

Marketing Education: A Critical Factor in Reducing Unemployment and Entrepreneurship Failure in Developing Economies

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Abstract

Due to the increasing rate of unemployment among the youth, especially school graduates in many countries of the world (both developing and developed) and its resultant negative effects on the society, many countries now emphasize entrepreneurship training for their citizen as a means of reducing the unemployment problem. This is laudable especially for developing countries with high population but low level of industrialization. However, encouraging people to acquire vocational or technical skills in order to establish their own business can only provide permanent solution to unemployment if the entrepreneurs are well equipped with marketing skills to make their business relevant for a long period of time rather than a short period as statistics have shown that as high as 80% of small business fail during their first five years. The high rate of business failure would only compound the unemployment situation rather than solve it. Although there are many reasons why these businesses fail, but the writer is of the opinion that inadequate market research and planning resulting from little knowledge of marketing by business owners is mainly responsible for the failure of their businesses. This paper therefore discusses the meaning, functions, and importance of marketing in a business organization and recommends comprehensive marketing training for potential and current entrepreneurs as this is believed to be capable of reducing business failure greatly.

Keywords: *unemployment, Entrepreneurship, Vocational/Technical Skills, Marketing, Business failure.*

Introduction

As a result of the growing number of unemployed graduates in the society, many countries (both developed and developing) are emphasizing entrepreneurship training for their citizens as a way of reducing the unemployment problem in the society. However, encouraging people to acquire vocational skills to be able to establish their own businesses either in production of tangible goods or rendering of intangible services would be capable of providing permanent solution to unemployment problem if the citizens are well equipped with marketing skills to make their businesses relevant for a long time rather than a short period of time.

This paper therefore discusses entrepreneurship as a solution to unemployment problem and the critical role of marketing education in guaranteeing entrepreneurship success in developing economies.

Concept of unemployment

Unemployment is a situation where some people who fall within the ages of working population, capable and willing to work, are unable to obtain befitting work to do (Anyaele, 2003). The problem of unemployment is becoming chronic and without any solution in sight as the number of school leavers is increasing at a geometric rate yearly without corresponding increase in the number of organizations (private or public) that can absorb the school leavers. Thus, unemployment is a condition whereby willing and able-bodied persons are unable to get paid job as a means of livelihood.

Consequences of unemployment

Unemployment has always led to serious negative consequences in any country. These consequences include increase in crime rate, migration of people to seek for better life or greener

pastures elsewhere, reduction in investment, threat to peace and stability, high rate of dependency, wastage of manpower, and low standard of living.

As a result of the negative impact of unemployment on any economy, every responsible and responsive government would want to find solution to it. In Nigeria and many other countries of the world, entrepreneurship training in and outside the formal school system is encouraged. However, it has been observed that more emphasis is laid on the vocational and technical skills training without giving marketing skill acquisition the place of pride it deserves in the training of potential entrepreneurs in the school system, secondly. Secondly, most students think entrepreneurship is synonymous with small business management. With these observed shortcomings, the objectives of entrepreneurship training in our schools may not be achieved especially when the private sector is expected to become Nigeria's engine of growth.

Concept of entrepreneur and entrepreneurship

Many definitions of an entrepreneur abound in literature. According to Fernandez (2018) "an entrepreneur is a person who identifies a need and starts a business to fill that void". Business day dictionary.com (2018) defines it as "someone who exercises initiative by organizing a venture to take benefit of an opportunity and as the decision maker, decides how, and how much of a good or service will be produced". Banerjee (2012), describes an entrepreneur as "someone who mixes passion, innovation, and drive to turn a vision into working business". An entrepreneur is usually a sole proprietor, a partner or the one who owns the majority of shares in an incorporated venture. An entrepreneur is usually willing to risk loss in order to make money, and usually an employer of productive labour.

Entrepreneurship has been defined in different ways by many writers. Some of these definitions are: Cantillion (1734) in Wehrich, Cannice and Koontz (2008:409) defined it as 'self-employment with uncertain return'. Robbins and Coulter (2007:44) defined entrepreneurship as "the process of starting new businesses, generally in response to opportunities". The French economist say in Drucker, (1985:19) described entrepreneurship as shifting of economic resources out of an area of lower into an area of higher productivity and greater yield. Tijani-Alawe (2004:3) also defined an entrepreneur as "an independent, growth-oriented owner-operator". That is, entrepreneurship is the process of owning and operating growth-orientated ventures independently.

From the definitions above, certain themes are implied. First, entrepreneurship is about risk bearing. Secondly, it is the pursuit of opportunities, it is pursuing environmental trends and changes that no one else has seen or paid attention to. Third, entrepreneurship is innovation, it involves changing, revolutionizing, transforming, or introducing new products or services or new ways of doing business. Fourth, entrepreneurship is growth, entrepreneurs pursue growth, and they are not content for their organizations to stay small.

Roles of entrepreneurs and small-scale businesses in developing economies

Although entrepreneurship is not synonymous with small business, it is however, believed that entrepreneurs in most cases start their business on a small scale and develops it into a medium and large-scale business with time. Therefore, attention is paid in this paper to the starting point of entrepreneurs or businesses. Small business firms contribute to social and economic development of any nation. These contributions include as stated by Owualah (2005), Byrd & Megginson (2009) and Olawale (2017):

1. Transformation of traditional (indigenous) industry to giant modern corporations
2. Development and promotion of local technology
3. Mobilization and utilization of domestic savings
4. Employment creation for a large number of people
5. They mitigate rural-urban migration
6. Utilization of local resources (human and material)
7. Dispersal of economic activities
8. Production of specialized items in small quantity to meet current and diverse demands
9. Low patronage of imported goods

10. They ensure the supply of high-quality parts and components and intermediate products thereby strengthening the international competitiveness of manufactured goods
11. They provide training ground for unskilled workers
12. Development of local areas where such business is located.
13. They ensure the structural balance in terms of large and small industrial sector as well as rural and urban areas
14. They are effective in subcontracting with large enterprises
15. They enhance the standard of living of the populace.

Objectives of entrepreneurship course

In appreciation of the numerous ways small scale businesses have contributed to the social and economic development of the society, entrepreneurship course had been incorporated into the programmes of students in our educational institutions (Colleges, Polytechnics, and Universities) to equip our graduates (potential entrepreneurs) to start and successfully manage small and medium scale enterprises (SMES). The knowledge gained in the course is to encourage self-employment as a conscious and predetermined choice of occupation. The course encourages graduates to be job-creators for themselves and other people rather than being job seekers. Thus, apart from generating employment opportunities, there is reduced pressure on government and large firms for salaried employment.

Entrepreneurs are encouraged to be inward looking in sourcing production resources. This has dual linkage effects of rural development and import substitution and less pressure on foreign exchange.

The teeming youths as well as retired workers have opportunity to upgrade their welfare as well as contribute to national development and economic growth.

Small business failure

“According to statistics the world over, one out of every three new businesses has failed within the first year of operation, while as high as 80% of small businesses failed during their first five years” (Fatunla, 2000).

According to Owualah (2005), Channey (2016) and Schaefer (2018), Small scale business can fail for many reasons, some of the reasons include starting for the wrong reason, lack of differentiation (or unique value proposition), failure to advertise and market, (no website or no social media) wrong location, inadequate managerial skill, under-capitalization, high propensity toward risk, inaccurate record keeping, personal habit (financial indiscipline), psychological and physical stress, inability to cope with growth and competition, inconsistent government policy on small scale business due to political instability, obsolete technology, shortage of skills, inadequate market research and planning

Many businesses have failed because of the failure of the owners to carry out adequate market research and planning. The market research and planning answers the following questions:

- (a) What to produce?
- (b) Who to produce for?
- (c) When to produce?
- (d) How to produce?
- (e) How to get the goods to the market (buyers)?
- (f) What quantity to produce?
- (g) What price to sell?

If these questions are properly addressed, the risk of failure of any business would be greatly reduced as many of the problems that cause business failure would have been solved; hence the need for more emphasis on marketing education by our institutions (formal and informal) engaged in training entrepreneurs.

Meaning of marketing

Marketing deals with identifying and meeting human and social needs. One of the shortest definitions of marketing is “meeting needs profitably” (Kotler and Keller, 2009:5). Kotler (1988:11) also defined marketing as the “process of planning and executing the conception, pricing, promotion,

and distribution of ideas, goods and services to create exchanges that satisfy individual and organizational objectives". Stanton, Walker and Etzel (2001:6) defined marketing as "a total system of business activities designed to plan, price, promote and distribute want-satisfying products to target markets in order to achieve organizational objectives". Marketing is also described by Kotler (1984) as "the business function that identifies current unfilled needs and wants defines and measures their magnitude, determines which target markets the organization can best serve, and decides on appropriate products, services and programmes to serve these markets. Thus, marketing serves as the link between a society's needs and its pattern of industrial response".

These definitions have the following significant implications:

- **Focus:** The entire business activities should be customer-oriented. Customers' wants must be recognized and satisfied.
- **Duration:** Marketing should start with an idea about a want-satisfying product and should not end until the customers' wants are completely satisfied, which may be some time after the exchange is made.
- **Magnitude:** The size of the market (demand) must be measured to avoid over production or under production.
- **Satisfaction:** Exchange has to satisfy both customers and organizational objectives (i.e. symbiotic relationship must exist between the organization and its customers) Industries respond to society's needs identified by marketing.

In summary, the American Marketing Association offers the formal definition: "Marketing is an organizational function and a set of processes for creating, communicating and delivering value to customers and for managing customer relationships in ways that benefit the organization and its stake holders (Kotler and Keller, 2009:6). From this definition it is clear that marketing consists of some activities (functions and processes) that any entrepreneur should understand to be successful in business. The activities of functions involved in marketing process are discussed below.

Functions of marketing

Basic functions of marketing in an organization according to Nwokoye (2004:4-5), Bradley (2018) include:

1. Market research and sales forecasting

Marketing gathers and analyze data about demand, consumer wants, competition, government policies, new products and general changes in our social structure. This function underscores the fact that marketing begins even before the product is produced.

2. Product planning and development

Marketing advises on what to produce, the quality, style, design, brand name and packaging-all based on consumer and market research.

3. Pricing

Marketing plays a large role in setting prices whether at, above or below the competitor's prices, and in determining a system of discounts for the middlemen who handle the product

4. Selecting channels of distribution and middlemen

The proper channels-whether direct or indirect – though which the product will be distributed must be selected and the distributors, retailers and agents appointed to participate

5. Promotion (communication)

This is meant to create awareness as well as persuade buyers that the product will satisfy their needs. This function is performed by using such methods (tools) of advertising, personal selling, sales promotion and merchandising, publicity, public relations and direct marketing.

6. Physical distribution and warehousing

Marketing arranges for the physical handling of goods: storage, transportation and proper inventory management.

7. Credit management and financing

Credit is often used in serious business transactions where firms buy and sell on credit. In addition, various types of financing provide permanent as well as temporary capital for the marketing process.

8. Buying

This involves selecting from an assortment of goods, determining quantity and quality, selecting sources of supply and negotiating the terms of purchase. (This is sometimes called purchasing or procurement)

9. Personal selling

This is done through person to person contact. A large number of salesmen are engaged in outside sales work or in retail sales shops and market places. The sales force must be properly selected, trained and motivated to perform.

10. Post-sale transactions

Marketing must arrange to handle customer complaints after the sale, and provides for after sales service, especially for machines, equipment and consumer durable goods. This shows that marketing does not end with the ringing of the cash register.

If these functions are performed well and carefully by any business organization, the chance of failure would be reduced.

Apart from understanding the marketing functions, entrepreneurs must also be verse in product policy, stages of new product development, product life cycle and marketing strategies for each stage of the life cycle. Product classification and characteristics which definitely would influence its marketing strategy.

The entrepreneurs also need to understand the market and the marketing environment, the various forces in the micro environment (suppliers, intermediaries, customers, competitors, publics etc) and the macro environment (economic, political/legal, socio-cultural, demographic, technological and physical) factors.

Knowledge of concepts in marketing (production, product, selling, marketing and societal marketing concepts) should also be understood by entrepreneurs and the situation which each concept can be applied.

Entrepreneurs need to understand the controllable tactical marketing tools-product, price, place (distribution) and promotion that the firm can blend to get the desired response from the target market. This is popularly called the marketing mix elements or the “four Ps” of marketing. The entrepreneurs should also realize that the basic “four Ps” are not adequate when offering services, but additional “3Ps” (people, process and physical evidence) are required for successful marketing.

Knowledge of international marketing is also necessary for the entrepreneurs to take advantage of opportunities abroad

Importance of marketing in a business organization

The financial success of any business firm often depends on its marketing ability. Other business functions (finance, operations or production, accounting and personnel) would not really matter if there is not sufficient demand for products and services for the firm to make profit. Many companies have now created a Chief marketing Officer (CMO) position to put marketing on a more equal footing with other C-level executives such as the Chief Executive Officer (CEO) and Chief Finance Officer (CFO).

Marketing according to Kotler and Keller (2009) is tricky, but it has been the pivot of many prosperous companies worldwide. Large, well-known businesses, such as General motors, Kodak, Xerox, Guinness, have confronted newly empowered customers and new competitors; and have had to rethink their business models. Even market leaders such as Microsoft, Wal-Mart, Butel, Nike, and Coca-cola recognize that they cannot afford to relax. Jack Welch, General Electric’s brilliant former CEO, repeatedly warned the company “change or die”.

The success of any business firm hinges on making the right decisions by managers; but making the right decisions is not always easy. Entrepreneurs must make major decisions such as what features to design into a new product, what prices to offer customers, where to sell products, and how much to spend on advertising or sales. They must also make detailed decisions such as the exact wording or colour for new packaging. The companies at greatest risk are those that fail to carefully monitor their value offerings. They take a short term, sales-driven view of their business and ultimately, they fail to satisfy their stockholders, their employees, thier suppliers, and their channel partners, skillful marketing is a never-ending pursuit.

Marketing ensures efficient use of resources (or reduces wastage) since required goods and services are produced.

Marketing ensures customers satisfaction in terms of pricing, quality and availability of the needed products and services

Aggressive marketing practices have led to high material standard living in the society. Marketing links local communities to the outside world and acquainting people with the process of the exchange economy and promoting habits and attitudes appropriate to it.

Marketing serves as a key to the growth of the firm and the economy by making the right goods and services available at the right time and place at the right price.

In a highly competitive and dynamic economy, marketing is necessary for business success as “the two-fold goal of marketing is to attract new customers by promising superior value and to keep and grow current customers by delivering satisfaction” (Kotler and Armstrong, 2012:28)

Marketing education as a means of employment Generation

From the functions of marketing discussed above, marketing according to Gleeson (2018) “isn’t simply an important part of business success... it is the business. Everything else in the business depends upon marketing”. The various activities of marketing ranging from market research, product/operation, planning and development, distribution, promotion etc. are means of employment generation in the society.

The marketing industry provides excellent job opportunities for the youths and the experienced, creative or analytic. According to the Bureau of Labour Statistics marketing jobs will continue to have steady job growth in the coming years (Gleeson, 2018). Some of the best jobs in marketing include: Product manager, Digital Marketing Manager, Brand Marketing Manager, Marketing Director, Marketing manager, Communications Specialist, Marketing Specialist, Brand Ambassador, salesman, sales driver, sales technicians, etc.

Marketing Education provides opportunities to work with large business organizations in various capacities as mentioned above as well as equips someone with the required skills and knowledge to start one’s own business.

Conclusion and recommendation

If the rate of unemployment is to be reduced in the society in order to avoid its serious negative consequences, business entrepreneurs or business owners would only be encouraged if the products they offer are acceptable and demanded by the people to ensure their business or enterprise succeed and grow. This in turn can only be guaranteed if the entrepreneurs and their business organizations give marketing the right place in their business and they can only do this if it is inculcated into them during their entrepreneurship training and development.

Currently, apart from those who are in Business Education or marketing departments in our tertiary institutions, that offer many marketing courses, others undergo only a summary of marketing topics/activities as contained in the principles of small business management courses or introduction to entrepreneurship. This shallow knowledge of marketing, to the researcher is not adequate for successful entrepreneurship. Therefore, it is recommended that: entrepreneurs (current and potential) should be made to undergo comprehensive and detailed training in marketing as the deep knowledge of marketing by business owners and managers is likely to greatly reduce the risk of business failure in developing countries like Nigeria. The National Youth Service Corps orientation while in the camp and during the primary assignment should be used to inculcate and strengthen entrepreneurial (marketing) skills in our graduates so as to be productive immediately after the service year instead of seeking for jobs that are not available.

If this is realized then other objectives of entrepreneurship training programmes and contributions of entrepreneurs and small and medium scale businesses in the society would be achieved.

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