Univariate) and inferentially (Bivariate and Multivariate). Inferentially, the research hypotheses were tested using Spearman's Rank Order Correlations Coefficient. Drawings from the test results and discussions, the study found that such growth strategies as Concentric, Integrative and Diversifications, directly increase the sustenance of corporate banks robustness and agility. Thus, the study concluded that corporate resilience of money deposit banks is a function of the effective implementation of growth strategies. The study therefore recommended that banks should maintain constant growth consciousness to sustain their desired resilience.

Introduction

The unprecedented threats to the survival of businesses has placed very high premium on increasing need for corporate resilience capacity building of the firm. As businesses are faced with serious internal and external threats, the dispositions of business strategic thinkers are skewed towards application of SWOT, ETOP, and SAP analytical models to identify and isolate peculiar circumstances that will be the justification for appropriate intervention paradigms (David, 2018; Urieto, 2000; and Teece, 2011).

In this regards, efforts are directed at vaccinating to strengthen the resilient immunes of the firm. This strategic option has become very necessary because threats are almost inevitable components of the business environment, but the resilient capacity of the firm is what accounts for the effectiveness of its survival (Thomas, et al, 2005 and Carpenter, et al., 2001) simply said, threats will always gather, but it takes the resilient capacity of the firm for threats to fall.

The trend of thought on building the resilient capacity of the firm is replete with antecedents. For instance, in a more recent attempt, Sylvia (2018) contended that organizational resilience largely depends of the management information system capability of the firm. This view presupposes that information gathering, processing, storage, retrieval, sharing, and utilization are critical factors to achieving high resilient capacity. Other views in this sphere have technological innovation as route to securing organizational resilience (Coutu, 2002; Sylvia, 2018; and Folke, 2006).

The contention is that inventions and adoption of creative and innovation technology are necessary for building corporate resilience. This implies that adaptive technology provides for adjustments with the realities of respect to customer preference and work convenience on the part of the worker.

Nevertheless, other views rest on the critical role of human resource management and workplace behavior handling, in this respect, such antecedent as: employee training and development, worker motivation through several reward and incentive systems etc (Glantz and Johnson, 1999; and Golicic & Flint & Signori, 2017) are favoured as precursors to resilient capacity building.

The central role of human in organization is the driving factor upon which it is held to be the most critical element in the search for the firm's resilient capacity. For instance, De Paulo (1962) holds strongly that the company is a mere dusty legal framework without the human asset. It therefore means that technology, buildings, and work procedures will amount to nothing without the enabling efforts of humans in organizations. Thus, the contention favours the view that adaptive training, adequately motivated workforce, passionate and committed employees, and workers full of unwavering hope will ultimately engender corporate resilience.

However, the stakeholder's management option appears to favour corporate social responsibility and corporate governance, with the view that acceptable and effective handling of stakeholders' interest will call forth some resilient strength for the firm (Gulati; 2010: Helfat & Martin, 2014). This approach is held by those who consider the adverse consequences of dissatisfied stakeholders of the firm and the dominant influence of the board on corporate decisions. As logical as the technological human resources and stakeholders, this appears to be, but what seems more target are business development paradigms that emanate from analysis and response to real situations. This is the view of this research as it tends to business strategy and business resilient capacity of the firm by examining correlation-ship between diversified growth strategy and corporate robustness amongst deposit money banks in Port Harcourt.

Statement of the Problem

The unavoidable question is how can banks develop and increase their resilient capacity to withstand any threat? Whereas series of previous studies have explore different paradigms to explain away what could be done, it appears that such views domiciled in technological, information, human behavioural and skills handling, as well as stakeholders handling and governance are lacking in the directness expected in business development paradigms. This is the identified knowledge-gap in this research. It is the view of this research to provide any explanation of how strategic growth options correlate with corporate resilience of banks in Nigeria. The point of departure of this research is to examine the correlation-ship between diversified growth strategy and corporate robustness amongst deposit money banks in Port Harcourt.

Research Question

This study will attend to the following research question:

1. How does diversification correlate with corporate robustness?

Research Hypotheses

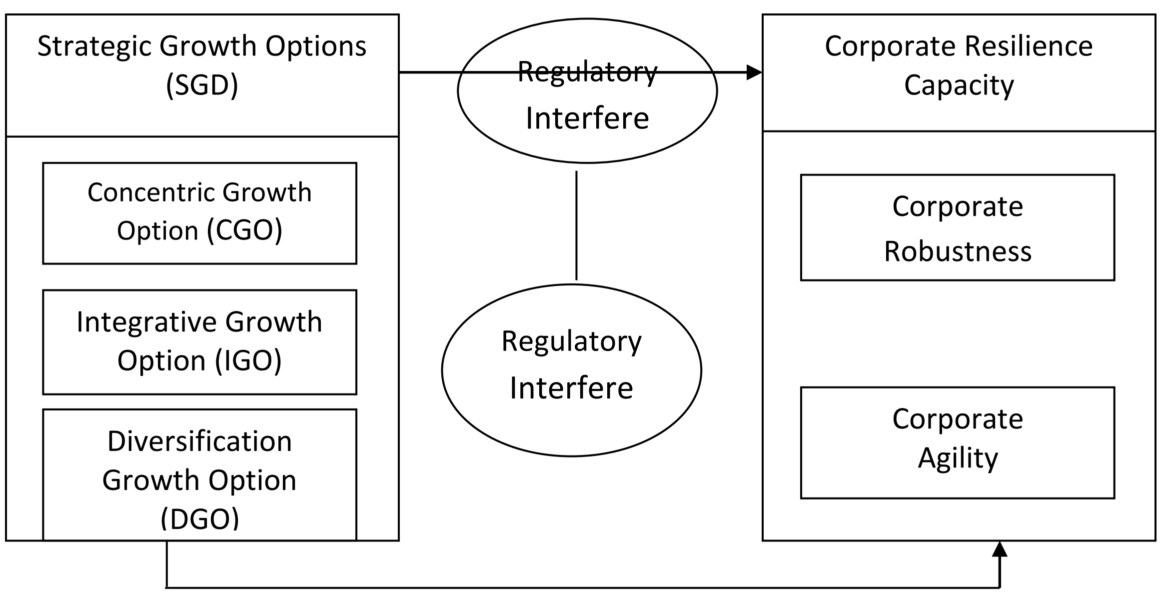
H_{o5}: There is no significant association between diversified growth strategy and corporate robustness.

Significance of the Study

The pivotal role of the banking industry in the socio-economic development of any society is incontestable, to the extent effectiveness of banking operations determines to a large extent the direction of business growth. Thus a study of bank resilient capacity in Nigeria amidst the prevalent threatening turbulence cannot be less significant. This study will add to the existing body of extant literature to enrich the theoretical understanding on the nexus between business strategic growth options and corporate resilience of banks. Thus, it will bridge the identified knowledge gap concerning business development paradigms and corporate subsistence in the banking sector.

Conceptual Review

Conceptual Framework



Source: *Dimensions of Predictor Variable were derived from David (2014) and Urieto (2000) the measures of Criterion Variable were derived from Chu (2015).* This research work adopted the above stated conceptual frame work constructed by the above named authors but shall concentrate on examining the correlation-ship between diversified growth strategy and corporate robustness amongst deposit money banks in Port Harcourt.

Literature Review

The Concept of Growth Strategy

Strategy is a buzz word in the business sphere. It is a corporate mantra as it relates to the survival and competitiveness of business organizations. There is a consensus amongst business strategists that the concept of strategy has its etymological origin in the Greek military where "stretego" meaning the art of war was the major concern of the Greek generals to out with and defeat their enemies (Kazmi, 2006).

However, Bufett (2009) has argued that 'strategy' was adopted by corporate managers because both the military and business share the same pattern of confrontation in terms of defensiveness and offensiveness. This has implanted strategic management into business processes and literature. Strategy according to David is a broad concept used to describe the most preferred option, or the choice of actions chosen by an organization to optimally achieve set objectives within a competitive and a dynamic business environment. Again, depending on the strategic choice, the overriding aim of any strategy is survive and have competitive edge over its competitor.

Drawing from the foregoing therefore, growth strategies are multiple strategic options intended to expand the operating scope of a business concern.

Three major types of growth strategies are identified in the strategic management literature. Glueck (1980); Hatten (1987); and Fubara (2006) tend to agree that with its expansion tendencies, growth strategy exists in concentration strategy; diversification strategy; and integration strategy. These aspects of growth strategy, according to David (2014) are not mutually exclusive. It is also a common knowledge amongst business strategists that growth strategies are preferred options in a stable business environment, high industrial growth rate, rapid market growth, and strong competitive position of the firm in the industry (Fubara, 2016). Thus growth strategies are meant to secure and maintain a firm's robustness and industrial leadership.

Dimensions of Growth Strategy

Growth strategies involve a dynamic state of choice-making to secure the expansion objective of the firm, and it may take one or more of concentric growth, integrative growth and diversified growth options, depending on the business environment or the peculiar firm's situation (rapid market growth, slow market growth, strong competitive position or weak competitive position (Kazmi, 2006).

Concentration Strategy

This is a business expansion strategy involving the concentration on a single business to widen the scope of business operations on that particular business (Urieto, 2006). The expansion may be spread to cover new geographic locations, but the same business is maintained. It appears most appropriately adopted demand exceeds or is perceived to exceed supply across geographical or regional markets.

However, in circumstances where a major business offering substitutes to a firm's product or service suddenly goes out of business, concentration growth strategy may be adopted to take advantage of the sharp positive shift in demand, in the favour of the firm (Kazmi, 2006).

Urieto (2006) listed the gains of contration growth strategies as: easy manageability, devoid of matrix organizational structure, creation and promotion of more uses for the product; taking a commodity item and making a broader and different product out of it; usage of advertising and promotional effort to stimulate demand; attracting non-users to buy the product; developing more compelling sale appeals; making the product available through additional types of distribution channels; providing market outlets for complementary by-products; and capitalizing or social concern (Kazmi, 2006).

However, the danger of concentric growth strategy is that any misfortune devasts the entire business concern.

Integrative Growth Strategy

Most often called vertical integration strategy, is a growth strategic alternative involving the extension of the firm's business perimeters in two possible directions. These directions are backward or upward integration (David, 2014). Urieto (2006) contended that, "a backward integration strategy has the firm entering the business of supplying some of the firm's present inputs". This implies that the firm's present inputs". This implies that the firm moves to the stages preceding its point of operation on the product value chain. Further implication is that the firm assumes a supplier to itself (Kazmi, 2009).

This can put the firm under a different business situation controlled by different environmental contingencies.

However, the forward or upward integration strategy places the firm in a position whereby it turns to be a supplier to itself, by creating business portfolios that succeed its position on the product value chain (Kazmi, 2009).

The most common of forward vertical integration approaches is the establishment of distribution outlets to sell the product of the firm closer to the ultimate consumer (Urieto, 2006). It is contended that the rationale for adoption of vertical integration strategy are: growth in volume and not complexity will lead to a more capital intensive operations; and firms who have secured long linked technologies have greater advantages through vertical integration.

Diversified Growth Strategy

Because of fragmented business opportunities each being distinct from the other and not perhaps robust enough to attract concentric strategy, a firm can go diversified. But more strategically, Urieto (2006) and Kazmi (2006) share the view that diversification strategy involves spreading of business risk among different portfolios of a particular firm.

This is achieved through related and unrelated diversification. More specifically, in the related diversification, the firm engages in similar line of businesses, involving related technology, markets, distribution channels, methods of operations, etc. the unrelated diversification involves entering into a different kind of business with distinct characteristics.

Robustness

According to Pavard, Dugdale, Saoud, Darcy and Salembier (2008) "The terms robustness and resilience are often used interchangeably and are very broadly interpreted to mean the ability of a system to remain stable and function correctly in unforeseen environmental conditions". Robustness describes organization stability and constancy, as well as, an ability to maintain an "intact structure" and low deviation in the face of crises and challenges (Maurer & Lechner, n.d). Robustness and resilience are complementary concepts (Dugdale & Pavad 2010) and organization robustness is widely Considered and used as a good measure of organizational resilience. When confronted with crises or disaster, organization typically comes under diverse kinds of pressure that threaten existing structure and function and which can undermine its ability to respond appropriately. Therefore, organizational robustness theorist postulate that loss of structure and function in crises/challenges is detrimental to firm competitiveness and even survival and has continuously explored strategies by which robustness can be enhanced Robust organizations are those that are capable of creating reliably strong systems that remain un-deformed in function and structure when challenged; and this is a critical capability in the face of the large amounts of real and potential disruption that face organizations today. Since traditional response mechanisms may be compromised in moments of crises, robustness theorist postulate that post crises function and structure of organization depict the firm'slevel of resilience. The link between organization resilience and robustness has been widely established in several studies, including the works of Anderis, Walker and Ostrom (2013); which explored nexus between resilience, robustness and sustainability and their collective influence.

Capano and Woo (2016) traced the origin and use of the robustness and resilience constructs to diverse disciplines including, complexity and chaos theory, rational institutionalism, organizational and management theory, macroeconomics, engineering and psychology. According to Levchuk, Meirina, Levchuk, Pattipati, & Kleinmann (2001) robust organizations are those that are able to maintain an acceptable performance in a changing environment without having to change organizational structure.

Invariably, organizations that yield their structure and functionality to disruptive forces or crises in their environment are vulnerable and in need of higher degrees of robustness. Furthermore, Heinimann (2018) in exploring the concept of "resilience management" in physical and biological systems identified robustness as a critical element of resilient systems, consequently defining robustness as "a pre-event strategy to identify system designs that perform well when facing variations in conditions of use". This suggests that the notion of organizational robustness should transcend the mere ability to resist failure at the level of the "whole organization"; rather robust organizations must continue to function even when individual elements (such as communication systems, transport systems or production systems) fail.

Robustness is therefore believed to be a multi-level, multi-system capability that enhances performance in all frontiers and all layers of the firm's structure. A robust organization is not rigid but strategically adapts lessons from previous cases or new thinking in anticipation and response to emerging threats such as crises and disaster. (Oluwasoye & Ugonna 2015). According to Oss and t'Hek (2011) organizational robustness measures the amount of room that a company and its workforce have left for alternative views or ways of responding to threat and it combines capacity of staying through to itself and also for shifting correspondingly in response to change.

Summarily, contemporary management practice and theory posits that maintaining the nature and form of an organization's capabilities and resources amidst threats is a primary requirement for competitiveness, which implied that when an organization's robustness is so closed off thatbehavioural patterns and procedures are no longer adaptable to environmental change, it is becomes necessary to create the organization for competitiveness (Oss & t'Hek, 2011).

Technology as a Moderating Variable

Technology has been deployed in modem day businesses with varied objectives, including the enhancement of enterprise tasks and activities in many ways. Studies on the influence of technology on organizational effectiveness are bound in management literature. Getwerkin (2Ol 8) evaluated the role of technology in building agile systems or organizations, and noted that management's visibility into the form and functionality of its human resource is a key requirement for resilience and this level of visibility is achieved using technology.

The study further opines that "technology can help leaders scan the organization and build high performing teams on the fly, and that when teams can quickly find and collaborate with others who have relevant knowledge, they drive innovation". Technological capabilities are knowledge-based, comprehensive set of organizational abilities that enable a firm to search, recognize, organize, apply and commercialize innovative products and services (Chang et al., 2012, as cited

Research Methodology

The study was conducted at the group macro-level of analysis and group unit of analysis, and drew its research data from a population of 49 departments drawn from 8 money deposit banks in Port Harcourt. The major data collection instrument was questionnaire supported with scheduled interviews. The data collected were analysed using Descriptive (Univariate) and inferentially (Bivariate and Multivariate). Inferentially, the research hypotheses were tested using Spearman's Rank Order Correlations Coefficient.``

Reliability and Validity Tests

We have discussed in the previous section that, our data collection technique is a composition of both primary and secondary devices, involving the collection of qualitative and quantitative data. However, our adoption of the questionnaire as the major data collection instrument in this study raised the question of the validity and reliability of our research instrument. The issue of reliability and validity are critical to the confidence and acceptability of any research results (Ahiauzu, 2007:*1*-14). Zikmund (1994:97) argued that reiabi1iy is the degree to which measures are free from error and therefore, yield consistent results, and validity is the ability of a scale or measuring instrument to measure what is intended to be measured.

Reliability Test: Cronbach Alpha

Table 3.1: Cronbach Alpha Test

VARIABLES	ITEMS	CASES	ALPHA
SGO	9	27	0.780*
CRC	3	9	0.799*
RI	3	9	0.756*

Validity Test: Construct Validity

Zikmund (2004:291) argued that construct validity is established by the degree to which the measure confirms a network of related hypotheses generated from a theory based on the concepts. In construct validity the empirical evidence is consistent with the theoretical logic about the concept. *Thisoccurs during analysis of the data.* In its simp1est form, if the measure behaves the way it is supposed to, in a pattern of intercorrelation with a variety of other variables, there is evidence for construct validity (Sonquist and Dunkelburg, 1977:335). To achieve construct validity in this study, we have to carefully follow the precepts above to determine the meaning of our measure by establishing convergent validity and discriminate validity. Therefore, our measure is valid because our empirical evidence is consistence with theoretical logic, as shown in the preceding chapter. Besides, peer review, expert opinion, students' surrogate; and supervisors' approval were used to enhance the intended (face) validity of the measurement instrument.

Data Presentation and Analysis

The research data are treated and presented through data cleaning, questionnaire distribution and response rate, mean distribution of study variables, hypotheses testing and interpretation of results.

Table 4.1: Data cleaning and Questionnaire Distribution

No Distributed	No retrieved	Usable Copies (%)
66	53	0.803

Source: Research Data 2020

The table above represents data cleaning and questionnaire response data. It shows that 66 copies of the questionnaire were distributed, and 53 copies were retrieved. From the data cleaning exercise, out of the 53 retrieved copies, only 49 copies were found usable. The 49 copies represent 0.803% of 66. In further analysis, the 49 copies are treated as 100%.

Data Presentation on Respondents Demographics

The demographic section of the data presentation helps to show the respondents' profile and characteristics that are relevant for understanding the firms concerning the variables of the study. This is necessary to determine how certain behaviour of the firm are accounted for in response to strategic growth options and firms resilience.

Table 4.2: Age Distribution of Banks

Years	Frequency	Percentage
Less than 10 years	4	
10 – 30 years	12	

31 and above	6
Total	

Source: Research Data 2020

Table 4.2 shows the age distribution of banks as represented by representative respondents.

It reveals that 4 banks have been in operation less than 10 years; 12 banks fall within the bracket of 10 – 30 years of operation; and 6 banks have been in operation from 31 years and above.

Univariate Analysis of Study Variable

Under this section, a descriptive analysis is done on the dimensions and measures of the study variables in a univariate nature. This allows for uni-assessment of the mean scores of the variables.

Table 4.3: Mean Scores on Dimensions of Strategic Growth Options

Descriptors	Concentric Growth Option	Integrative Growth Option	Diversification Growth Option
N	49	49	49
Mean	4.8105	4.7124	4.5120
Std. Deviation	.20281	.27503	.29829
Minimum	4.33	4.33	4.00
Maximum	5.00	5.00	5.00

Source: Research Data 2020

Table 4.3 presents mean scores on the dimensions of the strategic growth option. Three dimensions were considered, involving: concentric growth with a mean of 4.8105 and a standard deviation of .20281. Integrative growth has a mean score of 4.7124 and a standard deviation of .25703; and diversification growth has a mean score of 4.5120 and a standard deviation of .29829. Comparatively, it implies that banks slightly engage in more of concentric growth strategy than in integrative growth and diversification growth options.

Table 4.4: Mean scores on Measures of Corporate Resilience

Descriptors	Corporate Robustness	Corporate Agility
N	49	49
Mean	4.6005	4.6732
Std. Deviation	.24381	.22598
Minimum	4.33	4.00
Maximum	5.00	5.00

Source: Research Data 2020

Table 4.4 indicates that banks tend to have high corporate agility with a mean score of 4.6732 and standard deviation of .22598 than corporate robustness with mean score of 4.6005 and a standard deviation of .24381 in the resilience capability.

Table 4.5: Mean Score on Regulatory Interference

Descriptors	Regulatory Interference

N	49
Mean	4.058
Std. Deviation	.49897
Minimum	4.002
Maximum	5.000

Source: Research Data 2020

On regulatory interference in table 4.5, the mean score is 4.058 with a standard deviation of 4.9897.

Bi-Variate Analysis

In the previous section, univariate analysis was conducted on the study variable, which involves the dimensions and measures. In this section, bi-variate analysis is considered, whereby the hypotheses testing is conducted. The test of six (6) hypotheses was involved in this study.

Bi-Variate Analysis

The bi-variate analysis involves the test of hypotheses. The hypotheses test was done using Spearman's Rank Order Correlation Coefficient r^2. The table 4.6 below shows the test results.

Table 4.6: Hypotheses Testing Matrix

		1	2	3	4	5
Concentric	Spearman's Correlation	1				
	Sig. (2-tailed)					
Integrative	Spearman's Correlation	.935**	1			
	Sig. (2-tailed)	.000				
Diversification	Spearman's Correlation	.757**	.826**	1		
	Sig. (2-tailed)	.000	.000			
Robustness	Spearman's Correlation	.833**	.849**	.880**	1	
	Sig. (2-tailed)	.000	.000	.000		
Agility	Spearman's Correlation	.852**	.929**	.936**	.842**	1
	Sig. (2-tailed)	.000	.000	.000	.000	

Source: Research Data 2020

The matrix table above shows the result of the six (6) bi-variate hypotheses tested. This gives rise to interpretation of six (6) relationships.

The Relationship between Diversification Growth Option and Measures of Corporate Resilience

The tests of these relationships involves HO_5 (Diversification Growth Option and Corporate Robustness) and HO_6 (Diversification Growth Option and Corporate Agility). The result of HO_5 shows that R = 0.880, P < 0.05, this indicates a correlational significance. In HO_6, R = 0.936, P < 0.05. This also expresses positive relationship.

Table 4.7: Summary of Results of Bi-Variate Analysis

Null Hypothesis	R Value	R^2 Value	P Value	Strength	Decision
HO_1	0.833	0.694 Substantial	<0.05	High	Supported
HO_2	0.852	0.726 Substantial	<0.05	High	Supported
HO_3	0.849	0.721 Substantial	<0.05	High	Supported
HO_4	0.929	0.863 Substantial	<0.05	High	Supported
HO_5	0.880	0.774 Substantial	<0.05	High	Supported
HO_6	0.936	0.876 Substantial	<0.05	High	Supported

Source: Research Data 2020

The summary table above shows that all the relationships tested in $\mathbf{H_{O1}}$, $\mathbf{H_{O2}}$, $\mathbf{H_{O3}}$, $\mathbf{H_{O4}}$, $\mathbf{H_{O5}}$ and $\mathbf{H_{O6}}$ were supported and the strength of the relationship are positive and high and their R^2 values (Co-efficient of Determination) are equally substantial.

Summary, Conclusion and Recommendation

Diversification strategic adopted by banks has strengthened their resilience in terms of robustness and the regulatory environment of bank impinges their tendencies to expand freely to build formidable strength. The adoption of diversified growth option provides multiple business opportunities that give a superlative resilience to the firm. It is therefore recommended that firms with weaker resilient potentials should direct all their resources to develop a diversified advantage and remain focus in their core business

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