

# Reached your entrepreneurial limit? Hire a marketer, study suggests

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Entrepreneurs who find themselves in over their heads could be better off hiring specialists than investing to improve their own skills, according to a study from researchers at The University of Texas at

Austin and the World Bank.

Stephen J. Anderson, assistant professor of marketing at the McCombs School of Business, joined David McKenzie, a World Bank lead economist, to compare the effectiveness of four interventions—training the owner, consulting, outsourcing an expert and insourcing a worker—in helping businesses overcome what the researchers dub "the boundary of the [entrepreneur](#)."

"All of these interventions work in different ways, but the insourcing and outsourcing interventions tend to provide the biggest bang for the buck," Anderson said. "They also lead to good sales, profit and performance gains down the road. Hiring a marketing specialist proved especially critical."

The findings appear in the *Journal of Political Economy*.

The researchers said [entrepreneurs](#) are wise to recognize their own constraints and take action, as successful entrepreneurs realize early on that they cannot be "a jack of all trades" and still achieve rapid growth. A standard approach is to train the owner in these skills, but Anderson wondered whether the entrepreneurial boundary could also be overcome by hiring specialists in marketing and sales or in finance and accounting.

The research is embedded in the Growth and Employment project, a multiyear government program in Nigeria funded by the World Bank. While helping grow companies and improve employment worldwide, the program also allows researchers to conduct purer empirical tests, measuring the true effect of a specific [business intervention](#) more accurately than is possible in studies conducted in the U.S. For this study, researchers randomly assigned Nigerian entrepreneurs to a [control group](#) or one of the four interventions, providing subsidies to hire specialists and helping to screen the service providers for quality.

Through audits and management surveys, the researchers then tracked the companies' financial performance and [business practices](#) for the next two years to see which approach worked best.

Of those entrepreneurs assigned to the insourcing or outsourcing groups, 80% chose to hire specialists with skills in marketing and selling.

"If you don't have money coming in, then you don't have a business," Anderson said. "So, intuitively, it makes sense, and these entrepreneurs maybe thought the same way."

Insourcing and outsourcing this kind of business expertise improved companies' product innovation and expanded their digital marketing footprints on social networks. As a result, companies saw higher sales and profits.

The study also informs governments and organizations about how best to help entrepreneurs in developing countries, Anderson said. Without access to financial and marketplace support to make the right hire, small businesses may be stunted.

"We now know that facilitating access to skilled specialists helps owners move beyond the entrepreneurial boundary and grow their businesses," Anderson said.

**More information:** Stephen J. Anderson et al, Improving Business Practices and the Boundary of the Entrepreneur: A Randomized Experiment Comparing Training, Consulting, Insourcing, and Outsourcing, *Journal of Political Economy* (2021). [DOI: 10.1086/717044](https://doi.org/10.1086/717044)

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