

A CRITICAL REVIEW OF MARKETING PRINCIPLES TEXTS FOR SMALL BUSINESS APPLICATIONS

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ABSTRACT

Academics are hard pressed to keep the body of knowledge current in marketing texts. Change is rapid and inevitable. And yet, despite this difficulty, most changes in the marketing profession are being reflected in a responsible and timely fashion. Examples include the huge increase in the service sector, international and global issues, ethics, applied learning techniques, and the impact of changing demographics. A serious exception is that this material is presented nearly exclusively from a perspective that includes just 3 percent of the businesses in the United States. Almost completely ignored is marketing for the small business sector--97 percent of all enterprises. Yet, most of our graduates will start their careers in small businesses. This paper explores the critical importance of marketing to small business, and reviews major texts for small business applications.

INTRODUCTION

Small business and entrepreneurial ventures have been a major source of economic strength in the United States economy, as well as in most countries outside our borders [Henkoff 1992] [Smith and Fox 1991]. While large businesses have continued to shed jobs, small and medium-sized enterprises have continued to create new ones.

Using a definition for small business as a company with fewer than 100 employees and sales of less than \$5 million [Bracker and Pearson 1986], over 97 percent of all enterprises in the U.S. fall into this category, and account for employment of over half of the labor force [Keats and Bracker 1988]. The U.S. Small Business Administration's (SBA) definition of small business as being all businesses with fewer than 500 employees would bring 99.6 percent of all enterprises under this definitive umbrella.

That small firms create a share of net new jobs which far exceeds their static share of employment [Kirchhoff and Phillips 1988] is true whether the definition of "small" is firms with fewer than 100 employees or fewer than 500 employees [Kirchhoff 1991, p. 102]. Birch's [1987] studies on the role of small business in job creation concluded that firms with less than 20 employees "have created about 88 percent of all net new jobs" in the 1980s [Birch 1987, p. 16]. The government's figures show the figure to be as high as 97.9% for 1986-88 [U.S. Small Business Administration 1991].

One of the reasons for the growth of small business in the world economy is that in the past decade, almost all of the industrialized nations have experienced major organizational and economic restructuring which eliminated a broad segment of middle management [Arzeni 1992]. As a result, many of the unemployed individuals have formed entrepreneurial undertakings, and it is these firms that are fueling the economies and much of the growth in business around the world.

Since most of the growth in jobs has occurred in small businesses, most of the employment opportunities that our graduates pursue are in small to medium-sized organizations. Unfortunately, our students are ill-prepared for the marketing perspective they will be facing in those small businesses. They are ill-prepared because we do not teach marketing from the perspective of small business; we teach our students that marketing is a function performed by a department of a large, bureaucratic, multinational corporation [Hisrich 1992] [Webster 1992]. Since most of our graduates will not be practicing marketing as we profess--according to the gospel of Proctor and Gamble--we need to carefully examine our discipline for relevance to small business applications.

Is Marketing Important to Small Business Success?

Small business owners/managers have little leeway for error in the management and operation of their firms. They seldom have deep pockets to cushion them from miscalculations and misjudgments; even small changes in the marketplace for which the firm is ill-prepared can spell disaster for the enterprise [Hisrich 1992].

Marketing, and the understanding of the marketing environment, is a critically important factor for success in small businesses, as supported by a number of recent studies [Mendelsohn 1991] [Ram and Forbes 1989] [SBA 1987]. In one study, sixty-eight percent of the respondents viewed the lack of a marketing plan as a frequently experienced problem [Weinrauch, Pharr, Mann and Robinson 1989]. In a recent industry-specific study, Stephenson and Kahle [1992] found that reaching and maintaining customers--the core activity of marketing--was the highest rated critical success factor out of twenty-five issues. Dodge and Robbins [1992] analyzed 364 Small Business Institute (SBI) reports and found that the most frequently cited problems, regardless of the life cycle stage of the small business, were marketing related. Savitt [1990] identified the choice of marketing programs as being among the five key factors that affect the survival of small, growing entrepreneurial firms. Additionally, respondents reported that of the five factors, the most difficult for them to deal with was marketing. Joniak's [1989] study of 530 small firms found that counselling on marketing or sales difficulties were the most often requested assistance programs. Reilly, Wychoff and Brock [1989] reported similar results, with marketing problems leading inquiries on other business assistance topics by a margin of nearly two to one. Kinsey, following up on a study of 800 small Scottish firms [1987], identified marketing as a major problem area in most of the firms that reported difficulties.

From this plethora of research, we conclude that the knowledge and use of marketing principles is seen as a very important ingredient to small business success, but one with which many small business operators are unfamiliar or uncertain.

Where is Marketing Education?

While increasing numbers of educators appear to recognize that some type of change in marketing education is needed, seldom heard is the call for a greater focus on marketing in small business. Educators have been asking for some kind of change, some kind of re-focus, but are virtually ignoring the importance of small business. For example, McDaniel and Hise's [1984] study of the opinions of over 230 chief executive officers in Fortune 1000 industrial firms, reported a slightly higher perceived importance for the teaching of product management and pricing skills over promotion and physical distribution. Stanton [1988], sounding an alert to the problems facing marketing education, called for restructuring of the marketing curriculum to place more emphasis on the implementation and evaluation of marketing, rather than continuing to focus on the planning of marketing programs. McNabb, Raymond and Matthaai [1989] found that owners and managers of service and manufacturing firms were concerned with what they perceived to be a lack of functional skills recent marketing graduates brought to the workplace; graduates knew what marketing was, but did not know how to apply their knowledge. In a recent examination of the changing role of marketing in the corporation, Webster [1992] called for a "complete restructuring" of marketing. He suggested we move from a focus on traditional, hierarchical organizations performing the function of marketing, to one of strategic alliances that are totally committed to customer satisfaction.

These illustrations point out that marketing educators, while recognizing that some change is needed in the discipline, suffer from a lack of consensus on what that change should be. We suggest that this lack of consensus exists because marketing educators are teaching a some what outdated discipline to our target audience. To test this hypothesis, we examined the tools we use to carry out our tasks: marketing principles textbooks.

REVIEW OF MARKETING TEXTS

As a starting point to a needed self-examination of the discipline of academic marketing for small business relevance, we examined twelve (12) of the leading Principles of Marketing texts that are used by Schools of Business in the United States. We looked for references to anything to do with

small business, including entrepreneurs and the Small Business Administration (SBA).

Overall, we found very little reference to small business. Of the twelve texts, five had no mention of small business whatsoever. For the seven texts that did contain material pertaining to small business, we found a total of about three pages of text from all seven combined. Although we did not run any statistical analyses on our findings, we suspect that three pages out of nine thousand (average 750 pages times twelve) would not be statistically significantly different from zero!

We feel this is inadequate coverage. The restructuring of the economy from a base of large, bureaucratic corporations to increasingly "right-sized" smaller, entrepreneurial firms, and the realization that over 97 percent of business are "small", are critical phenomena to marketing; these are factors that we, as marketing educators, must address immediately. Because of this omission in their texts, our marketing graduates are at best ill-prepared to apply their marketing knowledge appropriately.

In the past, textbook authors have responded to changes in the discipline as marketing has evolved and expanded. Authors have changed the Principles of Marketing texts to incorporate services and not-for-profit organizations, international and global issues, ethics and applied learning techniques (cases, videos, etc.). We advocate the same for small business coverage and applications.

What we see as needed is a major re-focus, not just the addition of another chapter at the end of the text, this one on "Marketing and Small Business." Each chapter throughout the text should present the material from the point of view of the small business operator, as well as the corporate manager. Examples and illustrations need to be focused on small business and entrepreneurial applications.

We do recognize that what we are advocating--the complete rewriting of entire texts--may be somewhat onerous, and perhaps risky, for any author. Therefore, as a first step, the addition of a chapter on small business may be most expedient, with future editions moving more towards the necessary, complete re-focus.

NEEDED: A RESEARCH AGENDA

As marketing educators, we cannot resign our responsibility for this required re-focus to the writers of our texts; we owe to our students, our discipline and to the small business owners and operators who might employ our graduates, the duty of taking an active rather than reactive role in this important process. We challenge the Western Marketing Educators Association, the American Marketing Association, Academy of Marketing Science and others to set a research agenda to address immediately 1) the clarification of similarities/differences in marketing in small and large businesses, 2) specify small business marketing applications that should be included in the Principles course, 3) designation of significant resources for a series of WME tracks or sessions over the next several years to encourage wide-spread participation in addressing these issues; and 4), arrange for a meeting or conference, jointly sponsored by the collegiate Small Business Institute Directors' Association (SBIDA), the United States Association of Small Business and Entrepreneurship (USASBE), and the Western Marketing Educators Association. The purpose of this joint meeting should be to clarify issues, establish research priorities, plan for future joint conferences, and possibly even to charter a journal which publishes research on small business marketing.

CONCLUSION

Some 47 percent of all new jobs in the United States from 1976 to 1990 were created by companies with fewer than 20 employees [Henkoff 1992]. However, the ability of small firms to continue to create jobs is now in serious question; they will need to become better able to function in today's difficult economic circumstances. Helping them to develop better marketing skills is one important way to jump-start the small business job-creating machine again; marketing educators should be better able than anyone to do this--provided we have the tools to do so.

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