

Entrepreneurial Skills and Market Diversification in Retail Organizations in Nigeria

Banabo Ekankumo Ph.D

Department of Business Education
Isaac Jasper Boro College of Education
PMB 74 Sagbama Bayelsa State, Nigeria

Wariowei, Rosemary Ph.D

Department of Business Education
Isaac Jasper Boro College of Education
PMB 74 Sagbama Bayelsa State, Nigeria

ABSTRACT

In a quest to satisfy the unlimited needs and wants of individuals, as well as ensuring organizational survival in a highly dynamic business environment, diversification has become the pivot of business strategy. Companies do not stick to the production and sale of one particular product as it cannot satisfy the demands of customers. It is for this reason this research work was carried out. The general objective of this study is to examine the effect of entrepreneurial skills on market diversification in retail organizations in Bayelsa state. The study was an exploratory cross-sectional study, conducted in Yenagoa metropolis and the questionnaire was used to elicit data from respondents. A total of fifty questionnaires were distributed but only thirty were retrieved. The major finding of the study was the existence of a relationship between market diversification and entrepreneurial skill. Other specific Finding from the study revealed that retail organizations should know at all times the particular diversification strategy to apply and should also know that there are skills they need to acquire which will enable them to do exploit in their businesses. Among others, it is therefore recommended that retail organizations should engage in training of its staff on the various entrepreneurial skills that will enable them to take advantage of the opportunities that accrue from diversification.

Key words: *Market Diversification, Concentric Diversification, Horizontal Diversification, Human Relation Skill, Stress Management Skill, Risk-taking skill.*

INTRODUCTION

Modern business world is fast growing and expanding because of the availability of retailers in the distribution process. Retail organizations play a vital role in linking manufacturers and consumers. In the absence of retailing, one can easily imagine how difficult and costly it will be for consumers to approach a manufacturer for what he wants at all times. Retailers have floor staff to answer questions and queries of customers regarding how to use a product effectively and safely guide them on what to buy according to individual preferences and budget and give demonstration or display so that the consumers should have a feel of the merchandise before buying. The successful retailers focus its activities on meeting these objectives through effective marketing. And they also involve in product diversification which is associated with many problems and difficulties in the cause of satisfying the needs of consumers and to earn a living.

The world is a place of business and for the past years, entrepreneurship studies have been put in place to develop students and businessmen to have the basic traits and qualities to set up a business. Some of the key traits possessed by entrepreneurs are creativity, the ability to keep going in the face of hardship and the social skills needed to build great teams. It is essential to note that when starting up a business, it is necessary to learn the basic skills that underpin these qualities. It in this light that Okechukwu (2009) posit that entrepreneurship rests on the state of mind of the investor and a lot of variables usually come into play. The success of any organization necessitates more than industriousness, resilience, and proficiency in your field. It has to do with having the adequate skills needed to take your organization to the next level. Entrepreneurial skills are thus needed to turn ideas into action.

Organizations use different strategies in other to improve their businesses prospects. Thus they apply diversification strategies to develop their businesses and the economy at large. Thomas (2017) defined diversification as a risk – reduction strategy that involves adding products, services, location, customers and marketers to ones company’s portfolio. Many small companies are one-product portfolios, betting their entire futures on a single product, service, location or customer. But as the business grows larger, it becomes necessary to add products, services, locations, customers and markets as the opportunity presents itself. Diversifying in this way helps the business in tough times by providing alternate sources of revenue in the event your original market dries up, stops growing or is hit by new competition.(Hanson, 2017). In our society, the satisfaction of human wants and needs cannot be overemphasized. It is therefore on this argument that this paper, entrepreneurial skill and market diversification in retail organization is premised.

STATEMENT OF PROBLEM

The satisfaction of the needs and wants of individuals has been an on-going debate from time past. Organizations have found it difficult to satisfy the needs and wants of individuals because the resources available are limited and human wants and needs are unlimited and insatiable. In a bid to proffering solutions to these numerous human problems arising from their needs and wants, retail organizations go into market diversification. Retail Organizations thus often find it difficult to stabilize due to the instability of the economy and the limited resources available for production and also the skills needed to control and serve customers.

There are many entrepreneurship skills needed for retail organizations to grow. The ability of retailers to use the required skills in the course of product or market diversification will bring

about changes in the society. The advantages and disadvantages are numerous. However and sadly, there is a dearth of information relating to entrepreneurship skills and the market diversification with reference to retail organizations in Nigeria. It is also important to note that in the few available studies on retail organizations, the effect of entrepreneurship skills on market diversification has not been examined. This is the gap in knowledge which the present study intends to fill with special focus on the effect of entrepreneurial skills on market diversification in retail organizations.

OBJECTIVES OF THE STUDY

The general objective of this work is to examine the effect of entrepreneurial skills on market diversification in retail organizations. However, the specific objectives of this paper are:

1. To determine the effect of human relation skills on concentric diversification in retail organization.
2. To evaluate the effect of stress management skills on Horizontal market Diversification in retail organization.
3. To adjudge the effect of risk-taking skills on Lateral market diversification in retail organization in.

RESEARCH QUESTIONS

In the course of this study, the following questions were asked:

1. What is the effect of Human relations skills on Concentric Diversification in retail organizations?
2. What is the effect of stress management skills on Horizontal market Diversification in retail organization?
3. What is the effect of risk-taking skill on Lateral market diversification in retail organization?

RESEARCH HYPOTHESES

The following null hypotheses was tested and analyzed in this paper.

Hoi: There is no significant effect of Human relations skills on Concentric Diversification.

Hoi: There is no significant effect of stress management skills on Horizontal market Diversification.

Hoi: There is no significant effect of risk-taking skill on Lateral market diversification.

LITERATURE REVIEW

Entrepreneurial Skills

Okechukwu (2009) defined entrepreneurial skill as the learned capacity to carry out a predetermined result often with the minimum outlay of time, energy or both. He also went forward to say, skills is divided into two domains general and specific skills. Domain specific skills according to this author are as follows: Academic skills , Human relations and communication skills, and Motor skills

Entrepreneurial skills are basic skills needed to be possessed by those who have plans of going into any of them. It is needed for the advancement and enhancement of growth and development in any business. Some experts think of entrepreneurs as people who are willing to take calculated risks that other people cannot take. Others define them as people who start and build successful businesses.

Osborne (2007) defined skills as a quality of performance which does not depend solely upon a person's fundamental innate capacities; but must be developed through training, practice and experience. Although skill depends essentially on learning, it also includes the concepts of efficiency and economy in performance. Contemporary notions of skill stress the tractability with which a skilled operator reaches a given end on different occasions according to particular circumstances (Lame, Fauziah and Yusoff, 2013).

Entrepreneurial skills can be defined as the ability to have self-belief, boldness, tenacity, passionate, empathy readiness to take expert advice desire for immediate result, visionary and ability to recognize opportunity. Entrepreneurial skills combine an array of management, technical and personal skills (EU Skills Panorama, 2014). It is identified as EU priority because of their impact on people's economic skills, entrepreneurial skills are not related to a specific occupation, discipline or qualification. Some entrepreneurial skills needed for successful market diversification include Risk taking skills, Human relationship skills, Stress management skills etc.

Market Diversification

Organizations involve themselves with different strategies in other to improve the business and nature of the work. Diversification is another top strategy used by so many companies and organizations across the worlds. Small Business Encyclopaedia (2017) reported that Diversification is seen as a risk reduction strategy that involves adding products, services location, customers and market to your company's portfolio. In trying to expand firms operations, diversification strategies are used by adding market products, services or stages of production to the existing business (Sydoruk and Rieznik, 2015). The purpose of diversification is to allow the company to enter line of businesses that are different from current operations (Hanson, 2017). Diversification strategy is likely to take place, when a company or a business organization introduces a new product into the market (Saleem, Mannan, Naveed, 2016).

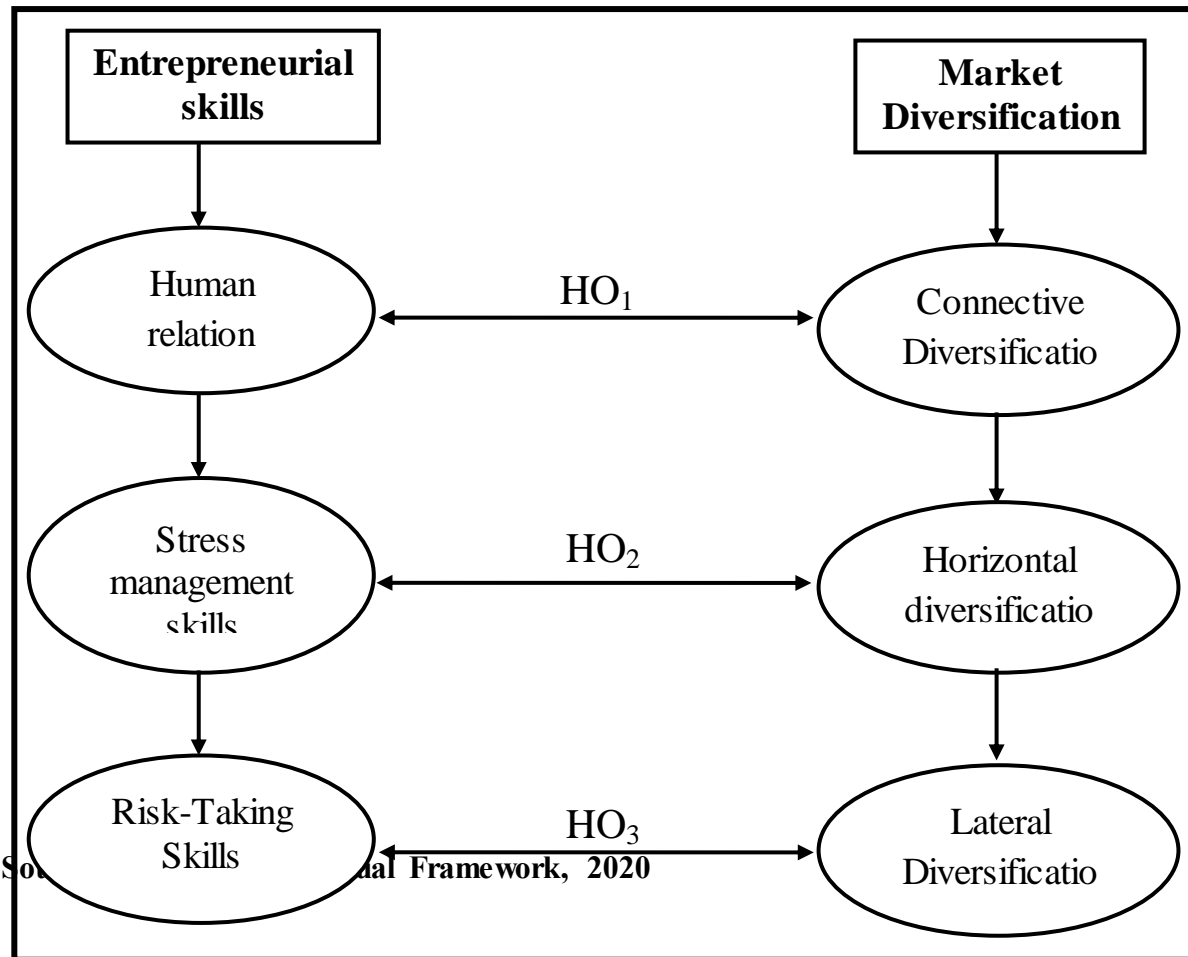
Diversification strategy minimizes the risk or loss in a business organization by splitting different categories of products in different markets geographically. In the early 1960s and 1970s, there was a rapid growth in diversification of businesses nevertheless, as time went by it became difficult to manage much diversified activities of business organizations (Arthur and Thompson, 2014). In recent years, it is quite hard for any business organization to operate in diversification mode because there are different requirements that must be taken into account by the business organization. Several diversification strategies exist but three types of diversification strategies this study considered include concentric, horizontal and lateral diversification respectively.

Concentric Diversification

This is the introduction of new but related products in the new markets. Concentric diversification means that there is a technological similarity between industries. That is, the firm is able to leverage its technical know-how to gain some advantage. It also seems to increase its market share to launch a new product that helps the particular company to earn more profit. Thomas (2017) reported that concentric diversification is when a firm adds related products or market to already existing market or product. Concentric diversification strategy entails building the company around businesses whose value chains possess competitively valuable strategic fits (Botten, 2009). Concentric diversification is a grand strategy that entails the operations of a second business that benefits from access to the firm's core competencies (Pearce and Robinson, 2010).

Horizontal Diversification

This is the adding of related or similar products or service lines to existing core business, either through acquisition of competitors or through internal development of new products/services. Horizontal Diversification occurs when a firm enters into a new business either related or unrelated at the same stage of production at its current operations. When a company adds a new service that is not technologically or commercially related to present or current customers horizontal forms and shapes. This is because of new management techniques, marketing techniques and also due to ever changing and dynamic consumer psychology (Preuss, 2014).



Human Relation Skills and Concentric Diversification: human relation skills can be seen as the ability of the individual to bring workers together; communicate effectively with them and interact peaceably with all. Concentric diversification is the introduction of a product that is similar to the previous one technologically. To introduce a product that is similar is less stressful, but a retailer must be able to have a good human relation skill in other to convince his buyers about the relativeness of the product (Abend, 2018)

Stress Management Skills and Horizontal Diversification

This is the ability of an individual to put in control so many factors that will make him stressed up. Horizontal diversification is the introduction of new unrelated product to already existing customers. Niess and Gillow-willers (2015) opined that the introduction of new thing or product is always a big task as customers do not really know what is important to them. This process is always stressful and for you to diversify a business horizontally you must be able to apply the principle of management.

Risk-taking Skills and Lateral Diversification

Risk taking is the act of making a decision that is not always suitable, knowing that it may likely come up negatively. In other words, it is the ability to pick up challenges no matter how difficult it may be. Lateral diversification is the introduction of new products that are not related to line of product commercially and technologically. It is risky to introduce a product that is automatically different from previous one as it will be very difficult to persuade people to buy it. It has to do with a lot of advertisement and cost in other to make the business succeed. Nevertheless, a retailer that has good risk-taking skills can go into lateral diversification and come out with the desired response (Bas, 2017)

METHODOLOGY

Research design is a plan and strategy to systematically solving problems of interest to the researcher within his/her relevant circumstances (Amara and Amaechi, 2010). This study was anchored on an exploratory cross-sectional research that adopted quantitative technique. A total number of 30 retail outlets were purportedly selected to constitute the sample size of this paper. The use of a structured questionnaire to illicit information from respondents was crucial for the study because it covers the larger aspects of the research objective. The data collected were analyzed using descriptive and inferential statistics such as mean and linear regression.

DATA PRESENTATION

Effect of Human Relation Skills on Concentric Diversification

Table 1 and table2 shows the regression analysis of the effect of compatibility of workers, honesty among staff, language barrier and good communication with customers on concentric diversification in retail organization.

Table 1: showing analysis for effect of human relation skill on concentric diversification

Indicators of the Independent Variables	Standardized Coefficient	T	Sig.	Remarks
	Beta			
(Constant)		6.194	.000	
Compatibility of workers help in fostering concentric diversification in retail organizations.	-.194	-.761	.454	Not Significant
Honesty among staff enables retail organizations carry out concentric diversification.	-.339	-1.419	.168	Not Significant
Language barrier is one problem that can hinder retail organizations from engaging in concentric diversification.	-.209	-1.172	.252	Not Significant

Good communication with customers can lead to concentric diversification	-.177	-1.064	.298	Not Significant
--	-------	--------	------	-----------------

Dependent Variable: Are you aware that concentric diversification exists in your organization? As reflected in the table, compatibility of workers, honesty among staff, language barrier and good communication with customers is not significant as it does not have any effect on concentric diversification. As seen in the table, the beta weight of compatibility of workers is -.198 and P value is .454, the Beta weight of honesty among staff is -.339 and P value is .168, the Beta weight of language barrier is -.209 and the P value is .252 while the Beta weight of Good communication with customers -.177 and the P value is .298. The P values of the variables are greater than level of significance 0.05. This means that they are not significant and do not have any effect on concentric diversification in retail organizations. Thus, the result indicates that we accept the null hypothesis which states that there is no significant effect of human relation skill on concentric market diversification in retail organizations.

Table 2 Model Summary

Model	R	R Square	Adjusted Square	R	Std. error of the estimate
1	.667a	.445	.356		.690

- a. **Predictors:** (Constant), Good communication with customers can lead to concentric diversification, compatibility of workers help in fostering concentric diversification in retail organizations, language barrier is one problem that can hinder retail organizations from engaging in concentric diversification, honesty among staff enables retail organizations carry out concentric diversification.

Effect Of Stress Management Skills On Horizontal Diversification

Table 3 and 4 shows the regression analysis of the effect of fearful behaviour among staff, Good working condition, Relaxation among staff and Anxiety among staff on horizontal diversification in retail organizations.

Table 3: showing analyses for effect of stress management skills on Horizontal market diversification.

Indicators of the Independent Variables	Standardized Coefficient	T	Sig.	Remarks
	Beta			
(Constant)		2.262	.033	
Good working condition can help in horizontal diversification.	-.156	-.764	.452	Not Significant

Relaxation among staff can increase productivity and encourage horizontal diversification among retail organizations.	-.308	-1.427	.166	Not Significant
Anxiety among staff can inhibit horizontal diversification.	-.029	118	.907	Not Significant
Fearful behaviour among staff can hinder the growth of retail organizations engaging in horizontal diversification	.291	1.372	.182	Not Significant

- a. **Dependent Variable:** are you aware that horizontal diversification exists in your organization?

As revealed from the data in the table, good working condition, relaxation among staff, anxiety among staff and fearful behaviour among staff is not significant as it does not have any effect on horizontal diversification. As seen in the table, the beta weight of good working condition is -.156 and P value is .166, the Beta weight of relaxation among staff is -.308 and P value is .168, the Beta weight of anxiety among staff is .029 and the P value is .907 while the Beta weight of Fearful behaviour among staff .291 and the P value is .182. The P value of the variables is greater than level of significance 0.05. This means that they are not significant and do not have any effect on horizontal diversification in retail organizations. Thus the result indicates that we accept the null hypothesis which states that there is no significant effect of stress management skills on horizontal market diversification in retail organizations.

Table 4: Model Summary

Model	R	R Square	Adjusted Square	R	Std. error of the estimate
1	.404a	.163	.029		.701

- a. Predictors: (Constant), Fearful behaviour among staff can hinder the growth of retail organizations engaging in horizontal diversification, Good working condition can help in horizontal diversification, Relaxation among staff can increase productivity and encourage horizontal diversification among retail organizations, anxiety among staff can inhibit horizontal diversification.

Effect of Risk Taking Skills on Lateral Diversification

Multiple regression analysis was used to show the effect of stress management skills on horizontal diversification. Table 5 and 6 shows the regression analysis of the effect of risk taking, customers' interest and satisfaction, customers demand for a change, birth of new innovations and technology high cost of production and distribution on horizontal diversification in retail organizations.

Table 5: showing analyses for effect of risk-taking skills on lateral market diversification

Indicators of the Independent Variables	Standardized Coefficient	T	Sig.	Remarks
	Beta			
(Constant		1.667	.109	Not Significant
Risk taking skills bring about capability to innovate in retail organizations.	-.284	-.719	.479	
Customers' interest and satisfaction encourages lateral diversification	.484	1.147	.263	Not Significant
Customers demand for a change makes retail organizations engage in lateral diversification	-.295	-1.080	.291	Not Significant
Birth of new industries is often a medium through which retail organizations engage in lateral diversification	.324	.819	.421	Not Significant
New innovations and technology often leads to lateral diversification in retail organizations	-.405	-1.068	.297	Not significant
High cost of production and distribution inhibits retail organizations from engaging in lateral diversification	-.112	-.446	.660	Not significant

- a. **Dependent Variable:** are you aware that lateral diversification exists in your organization?

As shown in the table, risk taking skills, customers' interest and satisfaction, customers demand for a change, birth of new industries, new innovations and technology and high cost of production and distribution is not significant as it does not have any effect on horizontal diversification in retail organizations. The table shows that Beta weight of Risk taking skills is -.284 and P value is .479, also Beta weight of Customers' interest and satisfaction is .484 and P value is .263, moreover, the Beta weight of customers demand for a change is -.295 and the P value .291. Furthermore, the Beta weight of Birth of new industries is .324 and the P value is .421, the Beta weight of new innovations and technology is -.405 and the P value is .297 and finally the Beta weight of High cost of production and distribution is -.112 and the P value is .660.

The P values of the variables are greater than level of significance 0.05. this means that they are not significant and do not have any effect on lateral diversification in retail organizations. Thus, the result indicates that we accept the null hypothesis which states that there is no significant effect of risk taking skills on lateral market diversification in retail organizations.

Table 6: Model Summary

Model	R	R Square	Adjusted R Square	Std. error of the estimate
1	.393a	.154	-.067	1.039

- a. Predictors: (Constant), high cost of production and distribution inhibits retail from engaging in lateral diversification, customers demand for a change makes retail organizations engage in lateral diversification, risk taking skills brings about capability through which retail organizations engage in lateral diversification., new innovations and technology often leads to lateral diversification inn retail organizations, customers' interest and satisfaction encourages lateral diversification.

DISCUSSION OF FINDINGS

The study revealed that almost all of the respondents have heard of human relations skills. Results gotten also showed that the majority have heard of concentric diversification, however, while some persons confirmed that they are aware their organizations practices concentric diversification others are not aware of the fact. While this may be true of retail organizations in Bayelsa State as revealed by the data, existing literatures have not been able to state the relationship that exists between human relation skills and concentric diversification in retail organizations.

Also, the study showed that stress management skills do not have any effect on horizontal management skills. Although, horizontal diversification occurs when a firm enters into a new business either related or unrelated at the same stage of production at its current operations and going into a new line of business could be stressful as the entrepreneur have lot to consider such as the consumers, suppliers, profit and loss etc. The study showed that no relationship exists between them.

Again findings from the study revealed that there is no significant effect of risk taking skills on lateral diversification. Lateral diversification occurs when the firm diversifies into an area totally unrelated to the organization's current business. Lateral or conglomerate strategy involves the search for new opportunities through the introduction of new products into new markets. Lateral diversification is a growth strategy that organizations and companies often use in other to improve their businesses, with the aim of making profit and satisfying human wants and although this kind of diversification is one of the most risky and costly for any company, the findings from the study indicated that risk taking skills do not have any significant effect on lateral diversification.

CONCLUSION

Retail organizations are often diversified in business without most of them knowing the form of diversification they are involved in. Even though they are diversified and doing well in business, there are skills required of them to possess of which if they do will catapult their businesses to greater heights. Market diversification is not just the outcome of entrepreneurial skills alone but interplay of various factors yet to be identified. The concept of diversification correlates with the theory of creative destruction which expects entrepreneurs to carry out innovations through the combination of various factors of production. It is therefore the conclusion of this paper that entrepreneurial skills have a significant effect on market diversification in retail organizations.

RECOMMENDATIONS

Based on the aforementioned findings of the study, the following recommendations are made:

1. Retail organizations should specialize and adopt in diversification of their activities as a strategic option in order to promote and increase sales growth and financial performance.
2. From the results, there was a high and positive relationship between diversification and sales growth, it is therefore recommended that retail firms should focus on utilizing related diversification strategy as well as a mixed strategy because of the developmental stage of the Nigerian business environment.
3. In order to foster competitiveness advantage, the competitive strategy adopted by retail firms must be technology driven, information directed (especially quantitative information) which are culled out of the marketing agents, intermediaries, or department. Diversification process must not be driven blindly or haphazardly, but methodologically, strategically, and systematically.

REFERENCES

- Aham, A. 2000. *Dimensions of Marketing*. Avan Global Publications, Owerri Imo State, Nigeria.
- Alchner, T. and Loletti, P. 2013. Customers' Online Shopping Preference in Mass Customization, *Journal of Direct, Data and Digital Marketing Practice*, 15(1): 20-35.
- Amara, T. C. and Amaechi, A. E. 2010. *Manual of Research Methodology and Theses Writing*. Second Edition. Ker Expert Books, Aba, Abia State, Nigeria.
- Arthur, A. and Thompson, J. 2014. An Assessment of the Effect of Vertical Diversification on Competitiveness. *European Journal of Business and Management*, Volume 26, Number 12.
- Banabo, E. and Ndiomu, K. 2014. *Business Practicum. A contemporary Approach*. Most Virtue Publishers, Benin City.
- Baridam, D. M. 2003. *Business: A Management Approach*. 1st Edition. Jeson Services, Port Harcourt.
- Bas, W. 2017. *Dissertation of Conceptual Framework*. www.scribber.com.
- Cresswell, J. W. 2013. *Research Design, Qualitative, Quantitative and Mixed Methods Approaches*. Sage Publications Incorporated.
- Hanson, W. H. 2017. *Market Diversification, Types and Importance*. www.referenceforbusiness.com

- Lame, S.M., Fauziah and Yusoff, W. 2013. *The Perception of Students Towards Entrepreneurship Courses: An Empirical Study of Nigeria Polytechnic Students*. 2nd Internal Conference on Technology Management, Business and Entrepreneurship.
- Okechukwu, 2009. *Entrepreneurship Development: Principles and Practices*. 1st Edition. Wolsak Printers Limited, Kaduna Nigeria.
- Saleem, Z., Mannan, F., Naveed, A. A. 2016. *Advance Strategic Management Diversification Strategy*. Term Report. School of Business and Management, Dallas, Texas.
- Thomas, J. G. 2017. *Diversification Strategy*. www.referenceforbusiness.com
- Yates. D. S., Moore, D. S. and Starnes, D. S. 2008. *The Practice of Statistics: TI-83/84/89 Graphing Calculator Enhanced*. W. H. Freeman.
- Zkjadon, M. 2016. *Diversification Strategy- Types of Diversification Strategies*. www.businessstudynotes.com.