PRODUCT DIVERSIFICATION STRATEGIES AND PERFORMANCE OF REAL ESTATE FIRMS IN COAST REGION, KENYA

BY

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DECLARATION

Declaration by Candidate

I hereby declare that this project is my original work and to the best of my knowledge has not been submitted by any person for the award of a degree in any other institution of higher learning. No part of this project may be reproduced without the prior written permission of the author and or Moi University.

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Declaration by Supervisors

This project has been submitted with our approval as the university supervisors.

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DEDICATION

I dedicate this project to Fatma and Annan Said, my children, who gave much of themselves to the preparation of this research project report. May the All-Powerful God preserve them so they might profit from the information I am learning.

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I especially want to thank Almighty God for being this work's biggest inspiration. I'm grateful to Moi University for giving me the opportunity to pursue a master's in business administration. My appreciation also extends to Dr. Stanley Kavale and Patrick Limo for their timely counsel. I thank everyone who helped make this effort successful, even if they are not specifically recognized. God speed to you and God speed to Moi University.

ABSTRACT

Financial institutions lend money to real estate companies so they can finance their investments. Recent research has shown that real estate companies struggle to make money to the point that they are unable to repay their loans. One important tactic that real estate companies employ to stay competitive and increase their profitability is diversification. Performance-wise, the sectors of residential, commercial office, retail, mixed-use developments, and serviced apartments recorded average rental yields of 4.7%, 7.0%, 7.5%, 7.1%, and 4.0%, respectively. This resulted in an average rental yield for the real estate market of 6.1%, which is 0.9% points lower than the 7.0% recorded in 2019. The general objective of the study was to establish product diversification strategies and performance among real estate companies in coast region, Kenya. The specific objectives of the study included: To examine the effect of concentric product diversification strategy, horizontal product diversification strategy, vertical product diversification strategy and conglomerate product diversification strategy on performance. The study was based on the modern portfolio theory. The study adopted an explanatory research design. The study was done in coast region specifically Kilifi, Mombasa and Kwale counties. The target population was 319 real estate firms at the coast region, Kenya. A sample of 177 respondents was selected using cluster sampling technique. The study used primary data that was collected with an aid of a 5-scale Linkert structured questionnaire. Data collection started by acquiring an introduction letter from Moi University. A pilot study was carried out on 18 real estate firms in Nairobi County and the instrument was certified to be both valid and reliable. The questionnaires were administered through drop and pick method. The collected questionnaires were processed and analysed. Descriptive and inferential statistics were generated. Descriptive results were presented using the mean and standard deviation. The descriptive results showed that concentric diversification strategy; horizontal diversification strategy, vertical diversification strategy and conglomerate diversification affected performance of real estate firms. The coefficient of determination, R-square in the model summary showed that diversification accounted for 49.7% of variance in performance of the studied companies Correlation results indicated that concentric diversification strategy (r=.630, p=.000), vertical diversification strategy (r=.701, p=.000), horizontal diversification strategy (r=693, p=.000 and conglomeration diversification strategy (r=.565, p= .000) had a significant correlation with real estate performance. Multiple Regression results was conducted and found that concentric desertification strategy (β =0.415, p=0.000), horizontal product diversification strategy (β =0.178, p=.003), and vertical product diversification strategy (β =.152, p=.004) had positive and significant effect on real estate performance. The study concluded that concentric diversification significantly affects real estate company performance, hence, the null hypothesis was rejected; horizontal diversification significantly affects real estate company performance, hence, the null hypothesis was rejected; vertical product diversification has a substantial impact on real estate firm performance; hence, the null hypothesis was rejected and conglomerate diversification had an insignificant impact on business performance, hence, the null hypothesis was not rejected. The study recommended for; Real estate managers to diversify their product offerings by exploring various investment structures and policy makers to ensure that major, established firms compete favourably with small real estate enterprises, the report advises government officials and policy makers to develop new regulations and create a level playing field in the real estate market. By considering Transaction Cost Economics, the research findings show the relevance of transaction cost theory in investigating how diversification affects transaction costs. The study recommends for studies on more diversification strategies to determine how they affect company performance in other industries.

TABLE OF CONTENTS

LIST OF TABLES

LIST OF FIGURES

ABBREVIATIONS

ROA:	Return on assets
ROI:	Return on investments
ROS:	Return on sales
SPSS:	Statistical package for social scientists

DEFINITION OF TERMS

Concentric diversification: is referred to as a related divergence as well. According to this method, comparable products are supplied that are related in terms of their nature, production, consumption, pricing, distribution, and advertising (Mendoza-Abarca & Gras, 2019).

Conglomerate diversification: Development of a new product or market that contrasts with the organization's existing methods of operation and raising awareness (Wang, Wan & Yiu, 2019).

Firm performance: Performance should be defined by factors like excellence, productivity, and efficiency (Stadler, Mayer, Hautz & Matzler, 2018).

Horizontal diversification: Despite being unrelated to the firm's existing market and product, diversification is relevant to its core business (Bhawe & Jha, 2020).

Vertical diversification: Vertical diversification is a business strategy that focuses on hiring companies that provide raw materials or new markets for the procuring company's finished goods (Sun, Peng & Tan, 2017)

CHAPTER ONE

INTRODUCTION

1.0 Introduction

This chapter covered the study background, statement of the problem, research objectives, research hypothesis, and significance of the study and scope of the research.

1.1 Background of the Study

The capacity to recognize the results of organizational operations and processes is defined as performance and takes the form of financial and non-financial measures (Jang, Kwon, Ahn, Lee, & Park, 2019). Operational key performance indicators like market share, innovation rate, or customer happiness can be used to gauge non-financial performance. Financial success, product market performance, and shareholder return are three distinct categories of company outcomes that make up organizational performance. The risks associated with diversifications and uncertainties in the external environment, which are typically outside the control of a single firm in the economy, have an impact on the performance of real estate enterprises in Kenya (Camisón & Villar-López, 2014).

In reaction to intense rivalry brought on by changes in the economic environment as well as the implementation of competitive policies, firms have recently been pushed to reorganize their operations and examine their corporate strategy (Jiao, Liu, Wu & Xia, 2019). Business organizations are compelled to adopt new concepts in order to stay ahead of their rivals because of the fierce rivalry they face and numerous other difficulties that reduce their profit levels. A number of firms all over the world have utilized diversification as one of their business performance-enhancing strategies (Albarelli, Santos, Ensinas, Marechal, Cocero & Mireles, 2018).

Businesses can operate in many economic markets and explore commercial ventures that are distinct from their existing activity thanks to diversification techniques (Batsakis & Mohr, 2017). Businesses that see chances in the external business environment grow into those sectors or goods that will enhance their current portfolio. Particularly when there are chances to save expenses, when they have strong and well-recognized brands, and when they want to distribute risk across a variety of industries, companies diversify. Powerful stakeholders may occasionally put pressure on a company to diversify.

Since the value of resources in one industry increases as a result of investment in another, businesses diversify to produce positive spill overs (Albarelli et al., 2018). Organizations have used diversification as a fundamental strategy in an effort to boost their performance and appeal. Diversification improves an organization's performance in the real estate sector by enabling the organization to leverage its current internal and external resources to support other ventures, which in turn enhances the organization's overall performance (Jang, Kwon, Ahn, Lee & Park, 2019). Through diversification, a firm can increase the urgency and need for employing current resources to increase shareholder value.

1.1.1 Global Performance of Firms

The United States has a diverse real estate market with varying levels of performance across different regions. In recent years, major metropolitan areas such as New York City, San Francisco, and Los Angeles have experienced robust growth in the real estate sector. This is due to factors like population growth, strong job markets, and high demand for both residential and commercial properties (Dáz-Fernández et al. 2015). However, there are significant disparities in performance across the country. Some rural areas and smaller cities have struggled with stagnant or declining real

estate markets, often due to population declines, lack of economic diversification, or the aftermath of the 2008 financial crisis.

The United Kingdom's real estate market has seen substantial performance variations between different regions and property types. London, for example, has historically been a major hotspot for real estate investment, driven by international demand, a strong financial sector, and a shortage of housing supply. However, Brexit and the uncertainties surrounding it have led to some fluctuations in London's real estate market, with periods of reduced demand and price stagnation (Humera, et al. 2017). In contrast, other regions such as Manchester, Birmingham, and Glasgow have experienced significant growth, benefiting from urban regeneration, lower property prices, and increased investments. The buy-to-let market in the UK has been affected by regulatory changes, which have reduced the profitability of real estate investment in certain areas.

Germany has a stable and steadily growing real estate market, characterized by its relative resilience to economic shocks. Cities like Berlin, Munich, and Hamburg have seen consistent growth, fuelled by strong demand for residential and commercial properties. The country's economic stability and low-interest rates have attracted both domestic and international investors (Batsakis & Mohr, 2017). However, strict rent control laws in some cities, designed to protect tenants, have impacted the profitability of real estate firms, particularly in terms of residential rental properties. The German real estate market also faces challenges related to demographic shifts, such as an aging population and a declining birth-rate, which affect the demand for certain types of properties. Overall, Germany's real estate market performs well, but the impact of government regulations and demographic factors should be closely monitored by real estate firms.

Australia has experienced significant regional variations in its real estate market performance. Major cities like Sydney and Melbourne have seen strong price growth, driven by population growth, foreign investment, and a competitive housing market. However, these cities also face affordability issues and, at times, speculative bubbles (Bhawe & Jha, 2020). In contrast, regional areas have seen more modest growth, with some areas even experiencing property price declines. Government policies, such as foreign investment restrictions and tighter lending standards, have played a role in shaping the Australian real estate market's performance. The performance of real estate firms in Australia is closely tied to the overall economic health, and any fluctuations in interest rates can have a significant impact on property demand and performance.

Japan's real estate market has had a unique history, including a real estate bubble in the late 1980s followed by a prolonged period of stagnation. While major cities like Tokyo have seen some recovery, overall performance remains mixed. Demographic challenges, including an aging population and a declining birth-rate, have impacted the market, particularly in rural and suburban areas (Bustinza, Gomes, Vendrell Herrero & Baines, 2019). Japan's real estate market is also influenced by factors like earthquakes, which can affect the demand for earthquake-resistant properties. Real estate firms in Japan often need to adapt to changing market conditions and investor preferences, making performance highly dependent on location and property type.

1.1.2 Regional Performance of Firms.

South Africa boasts the most mature and developed real estate market in the region. Its real estate sector has benefited from a strong legal framework, well-established infrastructure, and a relatively stable political environment (Davcik & Sharma, 2016). However, South Africa has faced economic challenges, such as high unemployment

and income inequality, which have influenced the demand for property. In recent years, the country's real estate market has faced headwinds, including uncertainties surrounding land reform policies and the impact of the COVID-19 pandemic. Despite these challenges, South African real estate firms continue to attract both domestic and international investors.

Nigeria's real estate market is characterized by rapid urbanization and a growing middle class. Lagos, the country's economic hub, has experienced a surge in real estate development, particularly in the commercial and residential sectors. However, the market faces significant challenges, including issues related to property rights, lack of infrastructure, and regulatory inconsistencies (Bustinza, Gomes, Vendrell & Baines, 2019). The fluctuation in oil prices, which heavily impacts Nigeria's economy, has also had implications for the real estate market. Real estate firms in Nigeria must navigate these challenges while capitalizing on the growing demand for property.

Ghana's real estate sector has experienced steady growth, particularly in the capital city, Accra. This growth is attributed to a stable political environment, a burgeoning middle class, and an increasing need for housing and commercial properties (Oladimeji & Udosen, 2019). However, the sector has faced challenges like fluctuating interest rates, land title issues, and the impact of currency devaluation. The Ghanaian government's initiatives to promote affordable housing and foreign direct investment have positively influenced the market's performance. Real estate firms in Ghana must continue to address regulatory issues while seizing opportunities presented by economic growth.

Ethiopia's real estate market is gradually emerging as an attractive investment destination, driven by economic expansion, urbanization, and government initiatives to promote foreign investment (Deligianni, Voudouris & Lioukas, 2017). However, the market is relatively young and faces challenges such as bureaucratic hurdles, land tenure complexities, and limited access to financing. Ethiopia's political landscape also presents risks that can affect market performance. Real estate firms in Ethiopia need to navigate these challenges while tapping into the country's long-term growth potential.

1.1.3 Local Performance of Firms

Tanzania's real estate market has experienced growth in recent years, driven by urbanization, population growth, and increased investment in infrastructure and industrial development. Cities like Dar es Salaam have seen a surge in commercial and residential real estate projects. The government's efforts to improve the business climate and attract foreign investors have positively influenced the sector (Davcik & Sharma, 2016). However, challenges persist, such as land tenure issues, bureaucratic hurdles, and a shortage of affordable housing. The Tanzanian real estate market is also sensitive to macroeconomic factors like inflation and interest rates. Real estate firms in Tanzania must navigate these challenges while capitalizing on the country's long-term growth potential.

Rwanda's real estate market has been growing steadily, especially in Kigali, the capital city. The country's stability and ease of doing business have attracted investors, leading to increased commercial and residential development (Nanayakkara & Mia, 2017). The government's Vision 2020 initiative and policies to promote foreign investment have positively impacted the sector. However, Rwanda faces constraints like limited land availability and the need for improved infrastructure.

Additionally, while the government's efforts to streamline business processes are commendable, some regulatory challenges remain. Real estate firms in Rwanda have opportunities to leverage the country's political stability and growth-oriented policies while addressing these constraints.

1.1.4 Performance of Firms in Kenya

As it fosters employment, advances commercial banking, and eventually fosters the growth of capital markets, the real estate sector is crucial to the overall development of a nation (Kito & Reed-Tsochas, 2018). The property market is reacting to demand that has been created by the expanding middle class with disposable income, in which people have become able to buy homes and others service their mortgages (Makhoha, Namusonge & Sakwa, 2016). This boom in the real estate sector began somewhere in the mid to late 2000s. To meet this demand, there have been numerous entry into real estate enterprises. Due to the intense competition, businesses must hone their core skills to offer distinctive products at affordable prices in order to survive (Makhoha, Namusonge, & Sakwa, 2016).

Kenya's coast has long been a big draw for buyers of real estate, whether they are from the shore, the interior, or even abroad (Anne, 2016). The majority of the counties in the area border the seashore that stretches from Vanga to Kiunga. Many buyers of real estate merely want a vacation house where they may occasionally unwind with their families and loved ones. The fact that your investment is often leveraged more than five to one makes coastal real estate markets cyclical and occasionally risky. Real estate companies increase their benefits by implementing a diversification strategy through a more skilful use of organizational resources. Profitability is also increased by diversification, but only to the extent that complexity allows.

1.2 Statement of the Problem

The poor performance of real estate firms in Kenya can be attributed to several factors. Economic instability, fluctuating interest rates, and inflation have eroded the purchasing power of potential homebuyers, leading to a sluggish demand for properties (Bustinza, Gomes, Vendrell & Baines, 2019). Additionally, the real estate sector in Kenya has been plagued by issues such as land tenure insecurity, lengthy and often convoluted property registration processes, and inadequate infrastructure development, all of which contribute to higher operational costs and hinder the growth of the industry. Moreover, the COVID-19 pandemic has further exacerbated the situation by causing a decline in economic activity and reducing the ability of individuals and businesses to invest in real estate (Benito-Osorio et al., 2016). These challenges have collectively hampered the performance and growth of real estate firms in Kenya.

Due to the challenging economic climate created by the Covid-19 pandemic, which had a negative impact on the real estate sector, the real estate sector only saw moderate activity in 2020 and a general reduction in transactions (Mwangi, 2021). In contrast to the 13.2% growth seen in 2019, the real estate and construction industries showed a 7.1% point fall in growth in 2020, coming in at 6.1%. Performance-wise, the sectors of residential, commercial office, retail, mixed-use developments, and serviced apartments recorded average rental yields of 4.7%, 7.0%, 7.5%, 7.1%, and 4.0%, respectively. This resulted in an average rental yield for the real estate market of 6.1%, which is 0.9% points lower than the 7.0% recorded in 2019 (Mwangi, 2021).

The relationship between diversification tactics and business performance has been the subject of numerous research. For instance, Kenyoru, Chumba, and Rotich (2016) looked into the impact of product diversification strategy on a firm's financial

performance. The study's conclusions showed a significant and positive relationship between vertical product diversification and bank financial performance; a significant and positive relationship between horizontal product diversification strategy and financial performance; and a positive relationship between conglomerate diversification and firm performance. Njuguna, Kwasira, and Orwa (2018) looked into how the performance of non-financial enterprises listed on the Nairobi Securities Exchange in Kenya was affected by their product diversification strategy. According to the study, there is a considerable link between product variety and company performance. Mwangi (2021) wanted to know how diversification tactics affected the performance of Kenya's commercial banks. The study found that commercial banks' profitability has improved as a result of the widespread use of mobile and internet banking as a product diversification strategy. In their 2018 study, Peace and Augustine aimed to ascertain how firm diversification affected the financial performance of Nigerian businesses. According to the study, firm diversification has a significant impact on the financial performance of Nigerian businesses. As a result, there is a statistically significant correlation between financial performance and related diversification, but business diversification is not statistically significant. Studies show that real estate companies are using product variety as a growth strategy, as demonstrated in the reviews. Scholars have, however, been unable to demonstrate how diversification tactics might give businesses a competitive edge, which also improves company performance. The study provided new knowledge to the body of literature by taking into account competitive advantage to explain the link between product variety and performance when other researchers had been unable to fill the knowledge gap.

1.3 Research Objectives

1.3.1 General Objective

To determine the effect of product diversification strategies on perfomance of real estate firms in Coast Region, Kenya

1.3.2 Specific Objectives

i. To determine the effect on concentric product diversification strategy on perfomance of real estate firms in Coast Region, Kenya
ii. To investigate the effect of horizontal product diversification strategy on perfomance of real estate firms in Coast Region, Kenya
iii. To establish the effect of vertical product diversification strategy on performance of real estate firms in Coast Region, Kenya
iv. To find the effect of conglomerate product diversification strategy on performance of real estate firms in Coast Region, Kenya

1.4 Research Hypothesis

H_{01}: Concentric product diversification strategy has no significant effect on perfomance of real estate firms at the Coast Region, Kenya

H_{02}: Horizontal product diversification strategy has no significant effect on perfomance of real estate firms at the Coast Region, Kenya

H_{03}: Vertical product diversification strategy has no significant effect on perfomance of real estate firms at the Coast Region, Kenya

H_{04}: Conglomerate product diversification strategy has no significant effect on perfomance of real estate firms at the Coast Region, Kenya.

1.5 Significance of the Study

The study gave policy makers and regulators knowledge about how product diversification methods might improve a sector's development and operation, which aids in policy and regulation design. The results can improve the creation of new policies and the evaluation of current policies.

Managers of real estate firms might use the study's findings to comprehend diversification tactics specific to their sector. They were able to make the right decisions as a result, successfully expanding their activities. The managers were made aware of the difficulties encountered in the adoption and implementation of diversification plans, which assisted them in making the necessary modifications to address these difficulties and achieve optimal performance.

To scholars and academicians, the findings of the study enrich the understanding of the complex dynamics at play in real estate markets. By developing and refining theoretical frameworks, offering empirical evidence, and exploring policy implications, such research serves as a cornerstone for informed decision-making in the field. Additionally, interdisciplinary perspectives, sustainable development insights, and long-term studies enrich the depth and breadth of knowledge in the real estate domain, making it an integral component of academic research and practical applications.

1.6 Scope of the Research

The investigation into how product diversification methods affect the performance of real estate enterprises was the main goal of the study. The study was conducted on the Coast, specifically in the counties of Mombasa, Kwale, and Kilifi, with a special

emphasis on the senior management of real estate firms. The study used an explanatory research design and a simple random sampling technique.

CHAPTER TWO

LITERATURE REVIEW

2.0 Overview

This chapter reviewed the literature as it was provided by various authors and academics in light of the study's goals. The literature review explained the theoretical underpinnings of the issue being investigated, as well as what prior research has been done and how the results pertain to the issue at hand.

2.1 Concept of Firm Performance

Performance, as defined by Gyan, Brahmana, and Bakri (2017), is the degree of an investment's profitability. Performance essentially serves as the criterion by which an organization assesses its ability to endure in the corporate world. Organizational performance, according to Stadler, Mayer, Hautz, and Matzler (2018), is correlated with firm effectiveness and efficiency. The three sources of differences in company performance, according to Sun, Peng & Tan (2017), include information about the ostensible causes of variations in performance, information about commonly used analytical models, and theoretical concepts. Profit, profit ratios, market share, and revenue growth are all examples of financial indicators of organizational performance. Three economic objectives are used to measure how well a business is performing in accordance with its strategic orientation. Existence in the marketplace, advancement, and affluence are some of them.

According to Tang, Tang, and Su (2019), an organization's growth is directly related to its existence and prosperity. Existence entails having a long-term plan in place to ensure that business continues, and the inability to do so suggests that the organization is unable to satisfy stakeholder demands, advance in the number of markets served, increase in the variety of products offered, and finally advance in the technologies

used to provide goods and services (Videlis & Josphat, 2018). Change is a sign of progress, and in a dynamic business environment, proactive change is essential.

According to Jayathilake (2018), there are two measurement strategies that are utilized to assess the firm's financial performance: the market measurement technique and the accounting measurement approach. The two measuring methods provide various angles on how to assess the financial success of a company, and as a result, they have various theoretical ramifications. The majority of academics evaluate the performance of real estate enterprises using accounting metrics. The performance of real estate companies in Mombasa county will be evaluated in this study using market measurement approaches (Dinh, Nguyen, & Hosseini, 2019). The study employed a measuring technique since it was particularly interested in qualitative firm performance indicators like client acquisition and retention.

2.2 Concept of Product Diversification

According to Deligianni, Voudouris, and Lioukas (2017), product diversification is the process of increasing company opportunities through the increased market potential of an existing product. Products can be made more diverse by expanding into new markets and by using different pricing tactics. Additionally, a product may be modified, adjusted, or updated, or new marketing initiatives may be created (Edirisuriya, Gunasekarage, & Perera, 2019). A business's growth strategy in which it markets new items in new markets is known as product diversification. Because the company is moving into a new market with less experience, its plan is risky.

Despite having a positive return on assets, companies with product diversifications are less able to compete effectively in the capital structure than companies with concentrated strategies (Figueiredo & Robalo, 2017). Di-versification aids businesses

in acquiring critical assets, cutting-edge technology, raw materials, and expertise. The business is equipped with markets and goods to compete for global standards in this period of expansion and diversity. By gaining access to new markets and new products, diversification also increases the firm's profitability and assets (Edirisuriya, et al., 2019). A company's performance improves when it diversifies its products in a moderately unconnected way.

2.2.1 Concentric Diversification

Building the organization around businesses whose value chains have strategically advantageous competitive fits is known as a concentrated diversification strategy (Gozgor & Can, 2016). According to Gozgor and Can (2016), strategic fit occurs when one or more activities that make up the value chains of many firms are sufficiently similar to offer opportunities for the organization that is diversifying. A major approach called "concentric diversification" entails the operation of a second company that gains access to the company's key competences. Concentric diversification refers to a company's ability to expand into a similar industry. It is also known as related diversification, and it occurs when a business expands into a sector in which the value chain has perfectly advantageous strategic overlaps.

Strategic fit, according to Anne (2016), occurs when the value chains of various businesses offer opportunities for cross-business resource transfer, low cost through the combination of related value chain activities, cross-business use of potential brand names, and cross-business collaboration to build new or stronger competitive capability. Relatedness plays a key role in achieving improved performance through diversification. According to Batsakis and Mohr (2017), related diversification enables the company to benefit from the competitive advantages of skills transfer,

cheaper costs, and well-known brand names while still spreading investor risk across a large customer base.

2.2.2 Horizontal Diversification

According to Albarelli, Santos, Ensinas, Marechal, Cocero & Meireles (2018), horizontal product diversification refers to the acquisition or development of new products or the provision of new services that may be of interest to the company's existing customer groups. In this instance, the business is dependent on sales and technology ties to the current product lines. For instance, a dairy company that makes cheese introduces a new variety of cheese to its offerings. Instead, horizontal diversification refers to corporate expansion into several industries across entities that are not always affiliated with one another (Maurizio, Tiziana, & Javier, 2018). This technique can also be put into practice by introducing new goods, the company's expertise and experience in technology, finance, and marketing are used to support these aims, even when they have no bearing on the current product line (Nanayakkara & Mia, 2017).

Key characteristics include the pursuit of related industries, the utilization of synergies, risk mitigation through market diversification, and the broadening of product or service offerings. This strategy enables companies to bolster their market presence, dominate industries, cross-sell complementary products, leverage established brands, apply industry expertise, and enhance operational efficiency by sharing resources and knowledge across related sectors (Rop, Kibet, & Bokongo, 2016). Successful horizontal diversification hinges on rigorous market analysis, strategic planning, and adept management of the expanded product lines and market dynamics.

According to Nwakoby, Nkiru, Ihediwa, and Augustine (2018), horizontal product diversification refers to the addition of new items by an organization that are not technologically or commercially related to existing products but may nevertheless appeal to existing clients. This kind of growth is ideal in a market that is competitive if the existing clientele is devoted to the existing items and the new products are high-quality, well-marketed, and reasonably priced (Maurizio, Tiziana, & Javier, 2018). Additionally, the same economic context that the present items are promoted to, which could result in rigidity and instability. In other words, this strategy makes the company more reliant on specific market sectors.

Real estate companies have welcomed innovative building technologies, particularly those involving glass buildings, cement that dries quickly, and scaffolding floors (Rop, Kibet, & Bokongo, 2016). According to a study by Albarelli et al. (2018), horizontal product diversification and performance are positively correlated. The parameters connected to horizontal product diversification and their impacts on the performance of real estate enterprises were not provided by the researcher. According to the researcher of this study, depending on how risks were managed during the entire process of implementing a product diversification strategy, horizontal product diversification might either boost or decrease profitability.

2.2.3 Vertical Diversification

Vertical diversification, also known as vertical integration, is a business strategy in which a company expands its operations both upstream and downstream in its supply chain. This means the company takes control of various stages of the production or distribution process that were previously handled by external suppliers or partners (Maurizio, Tiziana, & Javier, 2018). Vertical diversification typically involves two primary directions: backward integration and forward integration. Backward

integration occurs when a company moves upstream in its supply chain, acquiring or controlling the suppliers or resources needed for its core operations. For example, a car manufacturer might backwardly integrate by acquiring a steel production plant to ensure a steady supply of steel for its vehicles. This strategy can provide greater control over the quality, cost, and availability of essential inputs, reducing dependence on external suppliers and potentially leading to cost savings and improved efficiency.

Forward integration, on the other hand, involves moving downstream in the supply chain, often by acquiring or controlling distribution channels or retail outlets. For instance, a clothing manufacturer might forwardly integrate by opening its own retail stores or e-commerce platform to sell directly to consumers (Nanayakkara & Mia, 2017). This approach allows the company to have more control over its branding, marketing, and customer relationships, potentially increasing profit margins and reducing the reliance on third-party retailers.

Vertical diversification can offer several advantages, including increased control over critical elements of the supply chain, cost savings, improved coordination, and potentially higher profits (Rop, Kibet, & Bokongo, 2016). However, it also comes with challenges and risks, such as the need for substantial capital investment, managing different aspects of the business, and potential conflicts of interest. The decision to pursue vertical diversification depends on the specific industry, market conditions, and a company's overall strategic goals.

According to Saghi-Zedek (2016), vertical diversification is a major business strategy centred on acquiring companies that provide new clients for the acquiring company's outputs or sources of inputs. Vertical diversification happens when a company moves on to the next step of the same productive cycle, the manufacture of raw materials, or

even the distribution of the finished product. Don't put all of your eggs in one basket, according to Sambharya and Goll (2018), who also claim that when a company diversifies closer to the sources of raw materials during the stages of production, it is pursuing a backward vertical integration strategy.

Backward integration, according to Saraç, Ertan, and Yücel (2014), gives the diversified company more control over the calibre of the goods being bought. In order to provide a more dependable source of the required raw materials, backward integration may also be implemented. Forward integration gives a manufacturing company the assurance that there will be a market for its goods as well as more control over how they are sold and supported. Forward integration may also help a business better distinguish its goods from those of its rivals, according to Saghi-Zedek (2016). A company can frequently better supervise and train the staff members selling and maintaining its equipment by creating its own retail locations.

2.2.4 Conglomerate Diversification

Conglomerate diversification, often referred to simply as conglomerate strategy, is a business expansion strategy in which a company or corporation seeks to diversify its operations by entering into industries or markets that are unrelated to its existing core business activities (Sharma, Davcik & Pillai, 2016). In other words, a conglomerate diversification strategy involves the expansion into areas that are outside the company's current industry or product portfolio. There are times when a company, especially a very big one, plans to buy a company because it offers the best investment opportunity out there (Selçuk, 2015). The purchasing company's primary concern and frequently its only concern is the venture's profit trajectory. Diversification by conglomerates is mostly motivated by profit consideration.

Conglomerate diversification is the most likely method when management realizes that the current business is uninteresting and that the firm lacks extraordinary abilities or capabilities that it might readily transfer to similar products or services in other industries (Sharma, Davcik & Pillai, 2016). A corporation with plenty of cash but few prospects for expansion in its sector can, for instance, shift into a sector with plenty of opportunities but scarce funds. The high return on investment in the new industry is the primary driver of conglomerate product diversification. Additionally, choosing to pursue this kind of product diversification might open up new opportunities that aren't immediately related to expanding the primary business of the company, such as access to new technologies and chances to form strategic alliances (Selçuk, 2015).

The conglomeration hypothesis contends that owning and operating a wide range of businesses can add value by utilizing revenue scope economies to offer one-stop shopping to customers who are willing to pay more for the added convenience of financial supermarkets or by utilizing cost scope economies to share inputs in joint production (Smolka, Verheul, Burmeister-Lamp & Heugens, 2018). By establishing internal capital markets that may be less susceptible to flaws like information asymmetries than external markets, conglomeration may also increase financial efficiency and provide value (Solano, Brümmer, Engler & Otter, 2019). Conglomeration may also diversify risk by lowering expected costs of financial distress or bankruptcy, enabling greater financial leverage, or allowing businesses to generate higher revenues from risk-averse clients who are willing to pay more or accept lower quality services in exchange for lower default risk.

2.3 Theoretical Framework

Four theories make up the study's theoretical framework: The Boston Consulting Group Matrix, Transaction cost economics theory and the Modern Portfolio Theory

and Balanced score card. The modern portfolio theory was chosen as the study's primary theory because it effectively addressed the primary objective of product diversification strategies in real estate enterprises.

2.3.1 The Modern Portfolio Theory

According to Deligianni, Voudouris, and Lioukasm (2017), modern portfolio theory describes how risk-averse investors can build portfolios to maximize expected return depending on a specific amount of market risk. In his 1952 Journal of Finance article titled "Portfolio Selection," Harry Markowitz established this hypothesis. The idea contends that product diversification may improve returns at specific risk levels or alternatively may deliver the same returns at lower risk, depending on the manager's decision-making process. Applications of this theory take into account the risk-weighted volatility of returns implied by changes in market price (Deligianni, Voudouris, & Lioukasm, 2017). At some level of assumed return, diversification can be used in a business enterprise to reduce risk. The idea is to maximize realized rate of return while staying within risk tolerance limits.

One of the central assumptions is the concept of diversification. MPT assumes that investors are rational and seek to maximize their returns while minimizing risk. It posits that investors can achieve a more efficient portfolio by diversifying their investments across different asset classes or securities (Deligianni, Voudouris, & Lioukasm, 2017). This diversification is based on the belief that not all assets move in perfect correlation with each other; therefore, by holding a mix of assets with imperfect correlations, an investor can reduce the overall risk of the portfolio without sacrificing returns. This assumption implies that investors are risk-averse and prefer

portfolios that offer the highest expected return for a given level of risk or the lowest risk for a given level of return.

Another key assumption of MPT is that investors have access to all relevant information and can make rational decisions based on this information. This assumption is known as the Efficient Market Hypothesis, which suggests that asset prices fully reflect all available information. In an efficient market, it is assumed that investors cannot consistently achieve returns above the market average through analysis or information since any new information is rapidly incorporated into prices (Dennis, Gideon, Sammy, & Shadrack, 2016). Therefore, MPT implies that investors should focus on constructing diversified portfolios that align with their risk tolerance and investment objectives, rather than attempting to outperform the market through security selection or market timing. However, the EMH has faced criticism over time, as it doesn't fully account for behavioral biases and market inefficiencies observed in real-world financial markets, which may lead to opportunities for skilled investors to outperform the market.

A company must engage in unrelated diversification in order to successfully reduce the risks related to diversification (Figueiredo et al., 2017). Finding securities with low historical correlations between them and assuming that historical correlations will continue into the future are what is meant by this. This kind of diversification will not be feasible if historical correlations are found to be an unreliable indicator of future relationships. Through calibrated risk-taking, the principles of this theory can be successfully applied in real estate enterprises.

Instead of just one or a few stocks, investors hold a huge basket of them. Here, it is assumed that it is possible to quantify the risks. But risk varies across all business

venture types, depending on a variety of known and unknown elements (Dennis, Gideon, Sammy, & Shadrack, 2016). Early in the previous century, it was comfortable to think that risk could not be quantified. But Edirisuriya, Gunasekarage, and Perera (2019) assert that risk can be defined and quantified using the profitability distribution. Thus, a certain school of thinking developed, presuming that diversification may reduce risk. However, as was already mentioned, risk is unexpected, and anything could happen in a company enterprise that is unusual or unanticipated. The theory was useful in the study as it helped in explaining vertical, conglomerate and horizontal diversification strategies in real estate firms.

2.3.2 Transaction cost economics theory

A Transaction Cost Economics theory is said to have supplemented the resource-based theory by advising real estate firm management as to when the firms should organize for product diversification within the firm's boundaries and how firms can profit from product diversification across different businesses within their own firm boundaries (Oliver, 2004; Coase, 2003) (Eukeria & Favourate, 2014). According to this theoretical framework, product diversification helped businesses gain more market control by excluding rivals and by engaging in vertical diversification.

One fundamental assumption of TCE is the presence of transaction costs. Transaction costs encompass the expenses and inconveniences associated with conducting economic exchanges and transactions. These costs include search and information costs, negotiation and bargaining costs and monitoring and enforcement costs (Oliver, 2004; Coase, 2003). TCE assumes that these transaction costs exist and can significantly influence the decisions made by economic actors. Another key assumption is bounded rationality. TCE recognizes that individuals and organizations

have limited cognitive and computational abilities to process information and make decisions. Therefore, they often rely on simplified decision rules, heuristics, and routines rather than conducting exhaustive analysis. This bounded rationality assumption suggests that economic actors may not always make perfect decisions but rather make satisficing choices, selecting options that are "good enough" given their cognitive limitations.

TCE also assumes that individuals and firms are self-interested and seek to maximize their utility or economic well-being. In other words, they act in their own self-interest to achieve their goals, whether those goals are related to profit maximization, cost minimization, or utility maximization. This self-interest assumption aligns with the broader framework of neoclassical economics (Eukeria & Favourate, 2014). Moreover, TCE assumes that individuals and firms operate in an environment characterized by uncertainty and opportunism. Opportunism refers to the self-interested behavior of economic agents, which can include actions like shirking on contractual obligations or taking advantage of information asymmetries to benefit one party at the expense of another. Uncertainty and opportunism can lead to the creation of contracts, hierarchies, and governance structures designed to mitigate these risks.

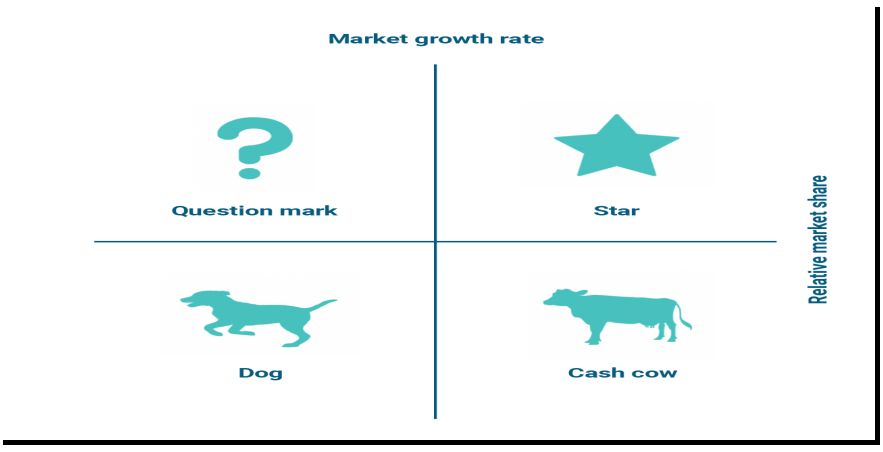
TCE also emphasizes the concept of asset specificity. It assumes that assets, whether physical or human capital, can have different levels of specificity. Asset specificity refers to the extent to which an asset's value is contingent on a particular transaction or use (Eukeria & Favourate, 2014). When assets are highly specific to a particular transaction or relationship, it becomes more difficult and costly to redeploy those assets elsewhere if the transaction or relationship fails. This asset specificity

influences the governance choices made by economic actors, such as the decision to integrate vertically or form long-term contracts.

Diversified enterprises were able to cross-subsidize each other's operations and lower costs, which aided in increasing entry barriers and driving rivals from the market (Selçuk, 2015). By using transactional theory, managers can comprehend the value of vertical diversification strategies that enable businesses to avoid market costs, control product quality, and prevent its technology from leaking to suppliers and other intermediaries. As a result, from the perspective of transaction costs, businesses should diversify whenever doing so improved their firms' performance.

2.3.3 Boston Consulting Group Matrix

The Boston Consulting Group developed the BCG matrix as a framework to assess the strategic position and potential of the business brand portfolio (Batsakis & Mohr, 2017). Based on the attractiveness of the industry and competitive position, it divides the business portfolio into four categories. According to the cash required to support each unit and the cash it generates, these two dimensions indicate the likelihood that the business portfolio will be profitable (Gözgör & Can, 2017). The analysis's main goal is to clarify which brands the company should invest in and which ones it should withdraw from.



The Boston Matrix assumes that the rate of market growth is a pivotal factor in evaluating a product's or business unit's potential for profitability and future success. It categorizes products based on their perceived growth potential, implying that markets with higher growth rates offer greater opportunities for revenue expansion and profit generation (Hitt, Ireland & Hoskisson, 2015). Another fundamental assumption of the Boston Matrix is the belief that a higher market share relative to competitors provides a competitive advantage. The matrix classifies products according to their existing market share, assuming that products with a higher market share are better positioned to capture a larger portion of the market's value and generate profits.

Implicitly, the matrix relies on the concept of the product life cycle, suggesting that products move through distinct stages of introduction, growth, maturity, and decline. In this context, Stars represent products in the growth stage, Question Marks are typically in the introduction or early growth stage, Cash Cows are in the maturity stage, and Dogs are in the decline stage (Hitt, Ireland & Hoskisson, 2015). This assumption aids in understanding where a product stands in its life cycle. The Boston Matrix presumes that a higher market share equates to a stronger competitive position. It implies that products with substantial market share are better equipped to withstand competitive pressures, generate profits, and reinvest in growth, while products with lower market share face fiercer competition and may struggle to grow or remain profitable.

One of the central purposes of the Boston Matrix is to guide resource allocation decisions. The assumption here is that businesses should allocate resources differently to products or business units in each quadrant of the matrix (Batsakis & Mohr, 2017). For example, Stars may necessitate significant investments to fuel their growth, while

Cash Cows can generate cash that can be reinvested in other parts of the portfolio. The matrix operates under the assumption that the dynamics of growth and market share of products or business units are relatively predictable. It suggests that products categorized as Stars today will continue to grow and evolve into Cash Cows in the future, while products classified as Dogs are unlikely to experience substantial growth.

Relative market share is one of the criteria used to evaluate a business portfolio. Cash returns increase when corporate market share increases (Hitt, Ireland & Hoskisson, 2015). This is because a company that produces more revenues due of greater economies of scale and experience curve. However, it is important to keep in mind that some businesses could reap the same advantages despite lowering production outputs and market share. High market growth rates result in bigger revenues and occasionally profits, but they also burn up a lot of money that is then invested to encourage additional expansion (Batsakis & Mohr, 2017). Business units that operate in sectors with high growth are therefore cash consumers and should only be invested in if they are anticipated to increase or maintain market share in the future.

Compared to rival products, dogs have a small market share and a slowly expanding market. Due to their low or negative cash returns, they are typically not worth investing in. However, Hu, Can, Paramati, Doan & Fang (2020) point out that this isn't always the case. Some dogs may be profitable for an extended period of time; they may offer synergies for other brands or SBUs, or they may just serve as a defensive measure against actions made by rivals. Therefore, it is crucial to do a deeper examination of each brand or SBU to ensure that they are not candidates for investment or need to be divested. The most lucrative brands, known as cash cows,

should be milked to provide as much money as feasible. According to Gözgör & Can (2017), the money made from cows should be spent in stars to help them grow.

Stars work in sectors with rapid economic growth and hold significant market share. Stars are both money makers and money consumers. Because stars are anticipated to turn into cash cows and produce positive cash flows, they are the key units in which the corporation should invest its resources (Humera, Rohail & Maran, 2017). However, not all stars turn into money flows. This is particularly true in sectors that are undergoing rapid change, where new items that are competitive can quickly be displaced by innovations in technology, turning a star into a dog rather than a cash cow. The brands with question marks need to be given significantly more attention. They experience losses and have a poor market share in rapidly expanding markets (Peace & Augustine, 2018). It has the ability to increase market share, establish itself as a star, and eventually turn into a cash cow. Even after significant efforts, question marks may not always succeed in capturing market share and eventually turn into dogs. Because of this, it is important to give them careful thought before deciding whether to invest in them (Saghi-Zedek, 2016).

The matrix can assist management in determining the position of a company's diversification plan and helping to create the best approach for preserving and enhancing business units or products (Kito, New, & Reed-Tsochas, 2018). There are several product types, organizational divisions, and business units in major corporations that diversify in various ways. It is crucial for managers to evaluate where their business unit or products stand in the market. Knowing a product's strategic positioning aids management in creating the best diversification strategy for that product as well as the best assessment methods to ensure that it continues to move in the appropriate directions (Selçuk, 2015).

2.3.4 Balanced Scorecard Model

The Balanced Scorecard model is a strategic management and performance measurement framework that has gained significant prominence in the business world. Developed by Robert Kaplan and David Norton, it offers a holistic approach to evaluating an organization's performance by considering multiple dimensions beyond just financial metrics. The Balanced Scorecard model introduces the idea that an organization's success should not be solely measured by financial outcomes but should also include other critical factors, such as customer satisfaction, internal processes and learning and growth (Qiu, Chen & Lee, 2021).

Robert Kaplan and David Norton, the key contributors to the Balanced Scorecard model, introduced this concept in a 1992 Harvard Business Review article and later expanded on it in their book, "The Balanced Scorecard: Translating Strategy into Action." Their work has revolutionized performance measurement and strategic planning, making it possible for organizations to assess their performance from multiple angles (Ahmadi & Ieamsom, 2022). By including non-financial aspects, such as customer loyalty and employee skills, the model provides a more comprehensive view of an organization's health and its alignment with strategic goals. One of the key assumptions of the Balanced Scorecard model is that financial metrics alone do not provide a complete picture of an organization's performance. The model assumes that there are multiple dimensions to success, including customer perspectives, internal process efficiency, and the growth and development of employees.

The importance of the model is evident in its capacity to provide a balanced view of an organization's performance. It is a valuable tool for organizations to translate their strategic goals into actionable measures and to assess the effectiveness of their strategies. By including non-financial indicators, the model helps organizations focus

on long-term success and customer satisfaction, rather than just short-term financial gains (Schouten, Janssen & Verspaget, 2021). It can be challenging to implement, especially in complex organizations, as it requires a significant amount of data and resources to track and measure the various performance dimensions. Additionally, there may be a risk of overloading organizations with too many metrics, leading to information overload and a lack of focus on the most critical aspects of performance.

2.4 Empirical Review

2.4.1 Concentric product diversification and performance

Videlis and Josphat (2018) study on concentric product diversification in the European insurance sector, the best concentric diversification happens when combined firm profits boost strengths and possibilities while reducing weaknesses and risk exposure. It has been discovered that well executed concentric diversification in the food industry has benefits in terms of lowering R&D costs, speeding up time to market, and forging connections with other enterprises.

Concentric diversification, according to Tang and Tang (2019) expands the product line by introducing new items to fully utilize the capabilities of contemporary technologies and promotional strategies. Strategic fit occurs when one or more supply chain operations of different businesses are sufficiently comparable to offer a chance for the diverse organization to succeed over the long term. Concentric diversification is a comprehensive strategy that involves managing a business to capitalize on its core competencies.

A study by Mishra and Akbar (2017) when the effect of related diversification on the performance of company groups in emerging markets was examined, it was discovered that related diversification strategy-implemented groups of businesses had better value than focused or unrelated diversification strategy-implemented groups of

firms. According to research by Sun, Peng, and Tan (2017), linked diversity improves company performance, whereas unrelated diversification has a statistically significant negative association with firm performance. Performance in related diversified businesses with no political ties outperformed that of specialized and unconnected businesses with no political ties.

Boz, Yigit and Anil (2019) Concentric diversification has a beneficial influence on organizational performance, according to the Rumelt categorization, because of size and scope economies, market power, risk reduction, and learning curve effects. The researchers contend that because a business entity can take use of synergies that come from pre-existing links to obtain cost or differentiation benefits, related diversification leads to higher profits than unrelated diversification. The dangers associated with diversification include agency conflicts caused by managers advancing their own interests, erroneous business decisions made by corporate entities, and the administrative expenses associated with managing vast company entities.

Rop, Kibet and Bokongo (2016) asserts that different situations can simply adapt to the broad concentric diversification principle. When it comes to diversifying their investment portfolio, an investor may decide to include a series or collection of stocks from businesses that serve comparable markets, such as purchasing shares in both a telephone company and a conference call bureau. Since some customers will utilize both forms of telecommunication services, the strategy enables the investor to get comparable profits from both investments. When a new line's branding is similar to an existing commercial line, consumers who are familiar with and confident in those items are more likely to try the newer line at home. The manufacturer will broaden its clientele into a new market area, effectively boosting its profit margin and succeeding

in the concentric diversification attempt, assuming the new line offers an adequate degree of pleasure.

2.4.2 Horizontal product diversification and performance

Sambharya and Goll (2018) showed that because of different agency issues, horizontal growth frequently resulted in inferior firm performance. These include, for instance, ineffective or illogical managers, competent but self-interested managers, wasteful expenditure generally and wasted investment in underperforming divisions specifically, and, ultimately, the incapacity of the firm's internal economy to signal appropriately. Peace and Augustine (2018) asserted that horizontal diversification may increase the diversified firm's market power, which might therefore aid the company in strengthening its long-term strategic position. The relevance of synergies increases as businesses diversify. Businesses can expand without the danger of having to pay the transaction costs associated with the contractual exploitation of synergies by diversifying internally.

According to Oladimeji and Udosen (2019) a company can start investigating various product producing regions with the help of horizontal diversification. In this strategy, businesses rely on their current market share of devoted clients. A manufacturer of televisions employs horizontal diversification when it begins producing refrigerators, freezers, washers, and dryers. The company's reliance on a single market of customers is a drawback. The business must capitalize on the brand loyalty linked to current items. This is risky since new products might not be as well received as the company's existing offerings.

Ogbonna (2018) revealed that when choosing fresh and distinctive products to offer alongside the conventional product line, characteristics including geography, gender,

and income level are taken into account. This strategy is typically promoted to customers as an extra perk provided by a reliable company that enables those customers to meet many needs by purchasing a larger variety of products from the company. There is a very good probability that the strategy will be effective and the business will make more money, presuming that the new products satisfy the quality and price requirements of the clients.

Nwakoby, Nkiru and Ihediwa and Augustine (2018) noted that although the idea of horizontal diversification has a number of advantages for the company and its clients, there is also a potential disadvantage to take into account. This technique doesn't broaden the consumer base because the emphasis is on selling new products to the current clientele. This implies that any variables that have a negative influence on those customers' ability to make purchases will also have an undesirable effect on the volume of sales produced. Because of this, many companies will strive to diversify in ways that appeal to customers in various age, gender, and economic groups rather than relying just on horizontal diversity.

Kito, New and Reed-Tsochas (2018) shown that a corporation may typically operate on a big scale if it has a standard offering. The operational procedure will be scalable, which accounts for the decreased cost of production per unit. In addition to having a larger production volume, standardized items also have the advantage of being easily automated, which results in additional cost savings. As a result of a company's standardized offerings, specialization in a single good or service, and application of quality techniques to the offering. It becomes simpler for the business to pinpoint distinct ways in which they could enhance the goods or services.

2.4.3 Vertical product diversification and performance

Jayathilake (2018) argues that the development of market dominance is reflected in vertical integration, just like the integration of various activities throughout a value chain. Moreover, he views it as a successful countermeasure to the price of contiguous monopolies. Others believe it might encourage price discrimination or be used to drive up rivals' costs by raising the barrier to entry. Furthermore, they contend that because there is insufficient demand for specialist inputs to maintain their independent production, vertical integration is more likely in a young business.

Gözgör and Can (2017) demonstrated that food processors and restaurants with vertical integration or diversification strategies were found to have considerable premiums. On the other hand, integration and diversification plans also carried sizeable premiums for food wholesalers and retail supermarkets. Food processors were employing forward vertical integration at this time because they were integrating toward retail supermarkets. Gyan, Brahmana and Bakri (2017) showed that the operational efficiency of the major US airlines was improved through vertical integration. The integrated airlines outperformed the non-integrated carriers, and their performance advantage grew, especially on days with terrible weather and crowded airports. Some of the flights were operated by regional partners who were either owned by these airlines or subject to contractual control.

Oloda (2017) conducted research on the impact of vertical integration on organizational survival in a sample of Nigerian manufacturing organizations. The study used 205 managers who were chosen at random from six different companies. It utilised both primary and secondary data. The Spearman Rank-order correlation coefficient was employed to examine the correlation between the variables examined. The study's conclusions showed a strong and positive correlation between the vertical

integration characteristics and organizational survivability. This study's findings support the idea that vertical integration improves organizational survivability.

Dinh, Nguyen and Hosseini (2019) claimed that a business may opt for vertical diversity over horizontal since it may provide greater risk management and protection. The business can get an income stream from an industry it has not previously been collecting from by growing vertically. Conglomerate businesses that grow vertically include General Electric and Honeywell. In this manner, the other industries in which the company operates will continue to generate income even if one area of the business suffers, such as fewer sales of jet engines.

Edirisuriya, Gunasekarage and Perera (2019) it has been highlighted that this method may save costs, improve manufacturing effectiveness, and broaden the product line. A company that sells office furniture and later adds stationery and office supplies is an example of vertical diversification. As a result, the business can reach new client segments and expand its market share. Another illustration is a business that sells its goods through brick-and-mortar storefronts that diversifies into internet sales to reach a larger consumer base. A firm that sells furniture can also broaden the scope of its offerings by adding delivery and installation services, which can help it stand out in the market and foster greater client loyalty.

2.4.4 Conglomerate product diversification and Performance

According to Gerry et al. (2018) the market power thesis, which asserts that if a corporation develops larger, it would be able to obtain a superior position, is the first justification for conglomerate diversification. The next strategy that has been acknowledged is the agency strategy. When managers do this, they are strengthening the firm's position and safeguarding its financial situation amid uncertain economic

times. When a company has spare resources that could be used more effectively elsewhere, the third justification, known as the resource view, is in favour of diversification. As a result, conglomerate diversification is essential to ensure that a company expands the range of products it offers into unrelated markets, increasing the firm's market share, profitability, and sustainability.

Bhawe and Jha (2020) a conglomerate diversification strategy may be sought by corporations to increase their growth rate. An organization's ability to generate greater money can attract investors. As the organization grows, the management's standing and influence may improve. If the new area offers greater opportunities for expansion than the current line of business, conglomerate growth may be advantageous. An organization can diversify through acquisitions instead of using its own personnel and resources to launch a new line of business as part of the conglomerate diversification strategy. Most conglomerates diversify because they believe there is enormous potential in growing in unrelated areas.

According to Bustinza, Gomes, Vendrell Herrero and Baines (2019) in the business world, it happens frequently that a struggling company will catch the eye of another organization seeking to make a substantial investment to grow operations. The companies engaged will frequently be in the same industry and may even be direct rivals, which results in "concentric diversification." Contrarily, conglomerate diversification results from the merger of two businesses with little in common, which has its own set of benefits and drawbacks.

Deligianni, Voudouris and Lioukas (2017) found that due to greater profit potential and broadened corporate reach, conglomerate diversification is generally advantageous for businesses. On the other hand, if management is not familiar with

the new items or if the new company is overworked, a merged company may suffer. Conglomerate diversification's key benefit is that it gives the main business more opportunities. In some circumstances, a business that focuses on a particular product in a particular market may reach a limit in terms of the amount of business it can generate. The corporation can enter new markets and reach a new consumer base with a new product that it otherwise might not have been able to.

2.5 Summary and Research Gaps

Njuguna, Kwasira, and Orwa (2018) looked into how the performance of non-financial enterprises listed on the Nairobi Securities Exchange in Kenya was affected by their product diversification strategy. The study is from a different setting and does not demonstrate how product diversification impacts the performance of real estate firms. Mwangi (2016) looked into how diversification tactics affected the performance of Kenya's commercial banks. The study is from a different setting and does not demonstrate how product diversification impacts the performance of real estate firms. In their 2018 study, Peace and Augustine aimed to ascertain how firm diversification affected the financial performance of Nigerian businesses. The study was conducted in Nigeria; hence it cannot be utilized to describe the situation in Kenya. It is clear that there has been no research conducted on a similar topic.

Table 2.1: Key findings

Author	Findings
Videlis and Josphat (2018)	Well executed concentric diversification in the food industry has benefits in terms of lowering R&D costs, speeding up time to market, and forging connections with other enterprises.
Tang and Tang (2019)	Concentric diversification is a comprehensive strategy that involves managing a business to capitalize on its core competencies.
Mishra and Akbar (2017)	Related diversification strategy-implemented groups of businesses had better value than focused or unrelated diversification strategy-implemented groups of firms
Sun, Peng, and Tan (2017)	linked diversity improves company performance, whereas unrelated diversification has a statistically significant negative association with firm performance
Boz, Yigit and Anil (2019)	Concentric diversification has a beneficial influence on organizational performance, according to the Rumelt categorization, because of size and scope economies, market power, risk reduction, and learning curve effects
Rop, Kibet and Bokongo (2016)	different situations can simply adapt to the broad concentric diversification principle
Sambharya and Goll (2018)	showed that because of different agency issues, horizontal growth frequently resulted in inferior firm performance
Oladimeji and Udosen (2019)	A company can start investigating various product producing regions with the help of horizontal diversification
Nwakoby, Nkiru and Ihediwa and Augustine (2018)	Noted that although the idea of horizontal diversification has a number of advantages for the company and its clients, there is also a potential disadvantage to take into account.
Kito, New and Reed-Tsochas (2018)	Shown that a corporation may typically operate on a big scale if it has a standard offering.
Jayathilake (2018)	Argued that the development of market dominance is reflected in vertical integration, just like the integration of various activities throughout a value chain
Gözgör and Can (2017)	Demonstrated that food processors and restaurants with vertical integration or diversification strategies were found to have considerable premiums
Edirisuriya, Gunasekarage and Perera (2019)	Highlighted that this method may save costs, improve manufacturing effectiveness, and broaden the product line
Gerry et al. (2018)	Conglomerate diversification is essential to ensure that a company expands the range of products it offers into unrelated markets, increasing the firm's market share, profitability, and sustainability.
Bhawe and Jha (2020)	Most conglomerates diversify because they believe there is enormous potential in growing in unrelated areas.
Bustinza, Gomes, Vendrell Herrero and Baines (2019)	Conglomerate diversification results from the merger of two businesses with little in common, which has its own set of benefits and drawbacks.
Deligianni, Voudouris and Lioukas (2017)	Due to greater profit potential and broadened corporate reach, conglomerate diversification is generally advantageous for businesses

2.6 Conceptual Framework

The conceptual framework given below illustrates the relationships that exist between concentric, horizontal, vertical and conglomerate diversification and firm performance. Focusing on these four diversification strategies helped in understanding how firms offer similar products to existing customers, offer unrelated products, minimise risk in their portfolios and invest in a number of classes to maximise their returns.

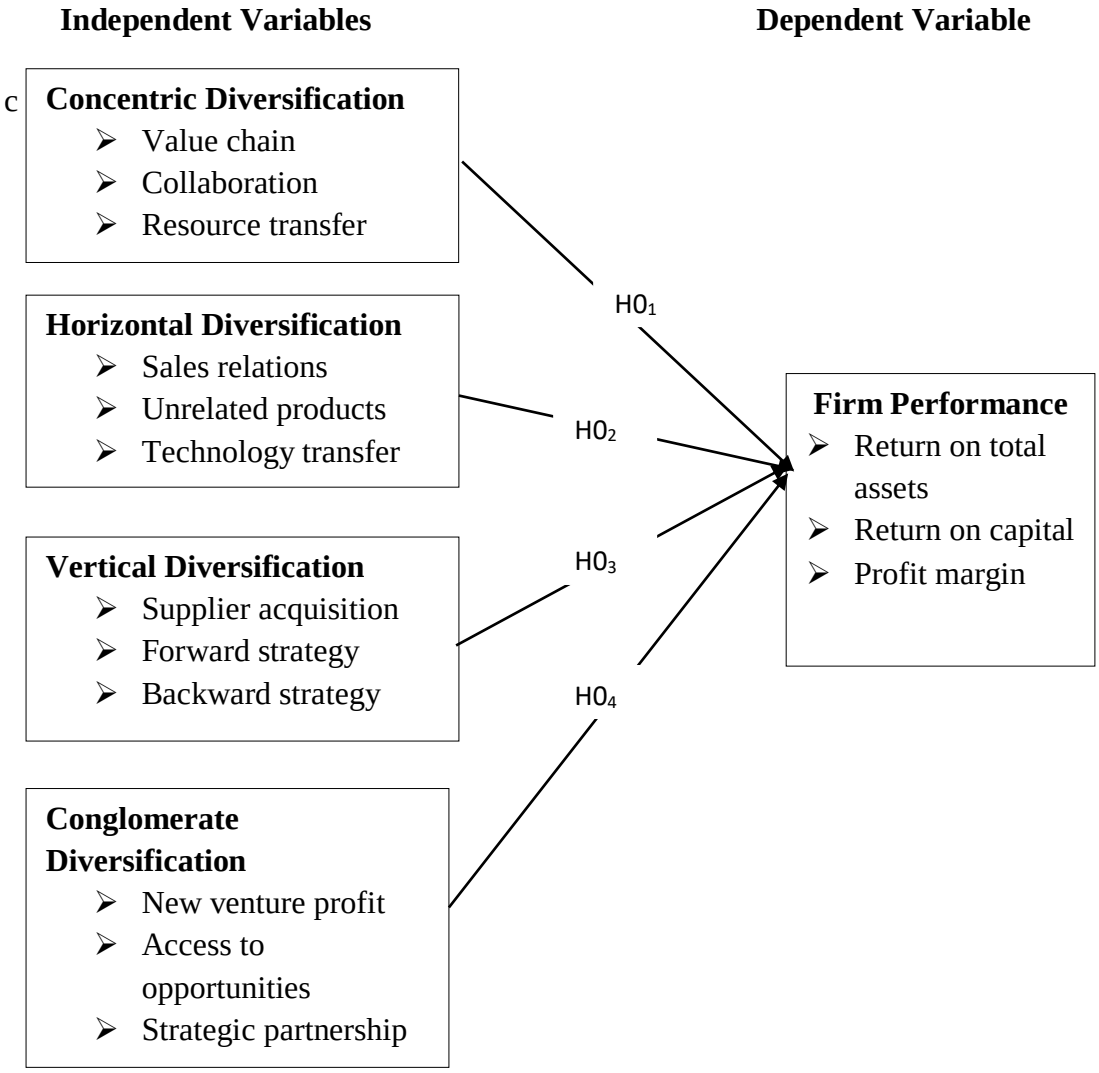


Figure 2.1: Conceptual frame work

Source: Researcher (2022)

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter covered the research design, target population, sampling selection and techniques, data collection and data analysis.

3.2 Study Area

The study was done at the coast region of Kenya covering real estate firms in; Kilifi County, Kwale county and Mombasa County.

3.3 Research Design

In order to concentrate on understanding the correlations that exist between the study's variables, this study utilized an explanatory research design (Bell, Bryman, & Harley, 2018). Cooper and Schindler (2011) claim that an explanatory research design is created for the discovery of an issue that has never been researched in detail in order to provide new explanations and enhance outcomes.

3.4 Target Population

A population, according to Patten and Newhart (2017), is a clearly defined group of the individuals, services, things, and events that are the subject of the investigation. Patten and Newhart (2017) describes target population as the group from which the research sample is selected and represents the larger population to which the study's findings are intended to be applied. 319 real estate firms in Kilifi, Kwale, and Mombasa County were the study's target population. According to Kenya Professional Realtors Association (2019), the region's real estate market has been expanding its supply and luring both domestic and foreign investors into the residential, commercial office, retail, and hotel sectors in the 3 counties. The rapid

population growth coupled with a continuous inflow of tourists as well as rural to urban migrators in search of employment has largely contributed to demand for dwellings with the Ministry of Land, Housing, and Physical Planning estimating the housing deficit to be at 380,000 as of 2018.

Table 3.1: Target population

Counties in Coast Region	Population	Percentage
Mombasa County	125	39.2%
Kwale County	92	28.8%
Kilifi County	102	32%
Total	**319**	**100%**

Source: Kenya Professional Realtors Association (KPRA, 2019)

3.5 Sampling Technique and Sample Size

3.5.1 Sampling Technique

The target population was sampled using cluster sampling. Cluster sampling is a sampling technique in which the target population is divided into smaller groups or clusters, and a subset of these clusters is selected for inclusion in the study. (Quinlan, Babin, Carr and Griffin, 2019). The target population was geographically dispersed; it was more practical to sample entire clusters rather than trying to reach individual elements scattered across a wide area. This helped in reducing the cost of reaching and surveying individual elements is prohibitive. The targeted real estate firms in the coast region were distributed across the counties with some counties having higher number of real estate firms than others. Systematic sampling is a method of sampling in statistics where every nth item in the target population is selected for inclusion in the sample. The study used this sampling to deal with the large populations in a structured manner (Smith, 2015). The technique provided a systematic way that covered the entire population without having to enumerate every element.

3.5.2 Sample Size

A sample is a smaller group or sub-group obtained from the accessible population, (Smith, 2015). A sample of 177 people was randomly selected by adopting a simple random sampling out of population of 319 people selected using the mathematical approach developed by Nassiuma (2000).

$$n = \frac{N}{1 + N(e)^2}$$

n = sample size;

N = population size;

C = coefficient of variation which is 50% and

e = error margin which is 0.05.

$$n = \frac{319}{1 + 319(0.05)^2} = 177$$

3.6 Data Collection Instruments

The core data needed for the project was collected through questionnaires that the researcher self-administered while out in the field. Surveys benefit most from the use of questionnaires (Bryman, 2016). The respondents were required to read, comprehend, and select the proper answer. A general manager from each real estate company along the coast, notably in the counties of Mombasa, Kilifi, and Kwale, made up the responses. In order to get more information and clearer information from the respondents, the researcher gave the questionnaires.

3.6.1 Primary Data

According to Quinlan et al. (2019), primary data is information gathered by a researcher from first-hand sources through the use of techniques including surveys, interviews, and experiments. It is gathered from primary sources specifically with the

research topic in mind. The researcher developed questionnaires with structure questions mainly focusing on the study variables, no demographic data was sought as the study did not intend to personalize the information. Self-administered questionnaires were used in the study to gather primary data, allowing the researcher to provide clarifications as needed. The questionnaires had five sections and each section was related to a specific study variable i.e concentric product diversification strategy, horizontal product diversification strategy, vertical product diversification strategy and conglomerate product diversification strategy on performance. A five-point Likert scale was used in this study to evaluate the responses.

3.6.2 Data Collection Procedure

The researcher asked Moi University and other pertinent authorities for an introduction letter confirming their approval for the researcher to conduct the investigation. The letter attested to the study's intended use as academic research. Randomly selected respondents were given the questionnaires, which were then collected after completion. With the assistance of a research assistant, questionnaires were self-administered to the respondents using the drop-and-pick later approach. This method allowed the respondents enough time to generate thoughtful and pertinent input on the study problem.

3.7 Pilot Study

Pilot testing was intended to give the researcher the opportunity to pre-test the instruments to make sure that the items are expressed properly and have the same meaning to all respondents (Taylor, Bogdan, and De-Vault, 2015). Nairobi County served as the site of the study's pilot testing. 18 questionnaires were used to collect data for the analysis of research instruments validity and reliability.

3.7.1 Validity

Validity is the extent to which findings from data analysis accurately reflect the phenomenon being researched (Walliman, 2017). An instrument is considered to have validity when it assesses the intended outcomes. According to Thomas, Nelson, and Silverman (2015), the respondents' capacity and desire to submit the requested information determines the quality of the questionnaire data. The study took into account construct validity, which refers to how well a construct operationalizes what the theory seeks to measure.

In this study, the researcher carried out a thorough assessment of the instruments to ensure that it satisfies the defined objectives. This was done to ensure the validity of the data collection instrument. The study took into account content validity to determine how well test content matched the content domain linked to the construct. Given the quantitative in nature, KMO Bartlett test was used to determine sampling adequacy.

3.7.2 Reliability

According to Quinlan, Babin, Carr, and Griffin (2019), dependability is a measure of how consistently a research instrument produces results after numerous trials. With the aid of dependability, the researcher was able to spot misunderstandings, ambiguities, and insufficient components in the research instrument and make the required improvements to increase the reliability of the data obtained (Bell, Bryman, & Harley, 2018). The study used Cronbach's alpha coefficient, which varied from zero to one and showed the degree to which a group of test items might be regarded as measuring a single latent variable, to test for reliability. Scales are considered to be more dependable when this coefficient has higher values. A value of 0.7 was

acceptable as recommended by Quinlan *et al*. (2019) and a minimum level of 0.6 was also considered good.

Table 3.2: Variable definition and measurement

Symbol	Variable	Measurement	Operationalization	Source
Y	Organizational perfomance	Five Likert Scale	❖ Return on total assets ❖ Return on capital ❖ Profit margin	Mwangi (2021)
X_1	Concentric diversification	Five Likert Scale	❖ Value chain ❖ Collaboration ❖ Resource transfer	Nanayakkara & Mia (2017)
X_2	Horizontal diversification	Five Likert Scale	❖ Sales relations ❖ Unrelated products ❖ Technology transfer	Oladimej & Udosen (2019)
X_3	Vertical diversification	Five Likert Scale	❖ Supplier acquisition ❖ Forward strategy ❖ Backward strategy	Peace & Augustine (2018)
X_4	Conglomerate diversification	Five Likert Scale	❖ New venture profit ❖ Access to opportunities ❖ Strategic partnership	Peace & Augustine (2018)

3.8 Data Analysis & Presentation

Collected data was sorted and coded to ensure clean data was used in the analysis of study variables. Data analysis was carried out utilizing tabulation, ratio, frequencies, and percentages as descriptive statistical techniques for analysis. With the aid of inferential statistics ANOVA analysis, correlation and regression using the Statistical Package for Social Sciences (SPSS). The results were then presented in figures and tables. The relationship between the independent variables and the dependent variables was modelled using multiple linear regressions.

The researcher was able to predict values for the dependent variable using the regression model below, given values for the independent variables. The accepted regression model was predicated on the idea that each explanatory variable had a

roughly linear connection with each other when the other explanatory factors in the model were taken into account. A histogram was used to verify this assumption, and the Kolmogorov-Smirnov test, which measures goodness of fit, was used to confirm normality.

FP: $\beta_0 + \beta_1 CD_1 + \beta_2 HD_2 + \beta_3 VD_3 + \beta_4 CD_4 + \varepsilon$

Where β_1, β_2, β_3 and β_4 is the regression coefficient of the independent variables

FP= Organizational perfomance

β_0 = Constant

CD$_1$ = Concentric diversification

HD$_2$ = Horizontal diversification

VD$_3$ = Vertical diversification

CD$_4$= Conglomerate diversification

ε is the error term normally distributed about a mean of zero.

3.8.1 Test for study assumptions

This study carried out a number of diagnostic tests to ascertain the suitability of the multiple linear regression model. The first test was test for multicollinearity that was done using variance inflation factor and tolerance levels. If the tests result into low levels of VIF, then the results from the regression analysis was adversely affected.

Linearity of collected data was assessed using residual plots, if values were found to be evenly distributed along the regression line, then the distribution of residuals was linear. Furthermore, Pearson moment of correlation was used to test the direction and magnitude of the relationship at 95% significance level.

Normality was tested using Kolmogorov-Smirnov test. The test was used to examine the maximum difference between the cumulative distribution function (CDF) of the

data and the CDF of the normal distribution. It provides a p-value that indicates the level of agreement between the data and the normal distribution. Similar to the Shapiro-Wilk test, a small p-value suggests departure from normality.

Table 3.3: Hypothesis Testing

Hypothesis statement	Hypothesis test	Decision
H_{O1}: Concentric product diversification strategy has no significant relation effects on performance of real estate firms at the Coast Region, Kenya.	F-test (ANOVA) T-test **H_{O1}**: $\beta 1=0$; **H_{O1}**: $\beta 1 \neq 0$	Reject **H_{O1}** if P- value ≤ 0.05 Accept **H_{O1} if** P-value > 0.05
H_{O2}: Horizontal product diversification strategy has no significant relation on performance of real estate firms at the Coast Region, Kenya.	F-test (ANOVA) T-test **H_{O2}**: $\beta_2=0$; **H_{O2}**: $\beta_2 \neq 0$	Reject **H_{O2}** if P- value ≤ 0.05 Accept: **H_{O2} if** P-value > 0.05
H_{O3}: Vertical product diversification strategy has no significant relation on performance of real estate firms at the Coast Region, Kenya.	F-test (ANOVA) T-test **H_{O3}**: $\beta_3=0$; **H_{O3}**: $\beta_3 \neq 0$	Reject **H_{O3}** if P- value ≤ 0.05 Accept: **H_{O3} if** P-value > 0.05
H_{O4}: Conglomerate product diversification strategy has no significant relation on performance of real estate firms at the Coast Region, Kenya.	F-test (ANOVA) T-test **H_{O4}**: $\beta_4=0$; **H_{O4}**: $B_4 \neq 0$	Reject **H_{O4}** if P- value ≤ 0.05 Accept: **H_{O4} if** P-value > 0.05

3.9 Ethical Considerations

The appropriate authority was consulted, and consent from the study's participants and participants was requested before the study could be conducted. The researcher presented the nature and goals of the study to the respondents. The researcher recognized each person's right to protect their own integrity. The respondents were given the assurance of anonymity, confidentiality, and the choice to leave the study whenever they pleased throughout the data collection process. Except for the questionnaire numbers, which were used to identify data during editing, no names or personal identifying numbers were written on the questionnaires. The appropriate authority and the interested participants were given access to the study's findings. A form of informed consent was obtained by each participant in the study, assuring their confidentiality and anonymity.

CHAPTER FOUR

DATA PRESENTATION AND DISCUSSSION

4.1 Introduction

This chapter presented the findings of the study. It covered the response rate, factor analysis, descriptive results, correlation results, regression results, hypothesis testing and a discussion of key findings.

4.2 Response Rate

The study gave out 177 questionnaires to managers of real estate firms in Kilifi, Kwale and Mombasa County.

Table 4.1: Response rate

Responses	Number	Percentage
Questionnaires answered	150	84.9%
Questionnaires not answered	27	15.1%
Total	**177**	**100**

Source: Research Data (2022)

Out of the 177 questionnaires sent for data collection, only 150 were returned. This translated to 84.9% response rate as illustrated in the table above. According to Mugenda and Mugenda (2012) a response rate above 70% is good. The high return rate is attributed to the fact that the researcher administered the questionnaires directly to respondents.

4.3 Descriptive Statistics

The study calculated the mean and standard deviation for each set of statement relating to study variables on the effect of product diversification strategies on firm perfomance among real estate firms in Coast Region, Kenya. The mean and standard deviation given for responses given are as illustrated in the table below;

Table 4.2: Descriptive statistics

Variable	Mean	Std. Deviation
Concentric diversification	3.79	.846
Horizontal diversification	3.67	.992
Vertical diversification	2.45	.974
Conglomeration diversification	4.04	.687
Firm Performance	3.47	.922

Source: Research Data (2022)

The mean and standard deviation of the study variables are shown in table 4.5. It can be seen that the mean for vertical diversification is 2.45 (SD=.974), Concentric diversification scored a mean of 3.79 (SD=.846); Horizontal diversification a mean of 3.67 (SD = .992) while Conglomeration diversification scored a mean of 4.04 (SD= .687). This results are an indication that different types of product diversification are adopted at different levels among different firms operating in the coastal region. For each of the five variables, the standard deviation shows the level of variability among the responses from the mean. The descriptive results showed conglomerate diversification has the most predominant diversification strategy among the sampled companies. This is a strategy companies seek to grow and develop firm size by adding new ventures. The conglomerate diversification has the strongest correlation with performance.

4.4 Factor Analysis Results

The unaccounted-for elements that affect the co-variation among various observations were identified by the study using factor analysis. The findings of the two tests to determine whether conducting a factor analysis on the data set was appropriate are displayed in table 4.3.

Table 4.3: KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.905
Bartlett's Test of Sphericity	Approx. Chi-Square	5124.160
	Df	149
	Sig.	.000

Source: Research Data (2022)

The KMO (0.905) is above the recommended minimum value of 0.7. The Bartlett's Test of Sphericity has a significant Chi square of 5124.160, p<.001. Together, the results suggest that the data is suitable for FA.

Table 4.4: Shows the proportion of variance extracted by each extracted component

	Initial Eigenvalues			Extraction Sums of Squared Loadings			Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	7.523	35.825	35.825	7.523	35.825	35.825	4.664	22.208	22.208
2	3.566	16.980	52.805	3.566	16.980	52.805	4.263	20.300	42.508
3	2.582	12.298	65.102	2.582	12.298	65.102	3.955	18.834	61.342
4	1.764	8.401	73.503	1.764	8.401	73.503	2.554	12.162	73.503
5	.677	3.222	76.726						
6	.616	2.933	79.659						
7	.607	2.891	82.550						
8	.461	2.197	84.747						
9	.433	2.063	86.810						
10	.383	1.825	88.634						
11	.323	1.536	90.171						
12	.314	1.496	91.667						
13	.301	1.432	93.099						
14	.279	1.326	94.425						
15	.246	1.172	95.597						
16	.223	1.064	96.661						
17	.186	.885	97.546						
18	.156	.741	98.287						
19	.151	.721	99.008						
20	.133	.633	99.641						
21	.075	.359	100.000						

Source: Research Data (2022)

In FA, the variance extracted represents the amount of information extracted from the original data set and the larger the amount of information (variance) the better the FA. From the results in Table 4.4, five components were extracted and cumulatively represent 73.503% of the variance in the original set.

In FA, another important output is the rotated component matrix as shown in Table 4.4. it presents important information regarding the structure of the data set. It shows which items make up the five constructs extracted- the items that loads to same construct.

Table 4.5: Rotated Component Matrix [a]

	1	2	3	4	5
congrom_4	.879				
congrom_3	.860				
congrom_5	.853				
congrom_2	.798				
congrom_1	.797				
perfrom_3		.908			
perfrom_4		.893			
perfrom_2		.882			
perfrom_5		.880			
perfrom_1		.842			
vertical_2			.894		
vertical_4			.852		
vertical_3			.818		
vertical_5			.802		
vertical_1			.732		
horizon_1				.761	
horizon_3				.731	
horizon_2				.694	
horizon_4				.666	
horizon_5				.617	
concentic_2					.855
concentric_3					.818
concentric_4					.706
concentric_1					.614

Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization. A. Rotation converged in 5 iterations. Loading less than 0.4 are suppressed for clarity of results

Source: Research Data (2022)

From the table above; it is clear that items meant to theoretically measure a given construct, actually hanged together in one component. To illustrate this point, it is seen that the five items measuring performance variable all coalesced in principal component 2. In validity studies, these findings are a positive results regarding construct validity. Furthermore, by examining the magnitude factor loading of each item in each of the five extracted principal components, they are all within the recommended range of at least 0.7. Factor loading is a numerical value analogous to the correlation coefficient and strong Factor Loading is desired because they indicate construct reliability. Items in each of the five components were averaged to construct the five variables for correlation and regression analysis. The descriptive results of the constructs are first discussed before presenting the correlation and regression analysis results.

The test was done to check on the consistency of research instruments based on a Cronbach alpha. The results are illustrated in the table below;

Table 4.6: Reliability results

Factor	Number of items	Cronbach's alpha
Concentric diversification	5	.851
Horizontal diversification	5	.833
Vertical diversification	5	.875
Conglomeration diversification	5	.903
Firm performance	5	.966

Source: Research data (2023)

As shown in table 4.6 above; Concentric diversification had a Cronbach alpha of .851; Horizontal diversification had a Cronbach alpha of .833; Vertical diversification had a Cronbach alpha of .875; Conglomeration diversification had a Cronbach alpha of .903 while firm performance had a Cronbach alpha of .966. From the findings, the

statements provided had an alpha of more than 0.7, hence the research instruments were reliable for use in the study.

4.5 Correlation Analysis

Correlation analysis is used to ascertain the strength of the linear relationship between two different variables X and Y. A linear correlation coefficient that is greater than zero indicates a positive relationship. A value that is less than zero signifies a negative relationship. Finally, a value of zero indicates no relationship between the two variables x and y. For this study correlation was done to check the strength of the relationship between product diversification strategies on firm perfomance among real estate firms in Coast Region, Kenya.

Table 4.6: Correlation Analysis

		Performance	Horizontal	Vertical	Conglomerate	Concentric
Performance	Pearson Correlation	1				
Horizontal	Pearson Correlation	.693	1			
Vertical	Pearson Correlation	.701	.647	1		
Conglomerate	Pearson Correlation	.565	.487	.624	1	
Concentric	Pearson Correlation	.630	.544	.483	.388	1

**. Correlation is significant at the 0.01 level (2-tailed).b. List wise N=150

Source: Research Data (2022)

The results as presented in table 4.6 indicates that a positive correlation between diversification variables and performance. Meaning that, in general, more product diversified companies outperform companies with limited product diversification. Comparing the magnitude of the correlation coefficients between performance and

each type of diversification, it is seen that vertical diversification has the strongest association (r=0.701, p=0.000) and conglomerate diversification is least (r=.565, p= .000). The other variables correlation co-efficient were horizontal diversification (r=0.693, p=.000) while Concentric had (r=.630, p= .000).

4.6 Regression Analysis

Regression is a measure that allows a researcher gain insights into the structure of that relationship and provides measures of how well the data fit that relationship. The four diversification variables were entered as independent variables and performance as the dependent variable. Three important results are produced, the model summary, the ANOVA and the coefficient results.

4.6.1 Model Assumption test results

The study tested the assumptions of the regression model adopted and the findings below show the results of Multi-collinearity, normality and Heteroscedacity.

It states that independent variable should not be highly correlated (>0.7). Violation of this assumption gives invalid results because it inflates the regression coefficient.

Table 4.7: Multi-collinearity Assumption

Variable	Tolerance	VIF
Concentric	.737	1.357
Horizontal	.806	1.241
Vertical	.726	1.378
Conglomeration	.685	1.459

Source: Research Data (2022)

The Variance Inflation Factor, VIF was used for each variable to assess multi-collinearity. VIF values less than 10 are considered an indication of no significant multi-collinearity.

For inferential analysis to be done such as correlation or regression the dependent variable should have a normal distribution. In case the dependent variable is not normally distributed, then normality had to be sought for before proceeding with any further analysis (Alan, 2013). Hair (2010), suggested that both the graphical plots and any statistical tests i.e Shapiro-Wilk or Kolgomorov-Smirnov test can be used to assess the actual degree of departure from normality.

		Concentric	Horizontal	Vertical	Conglomerate	Performance
N		5	5	5	5	5
Normal parameters	Mean	19.3115	25.9508	23.2459	17.9672	20.9508
	Std.dev	2.45995	2.29506	1.05863	1.40442	2.86620
Kolmogorov-Smirnova		.108	.257	.189	.246	.161
Sig.		.076	.062	.060	.053	0.090

Figure 4.1: Normality Assumption

Source: Research Data (2022)

To identify the shape of distribution, Kolmogorov-Smirnov was used which were calculated for each variable. The results from these tests revealed that all the variables were not significant, which meets the assumptions of normality.

The assumptions of the study were that the relationship between product diversification and performance of real estate firms was linear. As shown in the table above, the distribution of the regression residual is evenly distributed along the regression line, hence the assumption of linearity is upheld.

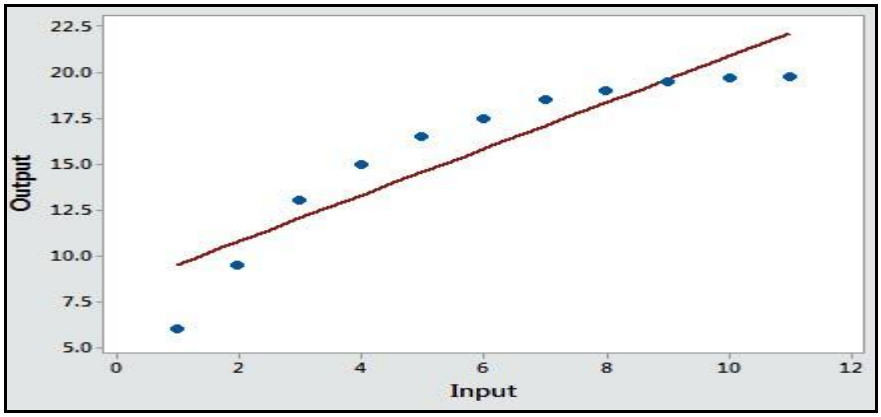


Figure 4.2: Linearity results

4.6.2 Model Summary

Table 4.8: Model Summary

Model	R	R-Square	Adjusted R-Square	Std. Error of the Estimate
1	.710a	.504	.497	.600

Source: Research Data (2022)

The coefficient of determination, R square in the model summary table 4.8 shows that diversification accounts for 49.7% of variance in performance of the studied companies. This proportion of 49.7% is justifies the need for companies to consider well thought out product diversification in their performance objective.

4.6.3 Analysis of Variance

Table 4.9: Analysis of Variance

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	102.188	4	25.547	36.86	.000[b]
	Residual	100.555	145	0.693		
	Total	202.743	149			

Source: Research Data (2022)

The ANOVA results show the fitness of the overall model. It provides the evidence of suitability of relying on the set of model predictors to predict the outcome variable. As shown, the F ratio is significant (F=36.86, p<0.000) indication that the model is appropriate in predicting performance from product diversification level.

4.6.4 Regression Co-efficient

In multiple regression analysis, the regression coefficient results show the significance of each predictor in the model. In this study, it forms the basis of testing the hypothesis.

Table 4.10: Regression Co-efficient

	Unstandardized Coefficients		Standardized Coefficients			Decision
	B	Std. Error	Beta	T	Sig.	
(Constant)	.641	.140		4.583	.000	
Concentric	.415	.064	.449	6.505	.000	Reject $H0_1$
Horizontal	.178	.059	.190	3.024	.003	Reject $H0_2$
Vertical	.152	.052	.162	2.944	.004	Reject $H0_3$
Conglomeration	.007	.058	.007	.114	.909	Do not reject $H0_4$

Source: Research Data (2022)

Table 4.10 shows the regression coefficient results and the associated p values for hypothesis testing decisions.

It is seen that, Concentric desertification (B=0.449, p<0.000) has a significant effect on firm performance. Thus the hypothesis H_{01} is rejected. This is because the observed p-value is less than 0.05 threshold, hence the probability H_{01} being true is less than 0.05. Also, Horizontal Product Diversification (B=0.190, p<.003) has a significant effect on firm performance. Thus the hypothesis H_{02} is rejected as well. This is because the probability H_{02} being true is less than 0.05. Further, vertical product diversification (B=.162, p=.004) has a significant effect on firm performance. Thus the hypothesis H_{03} is also rejected because the probability that H_{03} of 0.004 is

less than 0.05. However, conglomeration diversification has positive insignificant effect on firm performance (B=0.007, p=.909). The probability H_{04} is positive but insignificant at 0.909. Now that the main aim of this study was to establish if diversification has an effect on companies in coastal region. From these results, it is evident diversification has a significant effect on firm performance.

H_{01}: Concentric product diversification strategy has no significant relation on perfomance of real estate firms at the Coast Region, Kenya. The study established that concentric diversification significantly affects real estate company performance. Manyuru, Wachira, and Amata (2017) found similar conclusions when they looked at the effect of corporate diversification on the value of companies listed on the Nairobi Securities Exchange (NSE). According to the study, geographical diversification has little to no effect on business value, whereas industrial diversification lowers firm value. On the other hand, unrelated diversification has a statistically significant negative link with company performance, according to research by Sun, Peng, and Tan (2017). Additionally, they note that the performance of related diversified companies with no political connections outperformed specialized and unrelated diversified companies with no political connections. The study rejects the null hypothesis as concentric diversification influences real estate firm performance.

H_{02}: Horizontal product diversification strategy has no significant relation on perfomance of real estate firms at the Coast Region, Kenya. The study established that horizontal diversification significantly affects real estate company performance. Similar results were found by Kenyoru, Chumba, and Rotich (2016), who looked at how a firm's financial success is affected by its product diversification approach. The study's conclusions showed a significant and positive relationship between vertical product diversification and bank financial performance; a significant and positive

relationship between horizontal product diversification strategy and financial performance; and a positive relationship between conglomerate diversification and firm performance. Nwakoby, Nkiru, Ihediwa, and Augustine (2018), on the other hand, claimed that while the idea of horizontal diversification has a number of advantages for both the company and its clients, there may also be a disadvantage to take into account. This technique doesn't broaden the consumer base because the emphasis is on selling new products to the current clientele. The study rejects the null hypothesis as horizontal diversification influences real estate firm performance.

H_{03}: Vertical product diversification strategy has no significant relation on perfomance of real estate firms at the Coast Region, Kenya. The findings have proven that vertical product diversification has a substantial impact on real estate firm performance. The conclusions are related to the empirical evidence provided by Ranka, Vladimir, and Dragan (2017) on the relationship between line-of-business diversification and performance for the insurance businesses operating in the republic of Serbia between 2004 and 2014. The findings of Jayathilake (2018) are different in that they note that vertical integration may enable price discrimination or that it can be utilized to increase competitors' costs by raising the barriers to entry. The study rejects the null hypothesis as vertical diversification influences real estate firm performance.

H_{04}: Conglomerate product diversification strategy has no significant relation on perfomance of real estate firms at the Coast Region, Kenya. The study found that conglomerate diversification had a favorable, negligible impact on business performance. Similar conclusions were made by Deligianni, Voudouris, and Lioukas (2017), who found that conglomerate diversification is typically advantageous for

businesses because to improved profit potential and a broader customer base. On the other hand, if management is not familiar with the new items or if the new company is overworked, a merged company may suffer. Conglomerate diversification's key benefit is that it gives the main business more opportunities. In some circumstances, a business that focuses on a particular product in a particular market may reach a limit in terms of the amount of business it can generate. While Peace & Augustine (2018) noted that business diversification is not statistically significant, the findings are different from theirs. The study rejects the null hypothesis as conglomerate diversification influences real estate firm performance.

CHAPTER FIVE

SUMMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

The chapter presents the summary of the study, conclusions, recommendations and suggestions for further studies.

5.2 Summary of Findings

Respondents who participated in the descriptive analysis agreed that vertical diversification had an impact on the success of real estate enterprises in the coastal region. A high positive correlation between vertical diversification and company performance was found through correlation analysis. A substantial positive correlation between vertical diversification and performance of real estate enterprises in the coastal region was found through regression analysis. The findings are supported by Jayathilake (2018) who argues that the development of market dominance is reflected in vertical integration, just like the integration of various activities throughout a value chain. Moreover, he views it as a successful countermeasure to the price of contiguous monopolies. Furthermore, Gözgör and Can (2017) demonstrated that food processors and restaurants with vertical integration or diversification strategies were found to have considerable premiums. On the other hand, integration and diversification plans also carried sizeable premiums for food wholesalers and retail supermarkets. Food processors were employing forward vertical integration at this time because they were integrating toward retail supermarkets.

Respondents concurred that concentric diversity has an impact on the performance of real estate enterprises in the coastal region with regard to the second objective. A positive correlation between concentric diversification and company success was found using correlation analysis. Concentric diversification and real estate firm

performance were found to be significantly positively correlated by regression analysis in the coast region. Findings are supported by Videlis and Josphat (2018) study on concentric product diversification in the European insurance sector. Study discovered that well executed concentric diversification in the food industry has benefits in terms of lowering R&D costs, speeding up time to market, and forging connections with other enterprises. Furthermore, Sun, Peng, and Tan (2017), linked diversity with improvement of company performance, whereas unrelated diversification has a statistically significant negative association with firm performance. Performance in related diversified businesses with no political ties outperformed that of specialized and unconnected businesses with no political ties.

Regarding the third goal, respondents concurred that horizontal diversification had an impact on how real estate companies perform in the coastal region. A positive correlation between horizontal diversification and company performance was found using correlation analysis. A substantial positive correlation between horizontal diversification and real estate firm performance in the coastal region was found by regression analysis. In a similar way, Sambharya and Goll (2018) showed that because of different agency issues, horizontal growth frequently resulted in inferior firm performance. These include, for instance, ineffective or illogical managers, competent but self-interested managers, wasteful expenditure generally and wasted investment in underperforming divisions specifically, and, ultimately, the incapacity of the firm's internal economy to signal appropriately. Peace and Augustine (2018) asserted that horizontal diversification may increase the diversified firm's market power, which might therefore aid the company in strengthening its long-term strategic position. The relevance of synergies increases as businesses diversify. Businesses can

expand without the danger of having to pay the transaction costs associated with the contractual exploitation of synergies by diversifying internally.

Respondents disagreed that conglomerate diversification affected the success of real estate enterprises in the coastal region for the fourth aim. The least favourable correlation between conglomerate diversification and company performance was found by correlation analysis. The success of real estate enterprises in the coastal region and conglomerate diversification were found to be positively correlated, though not significantly. Bhawe and Jha (2020) states that a conglomerate diversification strategy may be sought by corporations to increase their growth rate. An organization's ability to generate greater money can attract investors. As the organization grows, the management's standing and influence may improve. If the new area offers greater opportunities for expansion than the current line of business, conglomerate growth may be advantageous. Peace & Augustine (2018) noted that business diversification is not statistically significant, the findings are different from theirs.

5.3 Conclusions

The study established that concentric diversification significantly affects real estate company performance, hence, the null hypothesis was rejected as concentric diversification influences real estate firm performance. Findings are supported by Videlis and Josphat (2018) study on concentric product diversification in the European insurance sector. Secondly, the study established that horizontal diversification significantly affects real estate company performance, hence, the null hypothesis was rejected as horizontal diversification influences real estate firm performance. In a similar way, Sambharya and Goll (2018) showed that because of different agency issues, horizontal growth frequently resulted in inferior firm

performance. Furthermore, the findings have proven that vertical product diversification has a substantial impact on real estate firm performance; hence, the null hypothesis was rejected as vertical diversification influences real estate firm performance. The findings are supported by Jayathilake (2018) who argues that the development of market dominance is reflected in vertical integration, just like the integration of various activities throughout a value chain. Lastly, the study found that conglomerate diversification had a favorable, negligible impact on business performance, hence, the null hypothesis was not rejected as conglomerate diversification influences real estate firm performance. Peace & Augustine (2018) noted that business diversification is not statistically significant, the findings are different from theirs.

5.4 Recommendations of the Study

5.4.1 Management Recommendations

Real estate managers should diversify their product offerings by exploring various investment structures. This can include investing in real estate investment trusts (REITs), real estate funds, joint ventures or syndications. Each structure offers different levels of liquidity, risk exposure, and return potential. By offering a range of investment options, managers can cater to different investor preferences and risk profiles. Furthermore, real estate managers can diversify their investment strategies by incorporating both core and opportunistic approaches. Core investments focus on stable, income-producing properties with lower risk profiles, while opportunistic investments target higher-risk, value-add opportunities with potential for significant returns. By blending different strategies, managers can balance risk and return in their portfolios.

5.4.2 Policy Recommendations

To ensure that major, established firms compete favourably with small real estate enterprises, the report advises government officials and policy makers to develop new regulations and create a level playing field in the real estate market. The government should establish a rule that facilitates diversification, such as removing obstacles to entry into other sectors like parastatals.

5.5 Recommendations for Further Studies

The performance of real estate enterprises in the coastal region was examined in relation to diversification initiatives. The emphasis was on concentric, horizontal, vertical, and conglomerate diversification; therefore, additional diversification strategies should also be investigated to determine how they affect company performance in other industries.

5.6 Implication of the study to theory

By considering Transaction Cost Economics, the research findings show the relevance of transaction cost theory in investigating how diversification affects transaction costs, streamlining complex processes related to land acquisition, permitting, and construction. Finally, research findings are useful in examining the link between diversification, innovation, and entrepreneurship, highlighting the influence of these factors on firm performance and how they align with theory. In doing so, it contributes to a richer understanding of real estate firms' performance in Kenya's dynamic market.

5.7 Limitations of the study

Most companies did not divulge information easily regarding their strategies and policies; limited access to information at the firms posed a big challenge as some

employees were hesitant to offer the information freely for fear of victimization. This challenge was overcome by assuring the respondents that the research was purely for academic purposes. An introduction letter from the University was attached to the questionnaire to give further assurance. The study covered three counties with big land mass, hence covering the distances from one point was a challenge as it needed a lot of money to meet transport expenses. To address this challenge, financial arrangements were made in advance and by time of study, the resources available enabled to researcher administer all questionnaires as planned.

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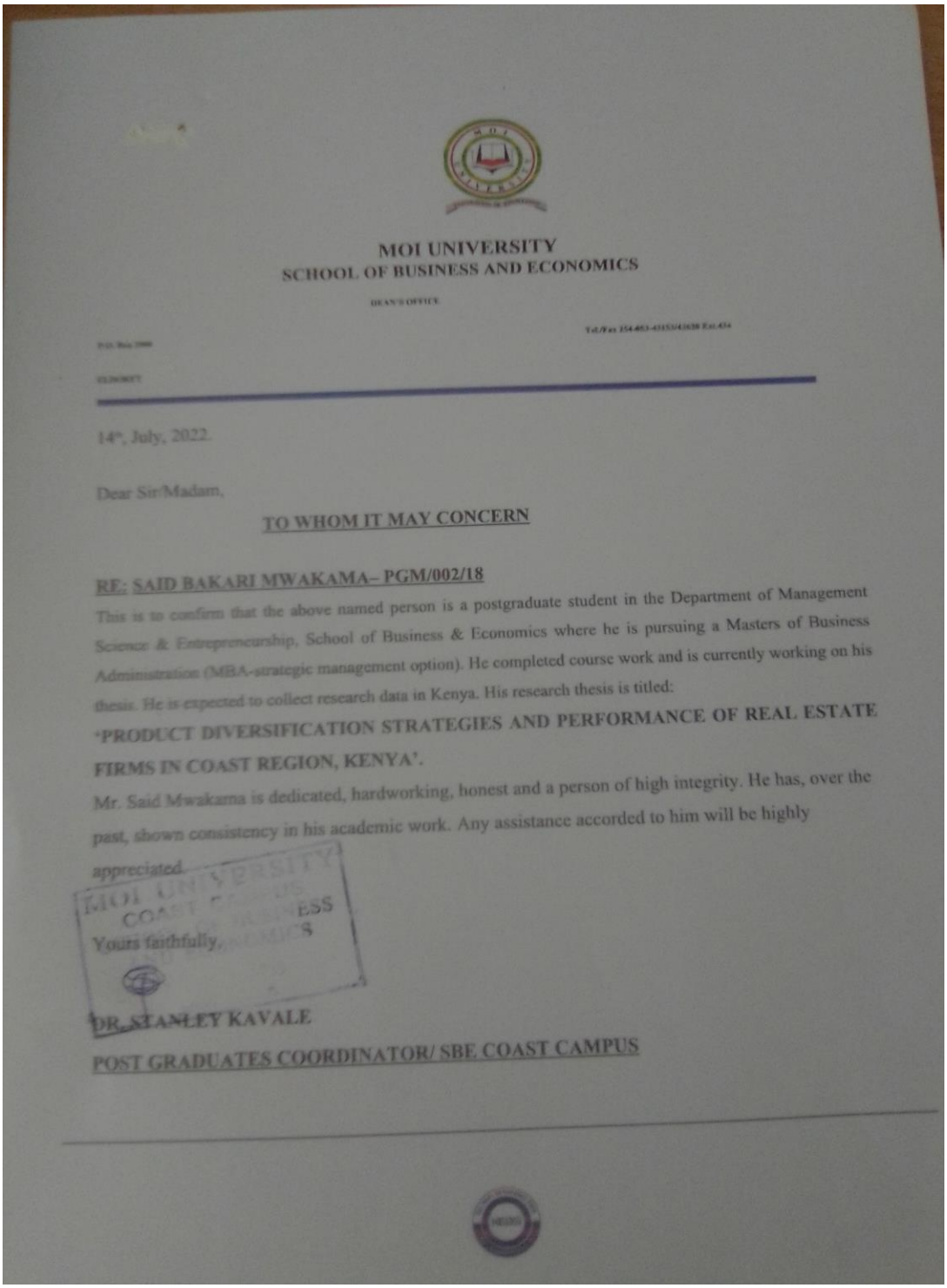
APPENDICES

Appendix I: Introduction Letter



MOI UNIVERSITY
SCHOOL OF BUSINESS AND ECONOMICS

DEAN'S OFFICE

14th, July, 2022

Dear Sir/Madam,

TO WHOM IT MAY CONCERN

RE: SAID BAKARI MWAKAMA– PGM/002/18

This is to confirm that the above named person is a postgraduate student in the Department of Management Science & Entrepreneurship, School of Business & Economics where he is pursuing a Masters of Business Administration (MBA-strategic management option). He completed course work and is currently working on his thesis. He is expected to collect research data in Kenya. His research thesis is titled:

'PRODUCT DIVERSIFICATION STRATEGIES AND PERFORMANCE OF REAL ESTATE FIRMS IN COAST REGION, KENYA'.

Mr. Said Mwakama is dedicated, hardworking, honest and a person of high integrity. He has, over the past, shown consistency in his academic work. Any assistance accorded to him will be highly appreciated.

Yours faithfully,

DR. STANLEY KAVALE

POST GRADUATES COORDINATOR/ SBE COAST CAMPUS

Appendix II: Questionnaire

The main objective of this questionnaire is to collect data on effect of product diversification strategies on firm performance among real estate companies in the coast region. You are requested to assist in answering these questions to the best of your knowledge in relation to your organisation.

Thank you very much for your cooperation. All answers will be treated with greatest confidentiality.

Section I: Concentric diversification and perfomance

In a scale of 1-5, indicate the extent to which you agree with the statement in the table below:

1. Strongly agree 2. Agree 3. Somehow agree 4. Disagree 5. Strongly disagree

Statement	**1**	**2**	**3**	**4**	**5**
Concentric diversification has improved value chain by lowering costs of raw materials for real estate firms					
The strategy has enable cross business resource transfer i.e skills					
As a result of concentric decisions, real estate firms have managed brand combination for easy promotion					
The strategy enables real estate firm to transfer and spread investor risks					
Concentric diversification enhances collaboration in the business units					

Section II: Horizontal diversification and performance

In a scale of 1-5, indicate the extent to which you agree with the statement in the table below:

1. Strongly agree 2. Agree 3. Somehow agree 4. Disagree 5. Strongly disagree

Statement	**1**	**2**	**3**	**4**	**5**
Real estate firms have adopted horizontal diversification to enhance product sales					
The strategy has enabled real estate firms offer new products in the industry with good acceptance by customers					
The strategy is effective in enhancing technology relations					
Real estate firms have been able to invest in other industries for better profitability					
Horizontal diversification helps real estate firms take advantage of changes in the market					

Section III: Vertical diversification and perfomance

In a scale of 1-5, indicate the extent to which you agree with the statement in the table below:

1. Strongly agree 2. Agree 3. Somehow agree 4. Disagree 5. Strongly disagree

Statement	**1**	**2**	**3**	**4**	**5**
Vertical diversification is effective in controlling the real estate supply chain of raw materials and other inputs					
The strategy allows direct interaction between consumers and the firm for quality service delivery					
Adoption of the strategy enables the control of supply quality					
Adoption of the strategy enables the control over product sale and servicing					
The strategy is flexible and allows firms to alter operations					

Section IV: Conglomerate diversification and perfomance

In a scale of 1-5, indicate the extent to which you agree with the statement in the table below: 1. Strongly agree 2. Agree 3. Somehow agree 4. Disagree 5. Strongly disagree

Statement	**1**	**2**	**3**	**4**	**5**
Real estate firms have adopted the conglomerate diversification strategy					
Since its adoption, conglomerate diversification strategy has led to high returns as firms venture into new industries					
Over time, the firms has realised improved economies of scale since adoption of the strategy					
The firm adopted conglomerate strategy after realising the potential of high returns in new ventures					
Conglomerate diversification strategy allows access to new technologies and opportunities for strategic partnerships					

Section V: Firm Perfomance

To what extent has the real estate firm's experienced improved performance in the following areas: In a scale of 1-5, indicate the extent to which you agree with the statement in the table below: 1. Strongly agree 2. Agree 3. Somehow agree 4. Disagree 5. Strongly disagree

Statement	**1**	**2**	**3**	**4**	**5**
Diversification has led to high Net-income margins					
Diversification has led to improved total assets turn-over					
Diversification has led to improved efficiency					
Diversification has led to high returns on assets					
Diversification has led to high return on capital employed					

Appendix III: List of Real Estate Firms

Real Estate Firm	Address
14 Maasumina	P.O. Box: 46043-80421, Kwale
AAD Real Estate	P.O. Box: 95075-80249, Kilifi
Acorn Management Services Ltd	P.O. Box: 95871-80100, Mombasa
Acre ways Investment	P.O. Box: 18507-80257, Kilifi
Acreways Investment	P.O. Box: 10076-80465, Kwale
Adwaa Alkhalil Development Company Ltd	P.O. Box: 95076-80103, Mombasa
Affordable Properties Kenya	P.O. Box: 51770-80411, Kwale
African Developers Groups	P.O. Box: 95019-80102, Mombasa
African Dream Holidays Ltd	P.O. Box: 76076-80449, Kwale
Afrique Properties Limited	P.O. Box: 56076-80266, Kilifi
AHCOF Investments (Kenya) Ltd	P.O. Box: 95099-80119, Mombasa
Al- qamar Estate Agencies	P.O. Box: 95037-80109, Mombasa
Al-huda Enterprises	P.O. Box: 95697-80109, Mombasa
Aljazira Properties	P.O. Box: 95077-80109, Mombasa
All Homes Agencies	P.O. Box: 29071-80411, Kwale
Allocate Homes	P.O. Box: 11676-80480, Kwale
Alpha Designs International	P.O. Box: 51050-80249, Kilifi
Alpha Designs International	P.O. Box: 11347-80482, Kwale
Alyamza Enterprises	P.O. Box: 95333-80108, Mombasa
Amali Property Solution	P.O. Box: 76076-80417, Kwale
Amboseli Court Ltd	P.O. Box: 95331-80109, Mombasa
Amore Homes	P.O. Box: 95332-80119, Mombasa
AMS Properties Ltd	P.O. Box: 95870-80101, Mombasa
Amutie Enterprises	P.O. Box: 95117-80106, Mombasa
Antioch Properties Ltd	P.O. Box: 46076-80451, Kwale
Apartment Finder Agency	P.O.Box: 355476-80445, Kwale
Arcade Ventures Ltd	P.O. Box: 18776-80488, Kwale
Aristocrat Realtors	P.O. Box: 25076-80255, Kilifi
Aristocrat Homes	P.O. Box: 05070-80274, Kilifi
Arkaan Properties	P.O. Box: 95877-80115, Mombasa

AS Kassamjee Ltd	P.O. Box: 31207-80400, Kwale
Axis Real Estate Ltd Associate	P.O. Box: 95077-80109, Mombasa
Azamta Agencies	P.O. Box: 95007-80101, Mombasa
Bafliex International	P.O. Box: 66074-80477, Kwale
Bahati Ridge Development Ltd	P.O. Box: 95027-80109, Mombasa
Baobab Holiday Homes (Kenya) Ltd	P.O. Box: 05006-80256, Kilifi
Ben Ford Homes	P.O. Box: 95077-80302, Mombasa
Benford Homes	P.O. Box: 85073-80252, Kilifi
Benford Homes	P.O. Box: 55076-80285, Mombasa
Berne Properties	P.O. Box: 54076-80260, Kilifi
Berne Properties	P.O. Box: 34079-80425, Kwale
Biltmore Limited	P.O. Box: 60072-80259, Kilifi
Biltmore Limited	P.O. Box: 88076-80200, Mombasa
Bliss Homes Enterprises & Consultancy	P.O. Box: 65076-80257, Kilifi
Blueline Properties Ltd	P.O. Box: 95088-80103, Mombasa
Branded Fine foods ltd	P.O. Box: 95079-80110, Mombasa
Broll Kenya Ltd Associate	P.O. Box: 95047-80101, Mombasa
Bush Telegraph Properties	P.O. Box: 10507-80270, Kilifi
Bush Telegraph Properties	P.O. Box: 95090-80252, Mombasa
Camelot Consultants Ltd	P.O. Box: 95117-80108, Mombasa
Capital Click Properties	P.O. Box: 11346-80475, Kwale
Capital One Real Estate & Property Mgt	P.O. Box: 68071-80251, Kilifi
Capital One Real Estate & Property Mgt	P.O. Box: 11076-80472, Kwale
Century City Property Ltd	P.O. Box: 95099-82109, Mombasa
Cheriez Properties Ltd	P.O. Box: 95091-80129, Mombasa
Chigwell Holdings Ltd	P.O. Box: 95077-80129, Mombasa
Choice Homes International	P.O. Box: 10276-80464, Kwale
Chum chum Enterprises	P.O. Box: 95057-80509, Mombasa
City Life Real Estate Kenya Ltd	P.O. Box: 10576-80420, Kwale
Civicom limited	P.O. Box: 95080-80109, Mombasa
Cliffhause Consult	P.O. Box: 45076-80258, Kilifi
Coast Values Ltd	P.O. Box: 36076-80492, Kwale

Coast View Properties	P.O. Box: 86086-80486, Kwale
Colvi Investments	P.O. Box: 90076-80461, Kwale
Coral Property International Ltd	P.O. Box: 51074-80261, Kilifi
Coral Property International Ltd	P.O. Box: 95067-80107, Mombasa
Crystal Gardens	P.O. Box: 10476-80466, Kwale
Cytonn Real Estate	P.O. Box: 95079-80108, Mombasa
Dan Homes	P.O. Box: 95072-80110, Mombasa
Datoo Kithikii ltd	P.O. Box: 95077-80109, Mombasa
Daykio Plantations Ltd	P.O. Box: 95011-80107, Mombasa
Destiny Properties	P.O. Box: 71076-80210, Kilifi
Dewbury Ltd	P.O. Box: 95178-80269, Kilifi
Dominion Realtors	P.O. Box: 32507-80265, Kilifi
Dunhill Consulting Ltd	P.O. Box: 950311-80279, Kilifi
Earthland Property Investment Ltd	P.O. Box: 88076-80268, Kilifi
Earthland Property Investment Ltd	P.O. Box: 26077-80437, Kwale
Echo properties Ltd	P.O. Box: 11069-80250, Kilifi
Echo properties Ltd	P.O. Box: 88077-80422, Kwale
Edlon Group Ltd	P.O. Box: 87676-80407, Kwale
Elegant Investment 1996 Ltd	P.O. Box: 95998-80239, Kilifi
Elegant Properties Ltd	P.O. Box: 95071-80299, Kilifi
Elm Ridge Ltd	P.O. Box: 95001-80979, Kilifi
Endless Africa Ltd	P.O. Box: 95212-80259, Kilifi
Enkavilla Properties Ltd	P.O. Box: 95070-80200, Kilifi
Erated Properties limited	P.O. Box: 95076-80249, Kilifi
Estate Hub Limited	P.O. Box: 53206-80271, Kilifi
Estate Hub Limited	P.O. Box: 95089-80251, Mombasa
Eureka Homes	P.O. Box: 95077-80249, Kilifi
Euro Trust Real Estate	P.O. Box: 95070-80279, Kilifi
Fairdeal Development & Infrastructure Ltd	P.O. Box: 95077-80259, Kilifi
Faith M	P.O. Box: 45078-80253, Kilifi
Faith M	P.O. Box: 66076-80281, Kwale
Faizeena Properties	P.O. Box: 95000-80255, Kilifi
Fedha (Management) Ltd	P.O. Box: 95079-80239, Kilifi
Fidelitas Investments	P.O. Box: 95096-80210, Kilifi
First Villas	P.O. Box: 76088-80465, Kwale
Fort Properties ltd	P.O. Box: 95091-80287, Kilifi
Forthright Kenya Real Estate	P.O. Box: 15076-80425, Kwale
Frankland Properties	P.O. Box: 20076-80256, Kilifi
Furaha Properties	P.O. Box: 15076-80254, Kilifi
Furaha Properties	P.O. Box: 99074-80269, Mombasa

Geoscape Global	P.O. Box: 96086-80474**,** Kwale
Gold Wyne Consult	P.O. Box: 95076-80249**,** Kilifi
Golden Compass Ltd	P.O. Box: 95076-80289**,** Kilifi
Gongoni Breeze Investment Limited	P.O. Box: 81076-80283**,** Kilifi
GoodDeal Property & Investment	P.O. Box: 95006-80290**,** Kilifi
Granite Capital Kenya	P.O. Box: 11076-80421**,** Kwale
Guinnesse Real Estate	P.O. Box: 11176-80487**,** Kwale
Habo Agencies ltd	P.O. Box: 95076-80240**,** Kilifi
Hass Consult Ltd Corporate	P.O. Box: 95007-80109**,** Mombasa
Haven Homes Inc.	P.O. Box: 51276-80286**,** Kilifi
Heaven's Gate Ltd	P.O. Box: 10079-80449**,** Kwale
Heri Homes & Properties Limited	P.O. Box: 15076-80264**,** Kilifi
Heri Homes Properties Ltd	P.O. Box: 95077-80107**,** Mombasa
HF Development and Investments Ltd	P.O. Box: 95317-80113**,** Mombasa
Hold Kenya Investment Ltd	P.O. Box: 86076-80551**,** Kwale
Home Afrika Ltd	P.O. Box: 95277-80209**,** Mombasa
Home Bridge Real Estate	P.O. Box: 95067-80109**,** Mombasa
Homefront Consult	P.O. Box: 00076-80454**,** Kwale
Homes and Abroad	P.O. Box: 86078-80455**,** Kwale
House and Homes Ltd	P.O. Box: 95067-80112**,** Mombasa
Idime Enterprises	P.O. Box: 95997-80100**,** Mombasa
Igonyi Enterprises	P.O. Box: 95017-80779**,** Mombasa
Ijara Real Estate	P.O. Box: 95377-80105**,** Mombasa
Immensity Holdings Ltd	P.O. Box: 95567-80109**,** Mombasa
INFPAC Ltd	P.O. Box: 95177-80109**,** Mombasa
Jabemu Property Development	P.O. Box: 10576-80467**,** Kwale
Jabez Properties	P.O. Box: 95377-80108**,** Mombasa
Jaco Investments	P.O. Box: 95010-80101**,** Mombasa

Jaraki Enterprises	P.O. Box: 95087-80166, Mombasa
JD Properties	P.O. Box: 95097-80129, Mombasa
Jenga Ventures Ltd	P.O. Box: 95012-80169, Mombasa
Jesma Holdings Ltd	P.O. Box: 11607-80440, Kwale
Jithiada properties Agency ltd	P.O. Box: 95076-80130, Mombasa
Joda's Agle Properties	P.O. Box: 95187-80109, Mombasa
John Crawford Realty	P.O. Box: 11676-80485, Kwale
Joslink Africa group	P.O. Box: 12076-80542, Kwale
Joslink Realtors Kenya	P.O. Box: 75074-80213, Kilifi
Josmo Agencies Ltd	P.O. Box: 98761-80444, Kwale
Jubilee Real Estate Kenya	P.O. Box: 66000-80400, Kwale
Kakamega Realtors	P.O. Box: 73076-80211, Kilifi
Kamhomes Investments Ltd	P.O. Box: 95077-80132, Mombasa
Karengata Properties	P.O. Box: 95070-80200, Kilifi
Karibu Homes	P.O. Box: 95097-80175, Mombasa
Karume Holdings Ltd	P.O. Box: 95081-80139, Mombasa
Kayola care	P.O. Box: 95132-80106, Mombasa
Ken Houses ltd	P.O. Box: 95077-80174, Mombasa
Kenroid ltd	P.O. Box: 95983-80111, Mombasa
Kenya Classic Homes	P.O. Box: 37076-80401, Kwale
Kenya Homes Properties	P.O. Box: 90076-80559, Kwale
Kenya Valuers & Estate Agents	P.O. Box: 75077-80221, Kilifi
Kimemmanu Homes	P.O. Box: 10376-80465, Kwale
Kings Developers Ltd	P.O. Box: 95067-80109, Mombasa
Kisima Real Estate Ltd	P.O. Box: 95036-80242, Kilifi
Kivuli mali Real Estate	P.O. Box: 95017-80349, Mombasa
Kizingo Properties ltd	P.O. Box: 95076-80331, Mombasa
Knight Frank Kenya Ltd Associate	P.O. Box: 95455-80011, Mombasa
Knightz Enterprises	P.O. Box: 36076-80449, Kwale
Kruss Properties	P.O. Box: 95887-80100, Mombasa
Kuprim Investments	P.O. Box: 71076-80279, Kilifi
Kzanaka Ltd	P.O. Box: 95076-80121, Mombasa
Lamu Magharibi	P.O. Box: 95080-80231, Kilifi
Lamu Residential Real Estate	P.O. Box: 95001-80569, Kilifi

Mugumo Developments Ltd	P.O. Box: 95079-80119, Mombasa
Muthamia and Sons Property Consulting Ltd	P.O. Box: 12306-80498, Kwale
Mutuku Properties	P.O. Box: 95078-80169, Mombasa
Mutune Estate Agency	P.O. Box: 95028-80189, Mombasa
Mvumilivu investments	P.O. Box: 95008-80189, Mombasa
MW&C Company Advocates LLP Associate	P.O. Box: 95073-80369, Mombasa
My Space Property	P.O. Box: 95076-80909, Kilifi
Myspace Properties Kenya Ltd	P.O. Box: 11076-80255, Kilifi
Myspace properties Kenya Mombasa	P.O. Box: 95079-82269, Mombasa
Mzinyi Development Company	P.O. Box: 95070-80069, Mombasa
Mzinyi Enterprises	P.O. Box: 95755-80269, Mombasa
Naim Najadh Agencies	P.O. Box: 95978-80100, Mombasa
Nairobi Homes (Msa) Ltd	P.O. Box: 95011-80169, Mombasa
Nairobi Real Estates Limited	P.O. Box: 87076-80267, Kilifi
Nairobi Real Estates Limited	P.O. Box: 95088-80249, Mombasa
Natureville Homes	P.O. Box: 95078-89269, Mombasa
Neema Enterprises	P.O. Box: 95078-87769, Mombasa
Norcent Projects Ltd	P.O. Box: 95000-80131, Mombasa
Northbay Agencies	P.O. Box: 77071-80453, Kwale
Nyali real Estate	P.O. Box: 95231-8019, Mombasa
Oakpark Properties Ltd	P.O. Box: 95072-80189, Mombasa
Ogaye Enterprises	P.O. Box: 95998-80179, Mombasa
Ogaye Enterprises	P.O. Box: 70086-80278, Kilifi
Optiven Ltd	P.O. Box: 95078-80177, Mombasa
Mkaazi Real Estate Ltd.	P.O. Box: 26071-80456, Kwale
Mlima Construction Company Ltd	P.O. Box: 95077-80122, Mombasa
MML Turner & Townsend	P.O. Box: 95098-80119, Mombasa
Mombasa Real Estate Agencies LTD	P.O. Box: 40077-80259, Kilifi
Mombasa Real Estate Agencies ltd	P.O. Box: 95070-80107, Mombasa
Mombasa Real Estate Agencies LTD	P.O. Box: 36076-80449, Kwale
Mombasa Realtors	P.O. Box: 43077-80402, Kwale
Mombasa Rental Apartments	P.O. Box: 95667-80169, Mombasa
Mordern Direct Properties	P.O. Box: 95077-87709, Mombasa
Mugumo Developments Ltd	P.O. Box: 95079-80119, Mombasa
Muthamia and Sons Property Consulting Ltd	P.O. Box: 12306-80498, Kwale
Mutuku Properties	P.O. Box: 95078-80169, Mombasa
Mutune Estate Agency	P.O. Box: 95028-80189, Mombasa
Mvumilivu investments	P.O. Box: 95008-80189, Mombasa
MW&C Company Advocates LLP Associate	P.O. Box: 95073-80369, Mombasa
My Space Property	P.O. Box: 95076-80909, Kilifi
Myspace Properties Kenya Ltd	P.O. Box: 11076-80255, Kilifi
Myspace properties Kenya Mombasa	P.O. Box: 95079-82269, Mombasa
Mzinyi Development Company	P.O. Box: 95070-80069, Mombasa
Mzinyi Enterprises	P.O. Box: 95755-80269, Mombasa

Naim Najadh Agencies	P.O. Box: 95978-80100, Mombasa
Nairobi Homes (Msa) Ltd	P.O. Box: 95011-80169, Mombasa
Nairobi Real Estates Limited	P.O. Box: 87076-80267, Kilifi
Nairobi Real Estates Limited	P.O. Box: 95088-80249, Kilifi
Natureville Homes	P.O. Box: 95078-89269, Mombasa
Neema Enterprises	P.O. Box: 95078-87769, Mombasa
Norcent Projects Ltd	P.O. Box: 95000-80131, Mombasa
Northbay Agencies	P.O. Box: 77071-80453, Kwale
Nyali real Estate	P.O. Box: 95231-8019, Mombasa
Oakpark Properties Ltd	P.O. Box: 95072-80189, Mombasa
Ogaye Enterprises	P.O. Box: 95998-80179, Mombasa
Ogaye Enterprises	P.O. Box: 70086-80278, Kilifi
Optiven Ltd	P.O. Box: 95078-80177, Mombasa
Pam Golding Properties Ltd Associate	P.O. Box: 95099-80269, Mombasa
Pambazuko Properties	P.O. Box: 95008-80009, Mombasa
Pavilion Realtors LTD	P.O. Box: 41207-80499, Kwale
Pavillion Capital Ltd	P.O. Box: 31276-80489, Kwale
Payton Group Ltd	P.O. Box: 75076-80287, Kilifi
PDM (Kenya) Ltd	P.O. Box: 95018-80109, Mombasa
Pemaka Limited	P.O. Box: 11186-80473, Kwale
Penny land Properties	P.O. Box: 95098-88869, Mombasa
Phoenix Housing	P.O. Box: 87076-80476, Kwale
Pioneer Holdings (Africa) Ltd	P.O. Box: 95098-82269, Mombasa
Prestige Lands Investment	P.O. Box: 11476-80483, Kwale
Prism Residential Ltd	P.O. Box: 95098-80229, Kilifi
Prissy Apartments Ltd	P.O. Box: 95000-80239, Mombasa
Property World	P.O. Box: 93076-80478, Kwale
Queenshut Realtors	P.O. Box: 11074-80481, Kwale
Rayalink Properties	P.O. Box: 10876-80470, Kwale
Rayo Properties	P.O. Box: 52276-80262, Kilifi
Rayo Properties	P.O. Box: 78006-80301, Kilifi
Realux Holdings Ltd	P.O. Box: 95090-80211, Kilifi
Regent Management Ltd Associate	P.O. Box: 95076-80299, Kilifi
Reis Real Estate	P.O. Box: 11476-80400, Kwale
Risk field	P.O. Box: 95070-80269, Kilifi
Riverdale Properties Limited	P.O. Box: 56076-80459, Kwale
Rosefield Management services	P.O. Box: 95116-80809, Mombasa
Royalgen Estates	P.O. Box: 36090-80782, Kwale
Royani Properties Limited	P.O. Box: 10216-80467, Kwale
Rozana Properties Ltd	P.O. Box: 95327-80119, Mombasa
Ryne investment	P.O. Box: 10081-80468, Kwale
Samfrance Home Care	P.O. Box: 87601-80475, Kwale
Santon (K) Limited	P.O. Box: 33176-80407, Kwale
Saruji Real Estate	P.O. Box: 06076-80443, Kwale
Sayani Investments Ltd	P.O. Box: 95077-80109, Mombasa
Sedo Agencies	P.O. Box: 95078-80999, Mombasa
Shabaha Solutions Ltd Associate	P.O. Box: 95347-80169, Mombasa
Shego Agencies	P.O. Box: 95997-80121, Mombasa

Sheheena Marina Apartments	P.O. Box: 95000-80101, Mombasa
Sherry Blue Properties Ltd	P.O. Box: 95078-80011, Mombasa
Shieldon Relocators	P.O. Box: 10176-80451, Kwale
Shomoto Realtors Kenya	P.O. Box: 86076-80275, Kilifi
Shomoto Realtors Kenya	P.O. Box: 75079-80254, Kilifi
Shreeji Development Ltd	P.O. Box: 95777-80179, Mombasa
Sigimo Entreprises Ltd	P.O. Box: 95999-80106, Mombasa
Simkar Group Ltd	P.O. Box: 36000-80409, Kwale
SJR Properties Ltd	P.O. Box: 95077-80333, Mombasa
SLOK Construction Ltd	P.O. Box: 95037-80109, Mombasa
Sohail Developments Ltd	P.O. Box: 95099-80143, Mombasa
Solian Properties ltd	P.O. Box: 95087-80119, Mombasa
Soma Properties	P.O. Box: 95227-80101, Mombasa
Somo Agency ltd	P.O. Box: 95137-80109, Mombasa
Spacetech Enterprises	P.O. Box: 85076-80249, Kilifi
Spancer Stones Enterprises	P.O. Box: 95067-80109, Mombasa
Spectacular Group of companies	P.O. Box: 95097-80149, Mombasa
Standard Property Holdings	P.O. Box: 30307-80401, Kwale
Stego Classic Modern Services	P.O. Box: 33078-80424, Kwale
Stego Classic Modern Services	P.O. Box: 59071-80258, Kilifi
Stock Brick Properties Ltd	P.O. Box: 51099-80277, Kilifi
Sultan One Leasing Agency	P.O. Box: 00676-80490, Kwale
Sunland Real Estates	P.O. Box: 30076-80999, Kwale
Superior Homes Kenya Ltd	P.O. Box: 95917-80100, Mombasa
Symbion Kenya Ltd Platinum	P.O. Box: 95187-80109, Mombasa
Tagi Homes	P.O. Box: 38709-80745, Kwale
Tahidi Homes Kenya	P.O. Box: 10676-80457, Kwale
Talma Homes	P.O. Box: 46076-80486, Kwale
Tatu City Ltd	P.O. Box: 95917-80100, Mombasa
Tazama Agencies	P.O. Box: 95877-80100, Mombasa
Tecnofin Kenya Ltd	P.O. Box: 95077-80100, Mombasa
The Combined Warehouses Ltd	P.O. Box: 95866-80100, Mombasa
The Epic Properties Ltd	P.O. Box: 95886-80100, Mombasa
The Go-Down Arts Centre	P.O. Box: 95827-80100, Mombasa
Tilisi Developments Ltd	P.O. Box: 95227-80107, Mombasa
Torrison Agencies	P.O. Box: 95076-80234, Kilifi
Trees Kenya Ltd	P.O. Box: 95079-80235, Kilifi
Trelisa Properties	P.O. Box: 31176-80488, Kwale
Trident Estates Ltd	P.O. Box: 95076-80237, Kilifi
Trinity Realtors	P.O. Box: 11010-80486, Kwale
Tristar Properties	P.O. Box: 95076-80236, Kilifi
TSG Realty Ltd	P.O. Box: 95079-80239, Kilifi
Two Rivers Development Ltd	P.O. Box: 95081-80240, Kilifi
Tysons Ltd Associate	P.O. Box: 95082-80241, Kilifi
Unity Homes Ltd	P.O. Box: 95083-80242, Kilifi
Urban point properties	P.O. Box: 21076-80272, Kilifi
Username Investments Ltd	P.O. Box: 95084-80243, Kilifi
VAAL Real Estate	P.O. Box: 95085-80244, Kilifi

Vensam homes	P.O. Box: 10976-80471**,** Kwale
Villa Realtors	P.O. Box: 10056-80464**,** Kwale
Vishwa Developers Ltd	P.O. Box: 95086-80245**,** Kilifi
Wazury Real Estate	P.O. Box: 57076-80276**,** Kilifi
Wealthlink Realtors Ltd	P.O. Box: 50076-80499**,** Kwale
Westcon Contractors	P.O. Box: 95087-80246**,** Kilifi
Wood Products Kenya Ltd	P.O. Box: 95078-80247**,** Kilifi
Woodland Homes Kenya Ltd	P.O. Box: 35079-80273**,** Kilifi
Xcellent Properties Ltd	P.O. Box: 10006-80465**,** Kwale
Zenith Homes Management Ltd	P.O. Box: 11576-80484**,** Kwale
Zevian Real Estate	P.O. Box: 95087-80248**,** Kilifi

Source: Kenya Professional Realtors Association (KPRA, 2019)