

DO COMMONALITIES BETWEEN ENTREPRENEURSHIP AND MARKETING OCCUR IN THE BUSINESS ENVIRONMENT?

Adefulu Adesoga*

Abstract

The paper focuses on the commonalities between Entrepreneurship and Marketing. Entrepreneurial marketing has not clearly shown the common grounds between the two disciplines. Organizations are learning that the skills acquired and mastered are not effectively matching the rapidly evolving conditions in the market. This development has impacted revenue and equally reveals the potent place of marketing in entrepreneurship. The methodology is exploratory, textual in design and divided into sections. The article contends that there is a circular links between entrepreneurship and marketing. Entrepreneurial activities create marketing and marketing creates entrepreneurial activities. Marketing interfaced Entrepreneurship by fostering positive rewards and risk minimization for the entrepreneurs through marketing mix. By implication, managers aspiring competitive edge must promote mutual interaction of the two concepts.

Keywords: Entrepreneurship, Marketing, Business Environment, Entrepreneurial Marketing

* *Department of Marketing and Retail Management, College of Economics and Management Sciences, University of South Africa, Pretoria, South Africa*

1. Introduction

Traditional neoclassical theory holds that the economic growth of a country is determined by the supplies of both labor and capital the country possesses and the level of technology present in that country (Todaro and Smith, 2008). Further study by Smith (2010) has shown the prominent role of entrepreneurship in economic growth. The focus of this article is to bring out the commonalities between Entrepreneurship and Marketing which are two management disciplines that shape the growth of any economy by their dominant features of innovativeness, risk taking and pro –activeness (Barringer and Bluedorn, 1999; Covin and Slevin, 1989). Entrepreneurship as a pivotal tool for the growth of the economy is actually to create value, improve standard of living as well as offering employment opportunities. The growing interest in entrepreneurship as an organizational phenomenon is on account of increased vulnerability to environmental changes confronting virtually all industries today. The environment of any business simply refers to the combination of internal and external factors that influence a company's operating situation. The business environment can include factors such as customers, suppliers, competition, Technology, legal and economic. Environmental factors are key in entrepreneurship growth because of the realization that businesses do not operate in a closed system neither are they independent of their environment. Therefore, organizations are at the

mercy of their environment and their survival is a function of their speed to respond to change as well as develop programs to mitigate the impacts of significant environmental changes. Entrepreneurs create new businesses, and new businesses will in turn create jobs, intensify competition, and may even increase productivity through technological change. High levels of entrepreneurship will likely translate into high levels of economic growth. For the value created by entrepreneurship to be effective, marketing services are required. The primary marketing activity is transport with the aim to deliver the product to the consumer in the fastest, most efficient, and safest way possible (Cant, 2010).

Modern marketing the other hand starts with the basic identification of needs through environmental scanning and market research. It creates window of opportunities for the entrepreneur to know the areas to invest their resources as an entrepreneur and equally understand marketing as a critical mechanism for dealing with the uncertainty inherent in the environment. The traditional sales and product orientations of firms gave way to the recognition of marketing orientation. The philosophy of marketing orientation has helped to address the complexities in the business environment by identifying the needs of the environment to be the basis for entrepreneurship and production process. Khandwalla (1977) points to marketing activities as a principal mechanism for dealing with the uncertainty inherent in an environment fraught with changes. These marketing activities must be approached within the context of

marketing as a philosophy. Marketing primarily is concerned with the facilitation of exchange processes between organisations and their environments. (Morris and Paul, 1987) There is therefore a need to conceptually examine the commonalities and links between the two management concepts so as to enable the decision makers to appreciate the relevance of entrepreneurship and marketing as strategic responses to the turbulent environment confronting firms in all their endeavours, (Morris and Paul, 1987)

Entrepreneurship and Marketing are two independent disciplines that their principles are taught separately within the lecture room. However, observation on the practice of the two disciplines within organization suggests an intertwined relationship. Empirical examination of entrepreneurial marketing has not clearly shown the common grounds between the two disciplines

Many organizations are learning and discovering that the skills acquired and mastered are not effectively keeping up with the pace of rapidly evolving conditions in the market. This development has impacted revenue; slow growth of entrepreneurship practices together with its unfelt achievements in the economy and equally reveals the potent place of marketing in entrepreneurship. This study therefore intends to fill the gap in knowledge by examining the relevance of marketing in the fast development of entrepreneurship and vice versa. The knowledge from this study will assist practitioners to appreciate marketing in fostering their entrepreneurship practice. The primary objective of the paper is to determine the commonalities between Entrepreneurship and Marketing while the secondary objective is to determine the relevance of Marketing in Entrepreneurship.

2. Literature Review

2.1 Conceptual Review

2.1.1 Entrepreneurship/ Marketing

Entrepreneurship refers to the pursuit of creative or novel solutions to challenges confronting the firm, including the development or enhancement of products and services, as well as new administrative techniques and technologies for performing organizational functions (Knight, 1997). The process includes the set of activities necessary to identify an opportunity, define a business concept, assess needed resources, acquire those resources, and manages and harvests the venture (Morris, Schindehutte and LaForge, 2004). To enable us gain a clear understanding of entrepreneurship, the paper would adopt the three dimensional framework developed by Stokes, Wilson and Mador (2010).

According to Stokes, Wilson and Mador, the variety of definitions of entrepreneurship offered by a number of authors could be categorized into three

main dimensions, which focus attention on: Processes, Behaviours, and Outcomes

The definitions under processes are mostly concerned with what is involved in entrepreneurship and why it matters to individuals, organizations and society as a whole. One of such definitions is: Entrepreneurship is the process of creating something new of value by devoting the necessary time and effort, assuming the accompanying financial, psychic and social risks, and receiving the resulting rewards of monetary and personal satisfaction and independence (Hisrich, Peters, Shepherd, 2008). The thrust of the process dimension is in the development of new business.

The definition under behaviours highlights the role of entrepreneurs and the behaviors that distinguish them from others. Some of such definitions are: Entrepreneurship is the characteristics of seeking opportunities, taking risks beyond security, and having the tenacity to push an idea through to reality (Morris & Kuratko, 2002). Entrepreneurship is a way of thinking, reasoning and acting that is opportunity based, holistic in approach and leadership balanced (Timmons and Spinelli, 2004).

The definition under outcomes focuses on the results of entrepreneurship as a process or set of behaviors. Some of the definitions in this category are: Entrepreneurship is the dynamic force that facilitates the creation of incremental wealth (Hisrich, Peters and Shepherd, 2008).

Entrepreneurship is the introduction of new economic activity that leads to change in the market place (Simon in Sarasvathy, 1999).

Marketing on the other hand can be seen as a fundamental part of the daily lives of individuals all around the world. The term marketing covers a wide range of functions and ideologies, so settling on one definition are often extremely difficult. Marketing can be conceptualized as a process that enables people obtain their needs or wants from organizations that have developed products or services that will help satisfy these needs or wants of people. The implication of this definition is that successful marketing rests on the premise that proper need assessment has to be carried out to determine what the market desires or is lacking. Then, a product is conceived and designed to fill that gap and priced appropriately and communicated to the market and made available with minimum inconvenience for the customer. The American Marketing Association defined it as the process of planning and executing the conception, pricing, promotion and distribution of ideas, goods and services to create exchange that satisfy individual and organizational objectives.

Kotler (2003) defined marketing as a managerial and social process by which individuals and organizations obtain what they need and want through the creation and exchange of value with others. Chartered institute of marketing defined Marketing as the management process which identifies anticipates

and supplies customer requirement efficiently and profitably.

Essentially marketing can be seen to be made up of two parts; firstly marketing is an attitude, a philosophy or a management orientation that aims to retain and grow current customers through delivery satisfaction and attract new customers by promising better value of products. Secondly, marketing is a combination of actions and processes used to deliver this philosophy. (Cant, 2010)

The definitions of marketing basically rest on the following core concepts: needs, wants and demand, product, satisfaction, exchange and competition. (Cant, 2010) Human need is a state of felt deprivation of some basic satisfaction. Human wants are the means by which the needs are satisfied. They are shaped by culture and individual personality. Demand is when wants are backed by purchasing power that is the ability to pay. Product – People satisfy their needs and wants with products. Services are activities offered for sale that are essentially intangible. Customer satisfaction depends on the products perceived performance in delivering value relative to a buyer's expectation. Exchange is the act of obtaining a desired object from someone by offering something in return. Market is the set of all actual and potential buyer of a product or service. To appreciate the importance of marketing, one must understand that there are various gaps like space gap, information gap and time gap between production and consumption of a product. It is the function of marketers to assist in closing these gaps. Cant, (2010) categorizes marketing activities into three: primary, facilitating/ auxiliary and exchange.

2.2 Theoretical Review

2.2.1 Entrepreneurship/Marketing

There is no unifying theory of entrepreneurship, but rather a series of factional propositions often falling within a particular body of knowledge. The distinctive features of entrepreneurship are summarized in different theories propounded by different eminent thinkers summarized into four perspectives: the functional, personality, behavioural, and dynamic learning perspective. The primary aim of the functional perspective was to define the entrepreneurial function (Casson, 1982), which could be explained by the activities and behaviours (or characteristics) of entrepreneurs. The functional approach succeeded in conceptualizing the concept of entrepreneurship in terms of the entrepreneur's interaction with his or her environment.

The personality approach holds that certain individuals possess a distinctive range of personality characteristics or constellation of traits which they could claim predisposed them to entrepreneurial activities. These characteristics include a high need for achievement, internal locus of control, risk taking

propensity and self-efficacy. This approach has suffered from a number of criticisms (Gartner, 1988). Some of the criticisms focused on the static nature of the approach in understanding the entrepreneur, giving little or no room for the individuals concerned to develop, learn and change.

In an attempt to address the criticisms of the personality approach, entrepreneurship scholars have developed a more comprehensive model that emphasized the process-based view of new venture creation. The principal aim of this approach is to explain the functions, activities, and actions associated with the perceiving of opportunities and the creation of an organization to pursue them. One of the major concerns of this perspective is that it fails to take into account the ability of entrepreneurs to learn and adapt once the venture is established.

The dynamic Learning Perspective goes beyond the venture startup phase to consider the complex ways in which entrepreneurs learn to adapt as their enterprise grows. It has important implications for the role of entrepreneurship in established and larger firms.

The theory of Marketing on the other hand is anchored on marketing concept which Kotler (2015) defined as management orientation that holds that the key task of the organization is to determine the needs and wants of target markets and to adapt the organization to delivering the desired satisfaction more effectively and efficiently than its competitors. It is a marketing philosophy of being customer oriented at a profit. The marketer conducts business for the ultimate purpose of meeting the needs of his customers and achieving his own objectives. It would make more sense if the marketer proceeded as follows: Ask the customers about their needs, develop products to fill those needs, organize a marketing programme to bring the products in such a manner as to lead to the achievements of stated goals and carry out post sale activities that will ensure that the products are satisfactory in use and to learn of customer reactions that will guide future improvements. The philosophy survives where there is a strong competition in the market and the marketer who creatively caters for customer needs is likely to win differential advantage over less insightful competitors, thereby enhancing the chances of success and survival. The economy must also be developed to the extent that majorities of consumers have access to the basic needs of life and enjoy high standard of living.

2.3 Empirical review

Miles and Arnold (1991) found that entrepreneurial orientation is positively correlated to marketing orientation. In the study conducted by Atuahene-Gima and Ko (2001) they explored an interactive relationship between market orientation and entrepreneurship and submitted that there is a linear

moderating effect of entrepreneurship on the market orientation and business performance relationship. Schindehutte, Morris and Kocak, (2008) in explaining the relationship between entrepreneurship and marketing opined that there is the need for firms to simultaneously adopt both entrepreneurial orientation and market orientation. He further reiterated that these orientations are not substituted but complementary to each other. And where a firm employs both orientations at the same time, these orientations create synergy and contribute to the firm's success (Miles and Darroch, 2008). In a similar vein, George and Zahra (2002) mentioned that in a mutual interaction, entrepreneurial and marketing orientations contribute to a firm's performance.

3. Methodology

The methodology adopted in the study is basically exploratory research design. Different materials were consulted to uncover and as well come to conclusion on the relevance and commonalities between entrepreneurship and marketing. Basically, the design of the study is textual and consequently, the paper is divided into sections in order to discuss the various sub-headings under the two disciplines.

4. Commonalities between Entrepreneurship and Marketing

Entrepreneurship and Marketing represents strategic responses to an increasingly complex and turbulent business environment faced by individuals and organization. Businesses do not operate in a vacuum; they operate in an environment. The environment of a firm is the sum total of all external and internal factors that influence a business operating situation. The business environment include factors such as clients and suppliers; laws and government activities; its competition and owners; improvement in technology; and market, social and economic trends.

The traditional school of thought regarding environment holds that external change forces internal judgment, which may or may not enable the firm to maintain any kind of statuquo. It is apparent therefore that business organizations are at the mercy of their operating environments and their survival is determined by their speed to respond to change as well as their ability to develop defensive mechanism to moderate the impact of significant environmental variables.

A quick review of factors why some people become entrepreneurs revealed that while some have the desire to try something on their own and as well not just want to be a number in some large corporation, others are displaced people who after a rude kick from dame fortune decide to do it on their own. Displacement therefore is a key motivating factor in initiating entrepreneurial action.

The relevance of marketing to environmental turbulence being faced by the firms became obvious when selling and product philosophy could not delivered organizations in the face of competitions. Marketing philosophy which anchors on the need of the consumers becomes the pertinent strategic response to the environmental challenge. Marketing has therefore help to uncover the latent demand in the market and to appropriately situate the needs of the consumers through market research and environmental scanning so as to appropriately offer product to the market according to the need of the consumers. Marketing has effectively been able to combat the turbulence in the environment through the various marketing activities performed: pricing, distribution, product offering and promotion. As said earlier, the primary role of marketing is transport; marketing has therefore been concerned with the facilitation of exchange processes between organization and their environments.

Entrepreneurship and Marketing represent the platform the needs of the consumers/ buyers are resolved. Entrepreneurship as a process, behavior or outcome is geared towards creating value that will satisfy the consumers. Entrepreneurs seek disequilibrium; a gap between the needs of customers and the products that currently available. The entrepreneurs then bring together the factors of production necessary to produce desired products and services. Marketing on the other hand is a process and behavior of identifying customer need towards creating value that will be a perfect match for the customers' needs. Market research and environmental scanning reveals the success level of a given product of firm in a given market or environment. It reveals the potential buyers in the market, the activities of middlemen, acceptable price in the market and the role of competitors.

Marketing provides an effective vehicle for achieving entrepreneurship. Marketing orientation suggest in -out perspective for effective product delivery in the market. When a need is identified, a business startup is necessary to actualize the need fulfillment in the life of the customers. Entrepreneurs are unique because they are capable of bringing together the resources required to produce a product or service that is in demand.

Successful entrepreneurs undertake marketing in unconventional ways. They rely on interactive marketing methods, communicating through words of mouth rather than the traditional marketing mix. They also monitor the market place through informal networks rather than formalized market research.

Entrepreneurship and marketing eliminates wastage as the entrepreneur knows what output will generate operational cash flow while marketing focused on the actual needs of the market. The entrepreneur does not confidently act on innovation in isolation but regularly uses direct customer contact as a prime reference point for market relevance

adjustment. The customer benefits by having the entrepreneur focused directly on his or her needs. The entrepreneur benefits by knowing what output will generate operational cash flow. Wastage emanating from activity that is not directly relevant to the customers becomes noticeable and can easily be avoided or managed.

Marketing creates entrepreneurship as the need of the consumers must be realized. In the same spirit, entrepreneurship creates marketing activities as the offer must equally be supported by integrated marketing.

Marketing foster positive rewards and risk minimization for the entrepreneurs as he or she pursue value creation drive with marketing orientation thereby achieving the goal of profit making.

Entrepreneurship and Marketing relevance is dynamic and represents a highly proactive interface. The entrepreneurs as part of his or her behaviour engage in continuous market vigilance superintending over the potential customers, actual customers and competitors. Also the entrepreneurial analysis of the market leads to continuous creative/ innovative ability. The entrepreneur is able to realize new product innovation or existing product innovation opportunity. The advantage of this lies in the entrepreneur's continuous learning process, achieving superior relevance and effective cash flow from the operations.

5. Conclusions

The paper findings generally resonate with the results of Miles and Arnold (1991), Atuahene-Gima and Ko (2001) and George and Zahra (2002). It also offers more support for the robustness of the frameworks examined in the study. The importance of the interface between marketing and entrepreneurship suggests the need for a better understanding of the part of any business managers to know that for organization to have competitive edge in the market it must allow mutual interactions between the two disciplines in order to enhance business performance. The significant effect of the adoption of mutual interaction of marketing and entrepreneurship in business environment will not only improve market share size and affect bottom line but also portend the interface as a winning platform for businesses to attend strategic challenges in the environment. From the aforementioned, it is clear that there is a strong interface between entrepreneurship and marketing. Entrepreneurial activities create marketing and in the same breath marketing creates entrepreneurial activities. Organization that desire to achieve its marketing goal will necessarily be marketing oriented before any entrepreneurial efforts. The synergy the two functional disciplines offers organization or any economy cannot be overemphasized. However, further study will be required to determine the relative effects of the interface on the bottom line of the

organization and how well decision makers can imbibe the orientations within the organizational life. In the final analysis, entrepreneurship behavior should thrive on marketing orientations while marketing also serves as predictors for entrepreneurship development.

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