

THE EFFECT OF PRICING STRATEGIES ON PERFORMANCE OF SOCIAL STARTUPS: AN INVESTIGATION OF ROLE OF PRICING CAPABILITY.

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Abstract

Social entrepreneurship is gaining popularity across the globe and, consequently, countries are rising up to foster and support them. In Ghana, the social enterprise ecosystem is of considerable maturity and, consequently, there are a great number of startups in the country. Moreover, there is considerable visibility and support for social startups in the country. Social startups, in contrast to commercial startups, are an area that is presently under-investigated from an empirical standpoint. Also, "for-profit" social startups have not received much research attention with regard to the impacts to their performance. Moreover, financial aspects, such as pricing of their services and products, have also not received much research scrutiny. Considering that pricing has a significant impact on an organization's performance, this study investigated the impact of two aspects of pricing, namely pricing strategies and pricing capabilities, on the performance of social startups. Using a sequential exploratory mixed method design further enhanced in context by a case study, the study found that there was a significant relationship between pricing strategies and pricing capabilities. Again, pricing strategies and pricing capabilities were each related to startup performance, startup characteristics, and owner characteristics using multiple regression. In addition, pricing capabilities were found to positively mediate the relationship between pricing strategies and social startup performance. Also, the relationship between the pricing strategies and performance of social startups was found to be moderated by the characteristics of social startup owners.

Keywords: social startups, pricing strategies, pricing capabilities, startup performance.