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Entrepreneurial Marketing and SMEs Performance in Lagos State, Nigeria

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Abstract

The main objective of the study is to examine the effect of entrepreneurial marketing on organizational performance among Small and Medium Enterprises (SMEs) in Lagos State, Nigeria. The study is significant because of its relevance to capacity building for young entrepreneurs in developing appropriate marketing strategies and skills to enhance organizational performance of SMEs in Lagos State and the country at large. The study employed a descriptive survey research design. The population comprised 100 owners of SMEs in Badagry Local Government Area of Lagos State. Total enumeration sampling technique was used by adopting the 100 SMEs as sample. Questionnaire was the main measuring instrument while Chi-Square statistical technique was used to test the hypothesis. The findings revealed that there is significant relationship between entrepreneurial marketing and organizational performance of SMEs ($X^2 = 87.35$, $p<0.05$; Crammer V =0.72, $p<0.05$) .The study assists young entrepreneurs to be better equipped/conversant and appreciate modern marketing strategies/techniques to boost their entrepreneurial capabilities in running their businesses. It was therefore recommended that young and upcoming entrepreneurs should be compelled to train and be abreast of modern marketing techniques/ strategies before the establishment of their businesses for better understanding of marketing problems and challenges.

Keywords: Entrepreneurial Marketing, Small and Medium Enterprises, Organisational Performance.

1. Introduction

In Nigeria the assumption is that government has the responsibility to provide employment for the people, create an enabling economic environment for business to thrive as well as to drive economic growth. But the economic reality as shown that government alone cannot generate full employment for the entire population of those who are willing to work. However, government has the economic machinery to stern the rate of unemployment by formulating policies which stimulate individuals to embark on small scale business. Nigerian government's response to stemming unemployment has therefore being the promotion of entrepreneurial activities and support for the establishment and promotion of small and medium scale enterprises.

Nevertheless, it is necessary for the entrepreneur to have a passionate marketing view of the entire entrepreneurial functions. He needs to look at marketing not as a business function but as a comprehensive view of the entire business process. Entrepreneurs should be more marketing- oriented, more concerned with the booming and buzzing conditions of the external world, to which the enterprise ultimately addresses itself. This is because marketing is on the firing line where the impact of change is greatest for the organisation.

Marketing is where the customer is and it is also the customer who determines the fate of an entrepreneurial organisation.

1.1 Statement of the problem

Business entrepreneurs in Nigeria have several problems that account for their inefficiency and sometimes failures. Many of these problems are unique to small entrepreneurial enterprises which are in the majority in Nigeria. The problems are internal and external in nature. The current research shall focus more on the marketing challenges that Nigerian entrepreneurs are confronted with. This can however manifest in a variety of ways such as non-standardization of product, inappropriate pricing, poor promotional strategies, inefficient distribution methods, poor packaging, lack of qualified manpower and most importantly, the problem of competition against large corporations which sometimes take unethical dimensions.

1.2 Objective of the study

The main objective of this study was to examine the entrepreneurial marketing strategies and skills that can enhance organisational performance in Small and Medium Enterprises (SMEs) of Lagos state of Nigeria.

1.3 Hypothesis of the study

H_o: There is no significant relationship between entrepreneurial marketing and organisational performance in SMEs.

However, the importance of entrepreneurs and entrepreneurship are widely recognized. The entrepreneur has become a hero in recessionary times and the ability to operate, and often also to grow a business in a challenging business environment is important for society. So there is a need for scholarly studies of entrepreneurship and its intersections with other academic disciplines, such as marketing. The basic idea of linking Marketing and Entrepreneurship has been discussed for many years. In the 90s, both education at various university levels and published research in entrepreneurial marketing (EM) grew significantly.

2. Literature Review

Entrepreneurial development is an embodiment of the process of enhancing entrepreneurial skills and knowledge through structured training and institution building programme, focusing on the individual who desires to start or expand an idea into a business.

Also many authors have defined entrepreneurship as the individual or team process of doing something new or different to add value to society through calculated risk-taking behaviour for future gains. The term "calculated risk" is often associated with danger. However, in the context of entrepreneurship, it is considered as the entrepreneurial drive of taking financial and social risks where opportunities have been clearly identified and where control is possibly exercised over outcome of investment. Around the world, growing number of persons are realizing their dreams of owning and operating their own businesses. Entrepreneurship continues to attract the young and the old, and this entrepreneurial activity is essential for economic growth [5].

Micro, Small and Medium enterprises account for 17.3 million businesses in Nigeria and employment in the sector is put at 32million, contributing about 45% to the GDP [3]. This is as a result of an increase in the awareness and importance in engaging in entrepreneurial activities as a means of promoting small business enterprises. Currently, the rise in the importance of rural areas for business activity is extraordinary. Rural areas are now becoming a reality and competition is more dynamic. Large scale businesses are increasingly adopting new strategies and adjusting structures in order to remain competitive and relevant in the market.

The economic situation of the country is compelling many youths and individuals to seek more creative ways to earn money. Majority of them believe that starting and running a business or just learning the skills to do so can give them an advantage in life. It is becoming clear that the private and public sectors are not able to absorb all the employable manpower in the labour market. As a result of this the government has decided to commit its effort to cultivating an entrepreneurial approach to provide employment opportunities [11].

The process and approach involved in inculcating the spirit behind entrepreneurship enhances someone's life because there are certain experiences that cannot easily be explainable or communicated [12]. The dynamic role of the small business enterprises as an engine for industrial growth and development of any nation cannot be overemphasized. A study conducted in Nigeria by the Federal office of Statistics that SMEs constitutes over 97% of all businesses in Nigeria employing less than 100 employees [8]. They operate in many of the same areas as large businesses, and are the main stay of an economy. A large number of them are started by entrepreneurs who are willing to take the risks to pursue innovation and business opportunities in an uncertain environment. They include sole proprietorships, partnerships, franchises, the activities of individual professionals and various part-time operators as well as small corporations [9].

The relevance of small-scale organizations in the promotion of economic development has always been at the forefront of development strategies resulting from the fact that small business enterprises have big potential to bring about social and economic development. Small businesses also contribute significantly to employment generation, income generation and catalyzing development in urban and rural areas [10]. In Nigeria, the SMEs account for about 70% of industrial employment [2]. Thus, being able to find out the factors which improve the promotion and development of SMEs so that they are successful and grow into conglomerates is of considerable concern to the entrepreneurs and the Nigerian government.

Small businesses are adaptable and flexible, being able to modify their products or services to meet individual needs of the local consumer. According to [13] the role of the entrepreneurial sector changed when industrial comparative advantages shifted towards knowledge-based economic activities. Large firms lost their competitive edge while smaller and more flexible entrepreneurial firms gained new importance in the increasing knowledge-based economy. New dynamic ventures are now acknowledged to be drivers of innovation [6].

Empirical evidence also shows that entrepreneurship, and specifically the process of business turbulence of market entries and exits, positively contributes to economic growth through greater efficiency in the allocation of resources [7]. As to small and medium-sized enterprises (SMEs), their contribution to innovation and economic development has

often been overlooked in the past as a result of lower direct investments in R&D. But in fact SMEs may have more impact on innovation than it would appear from their contribution to R&D activity for at least three reasons. Firstly, they are more likely to bring radical rather than incremental innovations to the economy [4]. Secondly, there are technological regimes (i.e. sectors) in which small and new firms contribute the most to innovation, which are those where capital intensity and scale economies are low and the importance of knowledge high. Thirdly, because small firms lack the assets and resources of large corporations, they do not innovate alone but rather depend on the external environment and resources by exploiting knowledge spillovers and knowledge flows.

Empirical evidence suggests that SMEs particularly benefit both from business-to-business networks [14] and from knowledge flows from universities and other research institutions [1]. To sum up, the three aspects investigated in the conference are closely related. Entrepreneurship turns knowledge about products, processes and markets into economic activity and new and small firms contribute significantly to the generation of innovations in the economy. Accordingly, managers and young entrepreneurs must see entrepreneurial marketing as an integral part of the performance equation at all levels while organisational researchers should see it as a fundamental building block in the development of useful theories of effective marketing management practice especially in the SMEs.

3. Methodology

The research design for this study was the descriptive field research design while the population comprised one hundred (100) owners of SMEs businesses /companies in the Badagry Local Government Area of Lagos state. The total enumeration method was adopted. In other words, all the one hundred (100) SMEs businesses were adopted as the sample for the study to allow for good representation of the respondents with questionnaire as the main instrument for data collection. The Chi-Square statistical method was used to establish the relationship between the variables of interest in the study.

4. Results and Analysis

Table 1

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi Square	87.315[a]	48	.000
Likelihood Ratio	50.380	48	.379
Linear-by-Linear Association	15.555	1	.000
N of valid cases	28		

a. 63 cells (100.0%) have expected count less than 5. The minimum expected count is .04.

		Value	Approx. Sig.
Nominal by Nominal	Phi	1.766	.000
	Cramer's V	.721	.000
N of valid cases		28	

a. Not assuming the null hypothesis.
b. Using the asymptotic standard error assuming the null hypothesis.

In table 1, X^2 = 87.315, df = 48, R< 0.05, the null hypothesis is rejected and conclude that entrepreneurial attributes has significant relationship with the performance of small and medium enterprises in Badagry Local Government Area of Lagos State.. The impact size is measured by Crammer's V (Crammer's V = 0.72, p<0.05). With the value of Crammer's V tends to 1, it shows a strong effect of entrepreneurial marketing strategies on the performance of small and medium businesses.

5. Discussion

Business entrepreneurs in Nigeria have several problems that account for their inefficiency and sometimes failures. Many of these problems are unique to small entrepreneurial enterprises which are in the majority in Nigeria. The problems are internal and external and they manifest in a variety of ways such as non-standardization of product, inappropriate pricing, poor promotional strategies, inefficient distribution methods, poor packaging, lack of qualified manpower and competition against large corporations which sometimes take unethical dimensions.

In other to determine the most appropriate entrepreneurial marketing strategies and skills to address these problems to enhance organisational performance of these SMEs in Lagos State, questionnaire was designed and administered to one hundred owners of SMEs in Badagry Local Government Area of Lagos State. A total of eighty-six of these questionnaires were duly completed and returned for analysis through the Spearman's Correlation and Chi-Square statistical methods. However, the study revealed that there is significant relationship between entrepreneurial capacities and marketing strategies of SMEs and that there is significant relationship between entrepreneurial marketing strategies and organisational performance of SMEs. Therefore, the significance of entrepreneurial marketing in enhancing organisational growth and performance is paramount to the survival of SMEs in Lagos State and even Nigeria to address the problems and challenges in the business environment. This will therefore help to stem the big problem of unemployment in the country. Entrepreneurs will be conversant and better equipped with modern marketing strategies/techniques to boost their entrepreneurial capabilities and capacities to run their businesses.

The study, however, recommended that young and upcoming entrepreneurs should be compelled to train and be abreast of modern marketing techniques and strategies before the establishment of their businesses for better understanding and appreciation of marketing problems; operators of SMEs must ensure that good quality products are manufactured/produced at all times; they must also be encouraged to carry out a proper and adequate segmentation of their target market; they must uphold the ethics of modern marketing management and avoid deceit of customers and proper awareness and distribution network must be established to enhance better coverage of the target market.

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