

Effects of diversification strategy on performance of department of immigration and citizen services in Kenya.

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Abstract

Diversification as strategy has been widely discussed in the strategy field, where the majority of studies have examined the performance consequences of diversification. The study was guided by the following theory; Institutional Theory. The objective populace was 124 representatives of the Department of Immigration and Citizen Services. The specialist utilized a straightforward separated arbitrary examining technique to choose an example size of 74 respondents. Questionnaires were utilized which had open finished and shut finished inquiries to gather information which were then investigated utilizing factual apparatuses and introduced utilizing pie graph, tables, connection (Pearson's relationship) and relapse examination. The study closed every one of the three first factors (cost decrease system, enhancement technique, and association methodology) were critical at a p-worth of 0.003, 0.024, and 0.002 individually. Modernization methodology had a p-worth of 0.05 which is viewed as critical yet too powerless levels. Respondents agreed that divestiture has enabled the organization to reduce the operational costs with a mean of 4.36. The study directed on the expense reduction sub-factors; realignment and conservation methodologies which were an aftereffect of the factor investigation demonstrated that only the realignment technique affected the presentation department of immigration and citizen services in Kenya prompting the dismissal of the invalid speculation. The study recommended to the various scholars and academicians as it has made an important contribution to the scholarly world and in the general advancement of academic knowledge on turnaround strategies especially in the state owned organizations which mostly experience the decline in performance and end up closing doors.

Keywords; Institutional Theory, reorganization, Diversification strategy, Department of Immigration and Citizen Services and performance.

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I. Background of the Study

Diversification as strategy has been widely discussed in the strategy field, where the majority of studies have examined the performance consequences of diversification - even though the nature of this relationship still remains largely unresolved (Park, 2002).

Early studies have argued that diversification is valuable: from a conceptual perspective, increasing levels of diversification should have a positive influence on performance due to economies of scope and scale, market power effects, risk reduction effects, and learning effects (Berdahl *et al*, 2011).

Diversification allows an organisation to grow (Thomas and Mason, 2006). Diversification strategically takes the organisation away from its current markets and products with the overall intention to increase the diversity that must be overseen by the organisation. Diversity in all its implications became the central driver for organization onwards. Diversification included both reviewing the inputs and the outputs.

Diversification helps in creation of synergy, by moving into new areas, opportunities emerge to develop new inter-relationships through the actual process of working on new services and markets. This synergy makes it is possible to produce a combined return on resources that is greater than the sum of the parts (Collard *et al*, 2011). The likely success of the diversification strategy will be the fit between the different business units and their working relationships.

In contrast, more recent research has found that conglomerate firms have significantly lower profitability (Davis *et al*. 2002). The wide belief that diversification is inefficient is also partly attributed to its contradiction to one of the oldest economic theorems that argues that specialization is productive (Matsusaka, 2001). It has also been shown that highly diversified firms have less market power in their respective markets than more focused firms (Montgomery, 2005). Product diversification has been found to be negatively related to firm value and to occur in firms with less managerial equity ownership (Denis *et al*., 2007).

Statement of the problem

Studies done in Kenya include; Maithulia (1995) conducted a study on portfolio diversification: an empirical investigation of commercial banks in Kenya. Mwindi (2003) did an analysis of the application of unrelated diversification strategy by the major oil companies in Kenya, Njoroge (2003) a study diversification strategy- A case of nation media group, Mwau (2005) a study of related diversification with EABS, Njoroge (2006) building competitive advantage through diversification. A case study of kenollkobil Oil Corporation, Wakwoma (2007) a survey of product diversification strategies adopted by firms in the banking industry in Kenya, Munene (2008) diversification strategies of Christian community services of mount Kenya east region, Lole (2009) diversification strategies in the banking industry in Kenya, Muchiri (2010) corporate diversification strategy, product uniqueness, environmental dynamism and choice of capital structure for firms listed at NSE, Musila (2011) addressed application of diversification strategy at the Anglican church of Kenya, Wefwafwa (2012) did a survey of product diversification strategies adopted by Nzoia sugar company. To the researchers' knowledge no known local study that has ever been conducted to investigate the effects of diversification strategies on organization performance in department of immigration and citizen services in Kenya. This study seeks to fill this research gap by conducting a local study to investigate the effects of diversification strategies on organization performance in department of immigration and citizen services in Kenya.

Purpose of the Study

The reason for this investigation was to assess the effect of diversification strategy on performance of department of immigration and citizen services in Kenya.

Significance of the Study

The investigation tried to recognize weaknesses, loopholes and challenges facing the state department of immigration and citizen services. The findings of this study may benefit various stakeholders including other Government Ministries like the Tourism Ministry, Ministry of Trade and Commerce which will be able to market Kenya as a safe destination for tourism and investment. Others that would also benefit include the Department of Civil Registration and Registration of Persons The study recommendations provide solutions that may fast track the attainment of the Departments strategic plan and by extension Kenya Vision 2030.

Scope of the Study

This was to scrutinize the effect of diversification strategy on performance of department of immigration and citizen services in Kenya. The study was done in Nairobi which hosts the headquarters of the department targeting various employees. The data collection process was done within a duration of one month.

Institutional Theory

Institutional theory was introduced in the late 1970s by John Meyer and Brian Rowan as a means to explore further how organizations fit with, are related to, and were shaped by their societal, state, national, and global environments.

Associations run by foundations that direct how obligations partaken in the organization structure. It is the order of these establishments to illuminate the data or authority stream and the announcing convention. This hypothesis assists the scientist in identifying the job of foundations in characterizing the exercises and the manner in which they are completed in an association. The hypothesis depends on the association structure which traces how obligations partake in an association (Scherrer et al, 2010). It further spells out clearly information flow structure flow to give effective decision making along the administrative line. This effective communication guides the way different in individuals' interactions and information sharing for the benefit of organizational performance. The theory defines the set of rules, procedures and other acceptable ethical consideration in which the management influence those below them in attempt to achieve organizational goals. These provide a distinctive outline between various institutions for the leadership qualities that may not be similar in different organizations. The theory therefore helps the researcher in assessing effect of diversification strategy on performance of department of immigration and citizen services in Kenya.

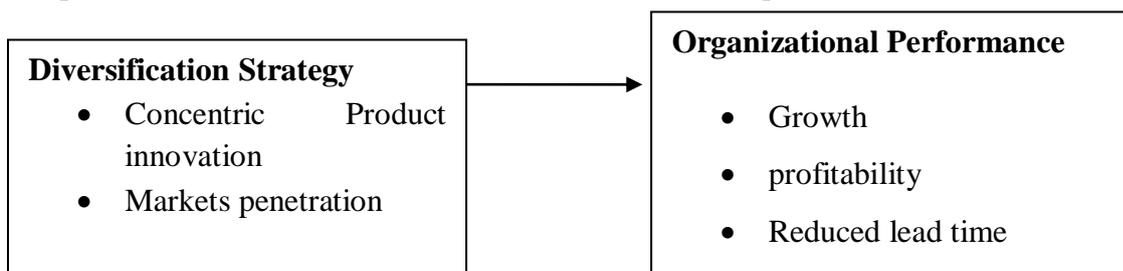
Diversification Strategy and Performance

It applies where the declining companies choose to follow another route to secure themselves by introduction of new products- related and unrelated diversification, Entry into new business sectors particularly worldwide business sectors, Focusing and fortifying Research and advancement, Acquisitions and Mergers, making new items to serve its own requirements through in reverse/forward incorporation, Same item - more client bunch and many more (Scherrer et al, 2010). This will eventually lead to performance improvement as a result of efficiency especially in the use of the available resources, some of which might be lying idle, which if put to use, will definitely bear positive result and sustainable results at that.

Pretorius (2008) suggested that enhancement alludes to new item improvement or new market section. Since the time enhancement is related with entering another industry or field. Lee and Johns (2008) additionally express that broadening methodology is caught from three distinctive yet essential points of view: The market-power, asset based, and organization viewpoints. The market-power see clarifies that associations enhance to augment benefit and acquire market power. Enhanced associations consistently acquire control over non-differentiated firms as Bowman et al, (2013) recommend. Market power is the capacity of the firm to hugely affect the business and can shape evaluating and supply of items.

It is accepted that associations can create collaboration by following broadening. Collaboration is made by sharing assets, resources, capacities, and skills which will either drive working expenses down or permit the firm to charge a premium in light of the fact that by using its assets it can separate its contributions (Collard, 2011). Additionally, Creswell, (2013) recommended that the diverse asset abilities possessed by a firm decide the kind of business sectors to enter. In conclusion, the organization point of view is connected to the manager’s capacity to control an expansive scope of exercises.

**Conceptual Framework
Independent Variables**



Research Design

An unmistakable exploration configuration approach was utilized in the study. This is a strategy utilized for get-together information through the estimation of some thing or through requesting from different records (David *et al*, 2010). Here, the arrangement is applied to secure data in relation to the existing status of the marvels to depict what consequent factors or conditions have on factors. In an unquestionable assessment, the issue is coordinated and without a doubt known. The exploration included plan of goals, planned techniques for information assortment, preparing, and breaking down of information.

Target Population

As per Kothari (2012), the objective populace is a comprehensive game plan of the study of all people from a certified or theoretical course of action of people, procedures, or disapproves of to which an expert desires to summarize the outcome. The present circumstance target people was 124 employees of the Department of Immigration and Citizen Services in Kenya which involved the top, center, and Support levels of the executives.

Sample Design and Procedure

A defined irregular testing configuration was utilized in the study. Characterized self-assertive testing is a system for examining that incorporates the division of a general population into more unobtrusive social affairs known as layers Cooper *et al* (2008), This technique was fitting since it had the option to address the general populace as well as the vital subgroups of the populace, this strategy was additionally be the best since it limits predispositions. The overall strategy for taking a delineated example was to define the populace, characterizing various separate parts utilizing test size, and afterward the scientist was to consolidate the outcomes to get the necessary delineated examples. The example was then drawn from every layer shaped which respondents were chosen. The analyst in this way at that point took an example size of 74 addressing 60% of the objective populace.

Table 1 Sample Size

Categories	Target Population	Sample Size	%Distribution
Strategic Managers	11	7	10
Tactical Managers	48	29	39
Operational Managers	65	38	51
Total	124	74	100

Source: Researcher, (2021)

Data Collection Instruments

Information assortment permits the researcher to gather data that they need about the study objects

Questionnaires

The researcher utilized a survey as the fundamental information gathering instrument. The determination of this apparatus was guided by the idea of information that the specialist intends to gather, the time accessible, and the destinations of the study. This comprised of both organized and unstructured inquiries to try not to be excessively unbending and to evaluate the information, particularly where organized things were utilized. This strategy assisted the specialist with gathering solid data.

Response Rate

The response rate can be define as the ratio of successfully filled questionnaire and returned to that of the sampled population expressed as a percentage. Out of 74 questionnaires distributed 58 were returned indicating 78% of the total population, while 16 were not returned which represent 22%. As cited by Creswell, *et al* (2007) observed that a 50% response rate is adequate, 60% is good, while 70% rated very good. This suggests that the reaction rate in this study was satisfactory for additional study which was credited to the viable information assortment techniques utilized by the researcher.

Diversification Strategy

Table 2: Responses on Diversification

Does diversification strategy affect performance of department of immigration and citizens services in kenya	Frequency	Valid Percentage
Valid	yes	41 70.7
	No	17 29.3
	Total	58 100.0

Source: Field Data (2021)

This, as a broadening system is a development just as a turnaround methodology in an association. The strategy is more applicable in a situation where dismal performing organizations opt to introduce a new product in the market to salvage it situation, it involves focusing more on research and marketing, mergers and acquisitions. Thus, in the long run will improve operational performance of any organization for there is evidence of utilization of idle resources (Cooper *et al*, 2008). Analysis shows that 70.7% of the respondents agreed that diversification affects the affects performance of department of immigration and citizen services in Kenya whereas 29.3% of the respondents disagreed that diversification does not affect affects performance of department of immigration and citizen services in Kenya. It implies that diversification affects the affects performance of department of immigration and citizen services in Kenya.

Diversification Strategy on Organizational Performance

The question that helped in gathering information on the objectives of diversification towards performance of department of immigration and citizen services in Kenya the respondents to respond via ticking on a scale of 1-5 where 1=Strongly Disagree, 2=Disagree,3= Neutral 4=Agree and 5= Strongly agree. It helped understand their arguments on whether diversification affects performance of department of immigration and citizen services in Kenya. The output of the objectives is as below.

Table 3: Diversification Strategy on Organizational Performance

Opinion statements	N	Mean	Std. Deviation
The organization has sought growth opportunities in the existing product lines	58	3.67	1.244
The organization has structured itself to include the new product within the existing product line	58	3.73	1.435
Conglomerate diversification adopted has enabled maximum utilization of the organization resources	58	4.24	1.418
The organization has sought new opportunities that are unrelated to its existing product lines	58	4.16	1.554
The organization has reconstructed its distribution network to conform to the new market identified	58	3.54	1.490
Valid N (listwise)	58		

Source: Field Data (2021)

This strategy is more applicable in a situation where dismal performing organizations opt in introducing a new item in the market to salvage its situation which involves focusing more on research and marketing, mergers and acquisitions. Thus, in the long run improves operational performance of any organization for there is evidence of utilization of idle resources (Cooper *et al*, 2008). The study sought to analyze the effect of diversification strategy on organizational performance. Results in table 3 reveals that most of the respondents agreed that the organization sought growth opportunities in the existing product lines with a mean of 3.67. On organization has structured itself to include the new products within the existing product lines the study showed that the majority of the respondents agreed that organization tends to restructure itself to new existing product lines with a mean of 3.73 and a standard deviation of 1.435 indicating that the nearness of the respondent responses. On conglomerate as dimension of diversification has enabled maximum utilization of the organization resources with a mean of 4.24. The organization has sought new opportunities that are unrelated to its existing product lines. The study revealed that majority agreed that organization sought new opportunities to its existing product and services with a mean of 4.16. On organization re-constructing its distribution network to conform to the new markets identified. It can be concluded that both concentric and conglomerate diversification have no significant relationship to organizational performance. Bowman *et al* (2013), on the study of organizational failure and turnaround: lessons for public services from the for-profit sector, in public money and management, suggested that most of the participants in his study showed an agreement on the synergies that emerge from learning from best practices and sharing of ideas about markets and business cultures.

II. Summary of Findings

Based on the analysis, the concentric product innovation and conglomerate diversification strategies had a significant positive relationship to organizational performance while the market penetration strategy had a significant low positive linear relationship to organizational performance. The overall analysis showed that all these sub-variables had significant relationship to performance.

III. Conclusions

The study directed on the expense reduction sub-factors; realignment and conservation methodologies which were an aftereffect of the factor investigation demonstrated that only the realignment technique affected the presentation department of immigration and citizen services in Kenya prompting the dismissal of the invalid speculation. Department of immigration and citizen services in Kenya is thus advised to adopt the realignment strategy as a turnaround strategy towards revamping and improving its performance.

IV. Recommendations

The results of the analysis extended the frontiers of knowledge by generating valuable insights for both the managerial action and academic purposes. Therefore, the results of this study were of interest to managers of most of the state owned companies/organization that have at some point gone through or are going through the turnaround process. The key implication of the study was the identification of the key turnaround strategy indicators which the study has gone a long way in determining them and further establishing their effect on organizational performance. The study showed the effects of each of the variables on the performance level which is of immense help to managers when making a decision on which turnaround strategies to adopt.

The study is further recommended to the various scholars and academicians as it has made an important contribution to the scholarly world and in the general advancement of academic knowledge on turnaround strategies especially in the state owned organizations which mostly experience the decline in performance and end up closing doors. In addition, the results of this study have been particularly important in addressing the earlier identified knowledge gaps and therefore contributing to the frontiers of knowledge. The study has not only advanced an elaborate conceptual framework of the relationship between turnaround strategies and organizational performance but has also empirically tested it.

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