The Relationship Between Entrepreneurship and Marketing in Established Firms

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THE RELATIONSHIP BETWEEN ENTREPRENEURSHIP AND MARKETING IN ESTABLISHED FIRMS

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EXECUTIVE SUMMARY

This article examines the relationship between entrepreneurial and marketing orientations of a firm. It is hypothesized that more entrepreneurial firms will also be more marketing oriented. Both orientations represent strategic responses to the turbulent environments faced by firms today. Further, marketing provides an effective vehicle for achieving entrepreneurship within the corporation. As some have argued, marketing is the home for the entrepreneurial process.

As a process, a firm's entrepreneurial orientation has three key dimensions: innovativeness, risk taking, and proactiveness. As such, it does not just apply to start-up ventures, but is an orientation that is applicable to organizations of any size. A firm's marketing orientation, on the other hand, refers to the size and consistency of its investment in marketing activities and people, and includes the firm's adoption of the marketing concept (i.e., a customer orientation).

An exploratory survey was developed in order to test the research hypothesis. A mail questionnaire was used to elicit responses from the chief operating officers in a random sample of 116 companies in Central Florida. The questionnaire consisted primarily of a 13-item summated scale to measure a firm's entrepreneurial orientation, and 22 separate items concerned with the firm's structure and policies in the marketing area, the sources of customer feedback it relies upon, and attitudes/perceptions regarding the impact of the marketing department.

The results provide support for the research hypothesis. Entrepreneurial scores for firms, determined by summing the 13-item scale, were higher for firms in which there was a formal marketing department, in which marketing professionals were in senior executive positions, in which marketing research is a regular activity, and where marketing is felt to play a major role in innovation and the strategic direction of the firm.

Based on these results, managers concerned about rekindling or maintaining the entrepreneurial spirit within the corporation may find it appropriate to begin by examining the firm's marketing

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orientation and operations. To what extent is the company structure, its reward systems, and the way in which its resources are allocated, reflective of an emphasis on marketing activities and customer satisfaction? Is the marketing function held accountable for the creation and management of innovative product/market opportunities?

Suggestions are also made for further research, and the study's limitations are denoted. Researchers are encouraged to devote efforts towards identifying whether the relationship between marketing and entrepreneurial orientations is causal, and in which direction. What variables may modify the nature of this relationship? Also, it is important to determine how a company's marketing and entrepreneurial orientations jointly and separately impact on bottom-line performance.

INTRODUCTION

"Entrepreneurship" has often been approached as a characteristic of an innovative, risk-taking individual attempting to achieve commercial success with a new venture. In recent years, the need to develop such personalities in larger, more established organizations has received considerable attention (e.g., Peters and Waterman 1982; Kanter, 1983; Foxall 1984; Drucker 1985; Pinchot 1985; Brandt 1986). Entrepreneurship can also be conceptualized, however, as a *process* or activity within the organization, distinct from specific individuals. As such, it becomes applicable to companies of all sizes and types (Miller and Friesen 1982, 1983; Burgelman 1984).

Approached in this manner, entrepreneurship is defined as the organization's willingness to encourage creativity, flexibility, and to support risk (Stevenson et al. 1985). It is a process of organizational renewal. Companies as large as A.T.&T., Exxon, and 3M have attempted to engender such a process to overcome the bureaucratic tendencies that come with bigness.

Recent years have also witnessed an increased emphasis on the marketing capabilities of firms (e.g., Michaels 1982). Companies are encouraged to adopt the "marketing concept," and to get "closer to the customer." Some have referred to marketing as "the new corporate priority" (*Business Week* 1983), while others have designated the 1980s as the "decade of marketing" (*Marketing News* 1984). Considerable attention has been focused on the customer-based market successes of such companies as IBM, Disney, and Boeing.

The concern with corporate entrepreneurship and the focus on marketing are not completely unrelated developments. Both represent responses to an increasingly complex and turbulent business environment. Both, it would seem, go hand in hand. The purpose of this research is to examine the relationship between the two, and to determine whether or not companies that exhibit a more entrepreneurial orientation will also tend to be more marketing oriented.

BACKGROUND

The growing interest in entrepreneurship as an organizational phenomenon is related to the increased vulnerability to environmental turbulence experienced in virtually all industries today. Many observers have noted that modern corporations face a faster rate of change and more complexity in their environments, compared to their predecessors (Emery and Trist 1965; Montgomery and Weinberg 1979; Ansoff 1979; Drucker 1980; Toffler 1980).

The environment of a firm is typically defined as everything outside the organization, including ". . . the knowledge base it must draw upon, the nature of its products, customers and competitors, its geographic setting, the economic, political and even meteorological climate in which it must operate and so on" (Mintzberg 1979, p. 267). The interest in environment corresponds with a realization that organizations typically do not operate as closed systems, independent of their environments, and are not always able to internally adjust so as to counteract discontinuities in their environments.

The traditional school of thought regarding environments holds that external change forces internal adjustment, which may or may not enable the firm to maintain any kind of status quo. Environmental turbulence, hostility, diversity, complexity, and dynamism represent causal influences, where organizational performance becomes a function of the organization's ability to buffer itself and adapt (Burns and Stalker 1961; Emery and Trist 1965; Thompson 1967; Lawrence and Lorsch 1967). Ansoff (1979, p. 36) explains

> The firm is rapidly losing much of its control over the environment. Part of this loss is caused by increasingly stringent controls and regulations. Another part is due to the new interconnectedness and complexity of the environment which make it increasingly difficult for the firm to foresee consequences of its own action, and also to anticipate key events and initiatives of others.

One might conclude, then, that organizations are at the mercy of their environments, and survival is a function both of their speed in responding to change, and their ability to establish defensive barriers to moderate the impact of significant environmental developments.

Although widely accepted, this is an overly passive and reactive point of view (Zeithaml and Zeithaml 1984). Certainly, organizations today do not have the kind of control over their environments as did, say, Carnegie, Rockefeller, Morgan, Ford, or Sloan. However, they can modify the environmental context within which they operate, as have IBM with computers, Citicorp with financial services, and Gannett with newspapers. Miles and Snow (1978) provide evidence of such environmental manipulation at both the industry and organizational levels. Correspondingly, successful companies are often the ones who *initiate* changes in technology, marketing, or organization, and manage to keep a lead in changes over competitors (Pinchot 1985).

This type of philosophy is the essence of entrepreneurship. According to Miller (1983), an entrepreneurial firm is one that:

> . . . engages in product-market innovation, undertakes somewhat risky ventures, and is first to come up with "proactive" innovations, beating competitors to the punch. A non-entrepreneurial firm is one that innovates very little, is highly risk averse, and imitates the moves of competitors instead of leading the way.

Entrepreneurship, in Miller's view, consists of three dimensions: innovativeness, risk taking, and proactiveness. In the same vein, Ginsberg (1985) approaches an organization's entrepreneurial orientation as the propensity of senior management to demonstrate aggressiveness, innovativeness, boldness, and expansiveness in decision making.

Accordingly, corporate entrepreneurship represents a *strategic* approach to the organization's environment, especially under conditions of turbulence. This is in contrast to the structural approach proposed by organization theorists (i.e., responding to environmental turbulence with more organic, flexible organizational forms). An entrepreneurial firm is one with decision-making norms that emphasize proactive, innovative strategies that contain an element of risk. Entrepreneurial activities become a natural and intregral part of the strategic process (Burgelman 1984). The firm attempts to reconceptualize the strategic parameters within which it and competitors currently operate, leading to entirely new combinations of productive resources and market potentials (Murray 1981).

Miller and Friesen (1982), in a study of conservative and entrepreneurial firms, found significantly higher degrees of environmental hostility and heterogeneity in the latter. They also found significant differences in a variable called "consciousness of strategy," which is the degree to which strategies have been explicitly considered and deliberately conceptualized. It appears that managers in conservative firms spend more of their time on nonstrategic issues, and tend to "muddle through" in terms of corporate strategy. Further, despite the threatening nature of their environments, entrepreneurial firms experienced significantly higher growth rates.

Separately, Miller and Friesen (1983) have demonstrated a significant relationship between environmental dynamism, hostility, and heterogeneity and the amount of proactive, risk-taking, and innovative behavior in successful firms, but not so in unsuccessful firms (see also Miller 1983). Also, as environmental dynamism and hostility increase, successful firms demonstrate a stronger tendency to devote efforts toward strategic analysis.

Given these findings regarding entrepreneurship as a strategic approach to the environment, we turn now to the role of marketing. The traditional product and sales orientations of firms gave way, by the 1960s, to a recognition among many companies of the need for a customer orientation. The 1970s brought extensive environmental turmoil, and with it, an emphasis on strategic planning. This period also produced a recognition of the fact that, of all the functional areas within a business, marketing is probably the most susceptible to environmental influences. Khandwalla (1977) points to marketing activities as a principal mechanism for dealing with the uncertainty inherent in turbulent environments. These activities must be approached within the context of marketing as an orientation, or philosophy. Jain (1983) argues that it is only through marketing inputs that perspectives regarding changing social, economic, political, and technological environments can be effectively incorporated into the planning and development of corporate strategy. In the same vein, Buzzell explains that, "If you have to change how to compete, then all of a sudden marketing is a very important function" (*Business Week* 1983).

The ongoing debate regarding the nature and scope of the discipline has produced at least one general conclusion: marketing is concerned with the facilitation of exchange processes between organizations and their environments. This facilitation generally takes the form of marketing mix activities, such as advertising, pricing, or personal selling. Zeithaml and Zeithaml (1984) have suggested that marketing should be further conceived as a proactive undertaking whose aims are to affect and manage change in the external environment. The marketer, accordingly, strives to redefine the product and market context within which the organization operates, rather than merely choosing a strategy within a given environment. These authors provide a typology of marketing strategies which incorporate such a perspective. Approached in this fashion, marketing can serve as a medium or means to achieve corporate entrepreneurship.

This is in contrast to the more typical conception of marketing, which emphasizes market research, forecasting, competitive intelligence, and formal market plans which serve to uncover existing threats and opportunities in the current environment. Theory and practice tend to focus on product differentiation, extensive market segmentation, and sophisticated positioning analysis (Bennett and Cooper 1979; Hayes and Abernathy 1980; Murray 1981). Correspondingly, Webster (1981) has identified a major concern on the part of chief executives that their marketers must become more innovative and entrepreneurial than is currently the case.

Murray (1981) argues that marketing is increasingly the home for the entrepreneurial process in organizations. Consistent with the analyses of such social commentators as Toffler

(1980) and Naisbitt (1982), he foresees a move away from a concern with mature product markets, and a renewed focus on inventing new product markets and educating customers in the use of the consequent goods and services. He concludes (p. 96):

> of all the areas of technical and professional expertise within the firm, marketing is uniquely equipped and indeed should feel uniquely responsible for analyzing environmental evolution and translating its observations into recommendations for the redesign of the corporate resource base and its product-market portfolio.

RESEARCH HYPOTHESIS

To the extent that corporate entrepreneurship and an emphasis on marketing represent successful means for responding to the changing nature of the business environment, it would seem reasonable to expect them to be related developments within the corporation. This is the central theme of a recent book on corporate innovation by Foxall (1984; see also Rothwell 1980; Maidique 1984). Organizations that demonstrate a stronger entrepreneurial orientation should also be more marketing oriented. This is especially true to the extent that the marketing function is increasingly charged with identifying or creating new product-market opportunities, as opposed to harvesting mature product lines.

H_0: There is no relationship between the entrepreneurial orientation of the firm and its marketing orientation.

H_A: Companies that are more entrepreneurial will demonstrate a significantly greater marketing orientation.

MEASURES

We have defined entrepreneurial orientation as the propensity of a company's top management to take calculated risks, to be innovative, and to demonstrate proactiveness in their approach to strategic decision making. Using these three dimensions, a 13-item scale was developed based on scale development work in this area by Miller and Friesen (1983), Khandwalla (1977), and Ginsberg (1985). The measure included the following:

1. Rate of new product/service introduction.
2. Changes in methods of production or delivery.
3. Seizing chancy growth opportunities.
4. Aggressiveness in dealing with competitors.
5. Seeking unusual or novel solutions to problems.
6. Emphasis on R&D, technical leadership, and innovation.
7. Active search for big opportunities.
8. Bold decisions despite uncertainties.
9. Rapid growth as dominant goal.
10. Cautious, pragmatic adjustments to problems.
11. Decisions as compromises of conflicting demands.
12. Steady growth and stability.
13. A charismatic leader at the top.

Respondents characterized the extent to which each of these items was descriptive of their organization using 7-point scales. Results were summed across these items for each respondent, generating an entrepreneurial score with a range from 13 to 91. Separately, respondents were asked to rate the overall entrepreneurial orientation of their firm on a 7-point scale.

The marketing orientation of a firm is a construct that has resisted precise measurement. Indicators have included: the presence and scope of a marketing research function; the use of customer surveys prior to new product development; the placing of responsibility for new product development in the marketing department; the percentage of management level personnel with marketing experience; the identity of the department(s) responsible for various marketing activities; and the title, organizational status, and committee memberships of the senior marketing executive (Hise 1965; Barksdale and Darden 1971; McNamara 1972; Lawton and Pasuraman 1980). Others have suggested that it is not so much a question of large investments in marketing activities as consistency in these investments over time (Weber 1983).

Using a similar approach, a total of 22 items were developed to determine the marketing emphasis within a firm. These were divided into three categories: organization structure and policies, sources of customer feedback and attitudes/perceptions. The attitudinal questions were concerned with marketing's impact on the overall strategic direction of the firm, and its role as a source of creativity and new ideas. These items were evaluated individually, as there was no real justification for collapsing them into a composite measure, as with entrepreneurship. However, an index was created by summing the total number of marketing-related activities, structures, or attitudes reported by a respondent. Twenty-one of the questions regarding the marketing orientation of the firm could be put into dichotomous form (e.g., have/don't have a marketing research group or department; marketing does/does not have a significant impact on the strategic direction of the firm), and given a value of 0 or 1 (see Table 2). Relating the individual items to the research hypothesis, then, it was generally expected that firms in which marketing played a bigger role in the structure, policies, resource allocation, and strategies of the organization would tend to have significantly higher entrepreneurial scores than firms where marketing played a lesser role.

METHODOLOGY

To examine the relationship between corporate entrepreneurship and marketing, a survey was designed consisting of the measures above. Company descriptive data was collected separately as a means of limiting the length and threatening nature of the survey. Chief operating officers from a random cross-section of 200 companies in the Orlando SMSA were sent a personalized letter and questionnaire following prenotification by telephone. A follow-up telephone call was also placed. Companies all had at least 100 employees. This was felt to be a level at which the organization would have made the transition from a creative, innovative, infant venture to one characterized more by professional managers, functional specialization, multiple levels of management, and a formal system of policies and controls (Greiner, 1972; Adizes 1978; Smith and Miner 1983). The literature on organizational life cycles suggests that the entrepreneurial nature of the firm diminishes as it evolves through various growth stages.

The questionnaire was pretested with 25 middle level managers who were not part of the sampling frame to ensure clarity and comprehension, and to gauge average completion time (approximately 15 minutes). Minor revisions were made in question wording and order as a result of the pretest.

A total of 116 usable questionnaires were returned, for a 58% response rate. One-third of responding companies had between 100 and 150 employees, one-third between 151 and 420, and one-third had more than 420. Approximately 60% principally sold products, while 40% were service providers. Sixty-five percent were industrial, while 35% produced consumer goods and services.

RESULTS

Entrepreneurial Orientation

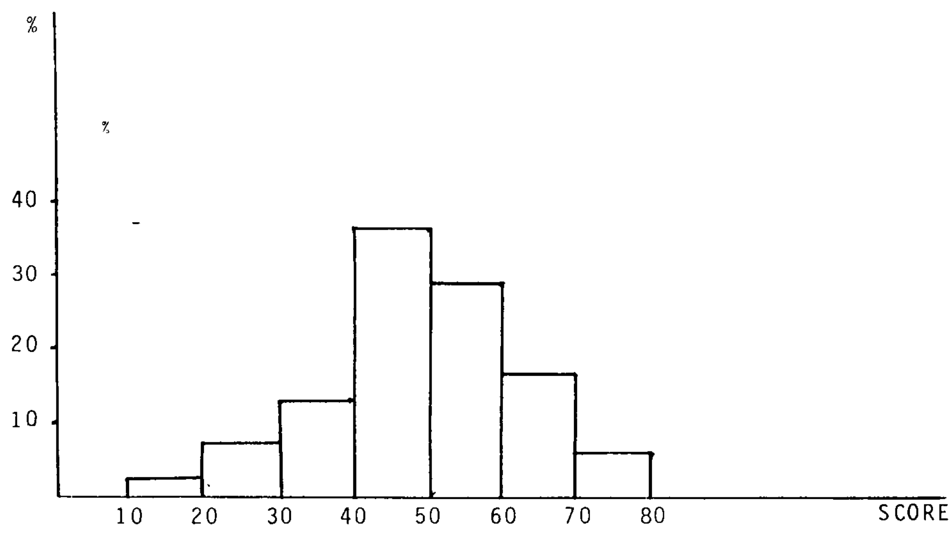
To assess the internal consistency of the 13-item entrepreneurial orientation scale, Cronbach's alpha was run. A reliability coefficient of .765 resulted. Subsequent item analysis revealed that the question regarding the presence of a charismatic leader at the top of the organization detracted from the scale. Upon its deletion, a coefficient of .789 was produced, which exceeds Nunnally's (1978) critical value. Further analysis was done without this item, which is consistent with recent suggestions in the literature that the leader's personality may not be critical for entrepreneurship. Perhaps more relevant is the fact that survey respondents were senior operating officers in their firms.

A confirmatory factor analysis was used to determine the underlying dimensions of the scale. A varimax rotation of the initial factor structure identified two main factors, one of which appears to capture both innovation and proactiveness, with the other representing a risk-taking dimension. All 12 of the items loaded significantly on one of these two factors.

In addition, the entrepreneurial scale was correlated with the question that asked respondents to provide an overall rating regarding how entrepreneurial their firm appears to be. The result was a significant positive correlation of .523 at the .001 level.

The distribution of entrepreneurial scores is illustrated in Figure 1. As can be seen, the distribution is somewhat bell shaped, with a mean of 49.81 and standard deviation of 11.16. It is skewed to slightly favor the high end of the scale, which is probably a reflection of some inflation in judgements, given that this was a self-report measure.

FIGURE 1 Distribution of corporate entrepreneurial scores. Possible range 13–91; low score = 16; high score = 79; mean score = 49.814; standard deviation = 11.162; Chronbach alpha = .789.



Marketing Orientation

The relative emphasis on marketing is illustrated in Table 1. In terms of the organization's structure and policies, it appears that the presence of a marketing department, the use of marketing consultants, and the establishment of a vice-president level position for marketing were the most common ways in which marketing was emphasized, while marketing research departments and the tendency to segment markets were much less common. The over-

TABLE 1 Extent of Marketing Emphasis in Respondent Firms

	Percent yes
Structure and Policies	
Have a marketing department	77
Employ marketing consultants	61
Have a marketing vice-president	58
Prepare annual written marketing plan	57
Have product managers	56
Regularly perform marketing research	54
Have a new product development department	50
Have a marketing research group or department	45
Utilize market segmentation and targeting	42
Highest-ranking marketing person:	
Chairman	2
President	6
Senior Vice-President	19
Vice-President Marketing	44
Marketing Manager	11
Sales Manager	7
Other	9
Marketing people are hired:	
Internally	35
Externally	31
Both	33
Sources of Customer Feedback	
Informal feedback (e.g., through salespeople)	95
Complaint/service department	58
Formal questionnaires/surveys	49
(800) number	26
Suggestion box; mail-in card	25
Attitudes/Perceptions	
Marketing/sales is area where creativity, new ideas, and new approaches are most important.	64
Marketing/sales is area that demonstrates most entrepreneurial orientation.	46
Marketing/sales generates most new product/service ideas	41
Impact of marketing department on overall strategic direction of firm:	
Major impact	45
Some impact	24
Little or no impact	4
Have no marketing department	23

whelming number of respondents rely on informal feedback via salespeople to keep abreast of their customers, while more than half have a complaint-handling or service department, and a little under one-half formally survey their customers. Attitudinally, about two-thirds of respondents felt that marketing is the area in their firm where creativity and new approaches are most important, while slightly under half saw marketing as the most entrepreneurial department or believed that this department had a significant impact on the overall strategic direction of the firm.

In examining the index in which these items were given 0, 1 values and summed, a range of values from 0 to 21 was possible. The higher the sum, the more we have a rough indicator of how marketing oriented the firm appears to be. The mean score was 13.2, with a standard deviation of 3.214. The distribution is presented in Figure 2.

Test of Hypothesis

A series of t-tests were run to determine if significant differences existed in the entrepreneurial scores of firms in which marketing appeared to receive greater emphasis. These results are summarized in Table 2.

It appears that the entrepreneurial orientation of the firm differs significantly at the .10 level with whether or not the firm has a marketing department, employs marketing consultants, has a marketing vice-president, regularly performs marketing research, has a marketing research department or group, has a new product development department, and whether or not senior management has a marketing background. These differences were in the direction hypothesized. In terms of customer feedback, only the use of an (800) number was significant. In the attitude area, companies in which marketing generates the most new product/service ideas, and companies in which marketing is felt to have a significant impact on the strategic direction of the firm tend to be more entrepreneurial.

FIGURE 2 Distribution of marketing activity scores.

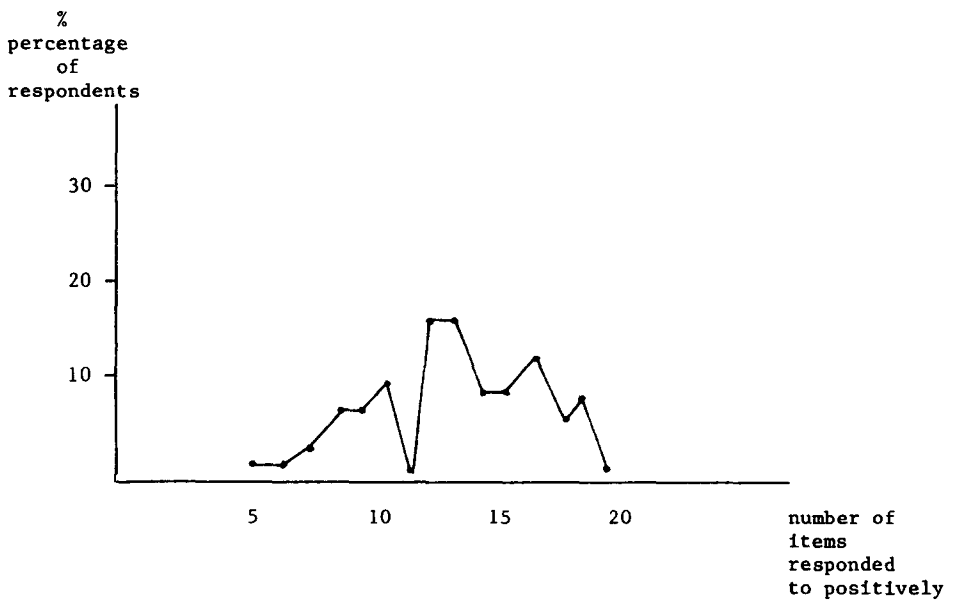


TABLE 2 Results of Tests for Differences in Entrepreneurial Scores

	Significance
Structure and Policies	
Have/don't have marketing department	.016[a]
Employ/don't employ marketing consultants	.070[a]
Have/don't have marketing vice-president	.003[a]
Prepare/don't prepare annual marketing plan	.447
Have/don't have product managers	.211
Perform/don't perform regular marketing research	.001[a]
Have/don't have new product development department	1.04[a]
Have/don't have marketing research group or department	.018[a]
Use/don't use market segmentation and targeting	.498
Highest marketing person at executive/manager level	.203
Senior management background is marketing/nonmarketing	.002[a]
Customers are commonly/rarely a source of new product ideas	.001[a]
Sources of Customer Feedback	
Rely/don't rely on informal market feedback	.418
Have/don't have complaint or service department	.271
Use/don't use formal surveys	.668
Have/don't have (800) number	.018[a]
Have/don't have suggestion box/mail-in card	.493
Attitudes/Perceptions	
Area where creativity and new ideas are most important is marketing/nonmarketing	.518
Area that demonstrates most entrepreneurial orientation is marketing/nonmarketing	.553
Area that generates most new product or service ideas is marketing/nonmarketing	.091[a]
Impact of marketing on overall strategic direct firm is major/insignificant	.001[a]

[a] Significant difference at .10 level

Using these ten significant items as independent variables, a dummy variable regression analysis was performed on the entrepreneurial orientation score. The forward stepwise algorithm permitted three of the variables to enter: the impact of marketing on the strategic direction of the firm, the presence of senior management with a marketing background, and the use of an (800) number. Each of these was significant at the .007 level, and resulted in an R^2 of .21.

The relationship between the entrepreneurial score and the marketing orientation index was examined using Pearson's correlation. A positive coefficient of .238 was produced, which is significant at the .028 level.

DISCUSSION

The results provide some initial support for the research hypothesis. Companies that score higher in terms of entrepreneurial orientation also tend to be more marketing oriented. Not only do they have a formal marketing department, they also have marketing professionals in senior executive positions. Marketing research is emphasized as a regular activity, and customers play a meaningful role in product development. Marketing departments in entrepreneurial firms tend to be a key source of direction in terms of innovation, and tend to significantly impact upon the strategic direction of the firm.

These results might suggest that conservative firms attempting to become more entrepreneurial will find the marketing function to be an effective vehicle for achieving such a move. This is not to say that entrepreneurship is an end in itself. Rather, it is a form of insurance against environmental turbulence, or a safety valve for releasing the internal tensions that mask the creative capabilities of those in the organization (Burgelman 1983). To effectively incorporate entrepreneurship, organizations must have top managers who perceive a need for entrepreneurship, and operational level personnel with the skills necessary to exploit entrepreneurial opportunities. The marketing function would appear to be an important bastion of such personnel.

Marketing's role in a firm is largely a consequence of the corporate structure and policies established at the top. Marketing departments must be charged with responsibility for more than market analysis, advertising, and sales. Rather, marketers should be held accountable for the creation and management of innovative product market opportunities. This suggests a department integrally tied into the product and service development process. Further, entrepreneurship implies commercial success. Thus, it may be appropriate to make marketing a profit center, with specific objectives for new products and markets. Employee reward and measurement systems should reflect an emphasis on customer satisfaction over time.

The skills of those in marketing need to reflect the entrepreneurial dimensions of innovation, risk-taking, and proactiveness. Marketers must not only have the insights necessary to understand customers, but to further translate developments in the technological, economic, social, regulatory, and competitive environments into commercially viable product and service concepts.

It should also be noted that a marketing orientation extends beyond the specific functions provided by the marketing department. It is a customer orientation that, arguably, would guide the operations of production, purchasing, R&D, finance, personnel, and other functional areas. Adoption of this orientation company-wide should further serve the interests of entrepreneurship. As emphasized by Zeithaml and Zeithaml (1984, p. 52), "Marketing is a significant force which the organization can call upon to create change and extend its influence over the environment."

LIMITATIONS AND RESEARCH NEEDS

In noting the scarcity of research, conceptualizations, and frameworks, Brockhaus (1983) has identified four major streams of research in the literature on entrepreneurship. The present article falls into a stream labeled the "processes of entrepreneurship at the level of the firm." Brockhaus explains (p. 17) that this area "appears to be emerging from the incubator stage to one where research questions are becoming stated more clearly and research designs are becoming more methodical." He cites a pressing need for stating propositions more precisely and in testable form, and for studies that examine relationships among key constructs.

While this study makes some progress in these areas, its exploratory nature suggests a number of limitations. For example, the cross-sectional nature of the sample permitted greater representativeness of the population of interest, but ignored potential differences among different types of industries. Further, the focus on companies in the Orlando SMSA poses a potential limitation on the generalizability of the results to companies in general.

In terms of the measures, the marketing orientation of the firm has always resisted quantification. While composite measures used herein cover a wide range of marketing activities, simply performing such specific activities is not a guarantee that a firm is actually marketing oriented. This suggests a potential validity problem. Also, placing equal weight on each of the marketing measures may not be completely appropriate.

Another possible problem concerns the overall design itself. Specifically, by focusing on the marketing efforts of a firm, it would seem that we are implicitly assuming that marketing is more important and/or will be more related to entrepreneurship than other functional areas. Yet, other functions are not studied for comparative purposes. This was not feasible, however, due to questionnaire length problems.

Despite such limitations, the results of this study provide some direction for further research. The limitations themselves suggest a need for further work in the area of scale development and in assessing differences among various types of firms (e.g., size, age, technology, growth rate) and industries regarding the roles of marketing and entrepreneurship. In addition, efforts should be undertaken to identify whether other, nonmarketing, functional orientations are related to a firm's entrepreneurial orientation.

Having established a relationship between a firm's marketing orientation and its entrepreneurial orientation, it becomes important to determine whether these two simply covary, or if one actually causes the other. There may also be a number of variables that modify this relationship, or make it spurious. These warrant examination. Perhaps the most important of these, in light of our background discussion, is the nature of the environment faced by the organization.

Finally, research should be directed at determining how the relationship between these two company orientations impacts upon company performance. While some attention has been paid to the effect of investment in marketing activities on profitability (e.g., Gardner 1983; Weber 1983), the nature of the interrelationship between marketing and entrepreneurship has not been related to a company's bottom line.

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