

Influence of Marketing Practices On financial Performance of Entrepreneurship: A Conceptual Framework

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Abstract: Despite the significance of marketing practice in business organisations the literature indicates very few studies have attempted to investigate the effect of marketing practice on the financial performance of entrepreneurship, this paper aim to investigate the impact of marketing practice on financial performance of entrepreneurship and proposed a research framework. Based on the review of literature and past studies, these paper reports marketing practice have influence on the financial performance of entrepreneurial activities. The finding of this study implies that, entrepreneurs need to cultivate strategic marketing practices to boost their financial performance. This study suggests that, a future study should test the relationship between marketing practices and financial performance of entrepreneurship from empirical perspective.

Keywords: Marketing Practice, Entrepreneurship, Financial performance

I. INTRODUCTION

Organisations need to develop, manage and leverage their marketing practices. Marketing practices can help organisation to achieve superior financial performance when competing with their rivals. As organizations that provide products and services, Entrepreneurship need to adopt marketing practices that will enable them to respond to the changing needs and expectations of their various stakeholders (Agyapong, 2015).

The literature indicates marketing practices are linked to organizational financial performance. As an important business practice, marketing has been identified as one of the determinants of organizational financial performance. Past findings indicated that marketing practices have a positive effect on the financial performance of organizations (Ozkaya et al., 2015). In addition, Subramanian and Gopalakrishna (2001) noted that marketing as a strong predictor of organizational financial performance.

Even though, marketing is considered as an important business practice that can affect the financial performance of organizations, there has not been much research focus on the marketing practices adopted by Entrepreneurship in Nigeria (Agyapong, 2015; Odhiambo et al., 2015).

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Even though, marketing is considered as an important business practice that can affect the financial performance of organizations, there has not been much research focus on the marketing practices and financial performance of entrepreneurship (Agyapong, 2015; Odhiambo, Kibera, & Musyoka, 2015). Therefore, as an area of study, there is still not much information as well as research on marketing practices from entrepreneurship outlooks. Based on the review of literature and past studies, these paper propose a framework that marketing practice influence on the financial performance of entrepreneurial activities. In doing this, the paper is presented in four sections. The following Section Two is literature review and proposed framework, section Three is discussion on the paper and final sections, section Four is conclusion of the paper.

II. LITERATURE REVIEW

Organisations need to develop, manage and leverage their marketing practices. Marketing practices can help organisation to achieve superior financial performance when competing with their rivals. As organizations that provide products and services, Entrepreneurship need to adopt marketing practices that will enable them to respond to the changing needs and expectations of their various stakeholders (Agyapong, 2015).

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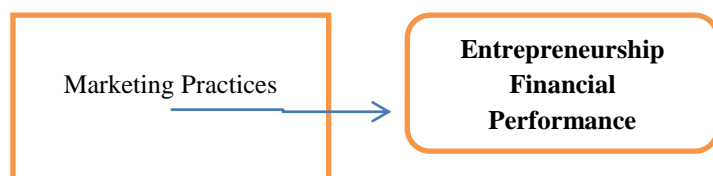
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In measuring the financial performance of an organization, it is necessary to identify as well as know its primary objectives. Organizations establish their primary objectives based on their business mission or the purpose they are created. Once the organizations have determined their specific objectives, they need to work on how best to achieve all of their objectives in a given period of time (Drucker, 1977).

Although the literature reveals that different organizations in different industries and countries tend to emphasize on different financial performance measurement, findings of past studies indicated that financial profitability and growth to be the most common measures of organizational financial performance. For instance, the earlier study by Nash (1993) claimed that profitability is the best indicator to measure whether an organization is performing. According to the author, profitability can be used as the primary measure of organizational success. Doyle (1994) further considered profitability not only as the most common measure of financial performance but also claimed that western companies primarily used profitability measures to determine the extent to which their companies are performing.

However, in the case of Entrepreneurship, practitioners and researchers agree that these firms need to adopt different measures of organizational financial performance. As social business, Entrepreneurship have both financial as well as social objectives. Given this, the financial performance of Entrepreneurship should be measured by using not only financial but also non-financial or social measures (Thomasa & Kumara, 2016). Entrepreneurship has different organizational objectives as compared to the commercial banks. Their organizational objectives are not only confined to financial profitability and sustainability but they also include social objectives such as social outreach as well as the impact of their loans on the lives of the poor people that borrowed from them. The need to measure the financial performance of Entrepreneurship by using both financial and social measures has also been supported by organizations such as the Consultative Group to Assist the Poor (CGAP), The Small Enterprise Education and Promotion Network (SEEP) and the impact network organization (Mustafa & Saat, 2013; Thomasa & Kumara, 2016). In addition, study by Fornell and Bookstein (1982) and Doyle (1994) and more recent studies by Jayashankar (2012), Subramanian and Gopalakrishna (2001), Odhiambo et al. (2015) and (Agyapong (2015) indicates that marketing practices have influence on organisational performance, based on this the following framework is proposed.



III. DISCUSSION

This study focused on marketing practice and financial performance of Entrepreneurship. Specifically, the objective of the study was to examine the influence of marketing practices on the financial performance of entrepreneurship. Based on the review of literature and past studies, a framework that indicated an influence of marketing practice on financial performance of entrepreneurship is proposed. This study is in line with the findings of early studies by Fornell and Bookstein (1982) and Doyle (1994) and more recent studies by Jayashankar (2012), Subramanian and Gopalakrishna (2001), Odhiambo et al. (2015) and (Agyapong (2015) that indicates the existence of positive relationship between marketing and organisational performance. The findings of the study further appear to concur with the general view presented in the literature that suggests the linkage between marketing practice and organisational financial performance.

IV. CONCLUSIONS

This study seems to demonstrate that practice of marketing in entrepreneurship will improve their financial performance. The financial performance of the entrepreneurship tend to be related to the marketing practices adopted by these institutions. As a whole, the findings of this study indicated that marketing practices are relevant and applicable to entrepreneurship as it is to large financial institutions as well as manufacturing sector. This study indicated that marketing practices such as Customers satisfaction focused, Improve on existing services, Offers new services, Differentiate services from competitors, Offers value, Reasonable interest rates, Marketing strategies implementation, Print media advertisement, Social media promotion, Internet marketing advertisement, Mobile advertising, Information through text messages to customers, Clients interaction promotion, Publicity promotion, SMS for approved loans, SMS for missed installment and, Mobile phone advertisement can influence the financial performance of Entrepreneurship. The finding of the study offers implications for the Entrepreneurs. The study is able to demonstrate that the marketing practice improves the financial performance of Entrepreneurship. This study suggests that, a future study should test the relationship between marketing practices and financial performance of entrepreneurship from empirical perspectives.

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