

# **Walking a Tightrope**

## **Women Entrepreneurs on the Pricing Decision as a Delicate Act of Balancing Inner and Outer Forces**

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## ***Women entrepreneurs on the pricing decision as a delicate act of balancing conflicting inner and outer forces***

### **Abstract**

This paper is a pilot study on the rationales for pricing decisions among a group of female entrepreneurs. For the purpose of avoiding pre-determined categories and allowing novel ideas and concerns to emerge, a focus group methodology was employed. Unlike the dominating literature on the subject which sees pricing as a rational decision based on costs, customer value and competition, this study suggests that both contextual factors and psychological factors are important. Important contextual factors were culture, regional characteristics and gender. Important psychological factors were sense of fairness, morals, identity, self-image, need for confirmation and self-confidence.

### **Introduction and Purpose**

This is a pilot study on how a group of female entrepreneurs determine prices. The pricing decision is of utmost importance for the growth and sustenance of newly founded firms. Very little is however known about on which rationales the pricing decisions rest. Studies being done so far suggest that the decision might not be handled in a "professional" way, that is, according to one of the ways suggested by the normative literature. These are basically either cost-based pricing, customer value pricing or pricing based on competitors' prices.

This suggests two things. First, there is a need to develop theory. We need to further our understanding on how entrepreneurs actually reason on this issue. If entrepreneurs set prices based on other factors than cost, customer value or competitors, what are these? Are these factors specific to the pricing decision per se independently of context, or are they situational and vary between contexts? Second, improved theory in this field should have a bearing on recommendations for practice. Are any of these factors relevant and efficient and to be included in recommendations on how to price your product or service? Are any of these factors detrimental to the success of the firm, and do we need to raise the awareness level about these factors in order to avoid their bearing on price?

The purpose of the paper is exploratory. By listening to how a group of entrepreneurs reason around the pricing decision we want to collect ideas and input for further research on this issue. We have chosen to do this study in a focus group, that is, we have gathered six business owner-managers for a very loosely structured conversation around the pricing decision. Focus groups are widely used in marketing research but they are so far an under-used tool in social science research. An additional benefit of the research design is therefore to test this method for the purpose at hand. Since the method is unusual, we have chosen to describe it in some detail, both in theory and from our experiences from using it.

## Theories About the Pricing Decision

Prices are considered a determining factor in economic systems and to be of vital importance to both producers and consumers (Diamantopoulos and Mathews, 1995). In the words of Fitzpatrick (1964, p. 18) prices "furnish the guideposts which indicate how resources shall be utilized". Even if imperfections and rigidities in economic systems seldom allow the price mechanism to function with the elegance and effectiveness of Adam Smith's invisible hand, prices are thought of as performing three macroeconomic functions: allocative, stimulating and distributive (Diamantopoulos and Mathews, 1995).

Also at the firm level, a number of authors have highlighted the significance of price (Fog, 1994, Diamantopoulos and Mathews, 1995 and Fletcher & Russell-Jones, 1997).

*The way in which a firm prices its products or services holds the key to its success or failure.*

Cunningham & Hornby, 1993, p 46

Pricing, at this level, is considered important as one of the key elements of the marketing mix. As such it is suggested that the important thing is that pricing is in conformity with the other mix elements; product, promotion and distribution. In the accounting literature emphasis is put on the need of knowing the real costs of a product to be able to make the correct pricing decisions (Johnson & Kaplan, 1987 and Horngren, Foster & Datar, 1998).

There are a number of writers stating that pricing is a function that lacks professionalism in many firms.

*...it has been pointed out that "pricing is the least rational of all decisions" (Walker, 1967, p 38), that "many firms do not thoroughly plan their pricing decisions" (Gultinan and Paul, 1985, p. 212) and that "the skills and analyses which are often used in practice do not approach the professional orientation used in the management of advertising, sales promotion or personal selling" (Staudt and Taylor, 1965, p. 450).*

Diamantopoulos & Mathews, 1995, p 7

Diamantopoulos & Mathews (1995) argue that not much is known about price formation at the firm level. Their own strategy of understanding pricing issues at this level is to adopt a contingency approach that enables them to take contextual factors into consideration. Contingency variables in their study are defined as "situational factors that provide only limited or indirect opportunities for manipulation or control by the firm" (ibid. p.26-27). Examples of such factors to take into consideration would be number and type of competitors, market growth rate, product differentiation in the market and forms of competition with the ensuing role of price.

In discussions of small firms, poor pricing has been suggested as one of the most common causes of business failure (Stevens, 1986; Pech & Mathew, 1993). Some writers have shown that small-firm pricing is rather simplistic (Skinner, 1970, Hankinson, 1990 and Maynard, R. 1997) while others have concluded that small-firm pricing is flexible and not limited in scope (Haynes, 1962 and Cunningham & Hornby, 1993). Cunningham & Hornby (1993) reports that although costs were the first factor to be taken into account in pricing

decisions by the majority of the small firms included in their study, the calculation of costs was only half the story. The most common consideration was the value for the customer. Few small companies appeared to be concerned about the prices of their competitors.

*Ultimately, while the initial calculation of price may not be highly sophisticated, in keeping with Skinner's results (while apparently unaware of them), small business pricing appears to be highly effective, being more demand oriented and flexible than has previously been supposed.*

Cunningham & Hornby, 1993, p 55

As a contrast, it was shown in a study of large manufacturing companies in the U.S., that cost-based pricing dominated and that there were only slight indications of a movement from cost-based pricing to market or target-cost pricing (Shim & Sudit, 1993). The difference might however be due to cost-based pricing being close at hand in manufacturing firms since the material content is higher. In Cunningham and Hornby's (1993) discussion regarding pricing in small firms, cost based pricing was more relied on in manufacturing firms while pricing in non-manufacturing firms was more customer oriented. Other possible and interesting differences between pricing in small and large firms are reported by Prince and Thurik (1995). Their results show that small firms' price-cost margins (value of production minus input and labor costs divided by the value of production) do not follow those of large firms at all. In their study it appears that small firms have the freedom to set prices above cost quite independently of larger firms in the same industry.

Still other writers point to similarities between large and small organizations. In a study of UK manufacturing and service industries, profit-maximization was rated the single most important pricing objective for all sizes of firms (Jobber & Hooley, 1987). The results from this study also supported the hypothesis that the prime pricing objectives change according to the stage of market evolution. Revenue-acquisition prevails in guiding pricing decisions in new emerging markets and declining markets, while profit-orientation is a more prevalent guide to pricing decisions in growing and mature markets.

Curran, Jarvis, Kitching and Lightfoot (1997) agree that profit is important for setting prices. They also, however, criticize that the economic rationale underlying the pricing decision is the exclusive focus in most studies. Their study concludes that costs appeared to be the foundation for product price, but that descriptions of the pricing processes as "simple" cost-plus price-setting were wide off the mark. To bring understanding to the pricing process the rationality concept was elaborated in this article. Three different senses of rationality were used: instrumental rationality, procedural rationality and expressive rationality. *Instrumental rationality* is defined as action in relation to a clearly specified criteria and this is the dominant form of rationality used to explain and predict pricing behavior. *Procedural rationality* refers to actors following rules or norms which offer reasons for action in their own right depending on the social and historical context. *Expressive rationality* includes deciding on, creating or exploring the ends pursued.

Curran et. al.(1997) hold that these different rationalities always co-exist. Furthermore, they argue that the business owners' recognize the distinctions between instrumental and procedural or expressive rationalities (although not discussed in these terms but rather as *being "fair" to customers, being "fair" to employees and charging the "right" price*) and handle mixed criteria in their decision-making routinely. The prices in the studied firms are not only

vital because they determine revenues the following period, but also because they have implications for identity. They are a vital ingredient in the identity of the firm, and the identity that the owner-manager wants to project thus has a saying in deciding prices. The writers suggest that this is particularly true in the small firm, where the firm often is an extension of the personality of the owner-manager.

*...owner-managers have a powerful interest in the continued existence of their businesses and therefore set prices which enable the firm to make sufficient profit to remain viable. In this sense owner-managers' pricing behavior involves an instrumental rationality. But a variety of "non-economic" factors typically play an important role in owner-managers' pricing behavior reflecting the importance of procedural and expressive forms of rationality in their day-to-day decision-making. Owner-managers may be influenced by social norms which regulate firms' pricing behavior as well as more general norms surrounding appropriate business behavior, for example, norms of "proper" behavior towards customers and employees. But such norms have to be interpreted in practice by small business owners and this requires desecration and judgment, the creative changing expression of self.*

Curran, Jarvis, Kitching and Lightfoot, 1997, p 20

If price setting is influenced by shared social norms and values depending on the specific social, historical situations in which the actor operates (ibid.), an important task for research is to investigate these social and historical situations.

### **The Focus Group Method**

The focus group method is widely used in marketing research. It is used for e.g. product development studies, positioning studies, usage studies, packaging assessments, copy and promotion evaluation, attitude studies or employee motivation studies (Greenbaum, 1993). Focus groups are occasionally used for idea generation - not for new product ideas per se, but for probing unfulfilled needs and problems which may give food for thought for product developers. This latter use also lends itself to social science research. The focus group method, historically almost exclusively used in marketing, has therefore since the mid-eighties gained increased popularity in social science research (Morgan, 1996).

A focus group is a discussion between a group of people focused around a certain issue. It normally lasts for one to one-and-a-half hour. The discussion is facilitated by a moderator. He or she uses an outline with questions or topics to be discussed, based on the objectives of the study. Unlike the normal interview situation, however, the moderator does not simply ask questions of the participants, but introduces the topics in the group and tries to get the participants to do most of the talking themselves. The participants will often spontaneously turn to another question on the agenda without probing. If not, the role of the moderator is to introduce the next question and, in case the discussion strays away, gently bring the participants back on track. In this way, the moderator assumes a rather passive role.

The advantages are several. By avoiding pre-determined questions or answer alternatives, issues or factors or relationships that were not imagined by the researchers beforehand might emerge. It should therefore be a very useful method for exploratory

purposes. Second, there is the added benefit of observing peer interaction in the group. By gathering a group with common interests or problems, people will naturally feed off each other. The discussion might therefore reveal attitudes and thoughts that would not be obtained in a one-on-one design. Reasons and meaning are constructed socially and a natural social context might be more conducive to revealing this than a more artificial, controlled research design. Participants both question each other and explain what they mean to each other. A focus group is therefore more than the sum of individual interviews (Morgan, 1996). By observing group dynamics, the moderator is also alerted on "hot" issues that tend to create conflict and dissent, issues that people create consensus about, or sensitive issues that are avoided altogether (Wibeck, 1998).

### **The Research Design**

Six entrepreneurs who knew each other since about six months were invited. They are all members of a newly started entrepreneur's network. Wibeck (1998) recommends 4-6 people as the ideal size for a focus group. She also recommends that the groups be somewhat homogeneous so they can feel at ease with each other and have a natural conversation. The letter of invitation stated the purpose of the study and briefly outlined the issues to be discussed. Each participant was also promised a gift certificate of a small sum as a symbolic remuneration. According to Wibeck's recommendations, the sum was not large enough to motivate the participants to "do it for the money", but big enough to show respect for their devoting some of their valuable time for the study.

Since everyone knew each other and everyone came straight from work, we started with having dinner together. During coffee, we interviewed the participants briefly on a one-on-one basis. We collected some data about their businesses, and we asked each participant to tell us how they set their prices. We asked them if their pricing policy had changed from when they first started and if so, how. We also asked if they had sought or received any advice on pricing and if so by whom, and of what kind. The purpose of the pre-focus group interview was twofold. First, we were sure to get information from everyone in case someone would turn out very shy, or someone else very dominant in the group discussion. Second, having this information helped us to facilitate the group and participate naturally in the conversation. In the ensuing group discussion one of us was the moderator and the other one took notes. The whole session was audio-taped and transcribed. The notes were used for keeping track of who said what. At the end of the session, each participant was given a form with three questions as a follow-up. We asked for their reactions on the discussion, if we had missed something of importance, and if they thought that we had discussed topics that were not relevant to the pricing decision. This move was based on our own experience from taking part in focus groups as participants. We have often noted that useful ideas come up afterwards as we reflect on the discussion. Each participant was asked to fax the form to us the next day.

After the participants had left, the authors had a post-group discussion. We reflected on our experiences while the session was still fresh in mind. This was also tape-recorded.

## **The Participants**

The participants are all female. Five of them offer services and they have no employees. They all work alone, although one of them sometimes work in a loosely structured partnership with two other consultants who cover other geographic areas. The sixth entrepreneur has a manufacturing firm. Her firm is a supplier in the building industry and has twelve employees. This firm was started by her father in 1974, and she decided to join the family business after having started her own family. Three of the six participants have growth ambitions in terms of both turnover and number of employees. One of the service firms is a desk-top publishing designer since 10 years back. One is an interior designer, one is a legal advisor, one is a product designer and the last one is an organization consultant on the management of drug- and alcohol abuse. These firms were all founded within the last year. All of them work from Jönköping, a middle-sized Swedish city and have most of their customers in the region. The last four were previously employed in a similar line of business and decided to start on their own either because they were dissatisfied with the employment, or because of layoffs. One followed her husband to Jönköping.

## **The Topics For The Group Discussion**

Based on the literature review and our own experience from working with these entrepreneurs, we developed a discussion guide centered around the following themes:

1. Actual practice: How do the participants actually set prices? On what grounds? How do they motivate their price to the customer?
2. Norms: How do they think it should be done? Do competitors do it "right" or "wrong"?
3. Market and competition: How free are they to set prices? When and how does the customer get to know the price? Do customers ask for it? How important is price for making a sale?
4. Learning: Have they changed their prices? How? Why? When?
5. Image and legitimacy: What price would they like to charge? On what grounds? What does the price say about themselves and their businesses?
6. Gender: Is there any relation between pricing and the fact the entrepreneurs are women?

## **Method of Analysis**

Each author first read the interview results, the post-interview questionnaire and the transcript alone, using the themes above as a preliminary coding devise (c.f. Krueger 1998). It soon became apparent that other themes also emerged. After this we discussed the transcript systematically together, compared notes and reflections, looked for frequencies, consensus and dissent. We structured the different themes systematically and concluded that the following coding categories were relevant: costs, norms, industry standards, competition, business cycles, income, buyers, tenders, negotiations, timing, arguments, discounts, region, culture, image, identity, self-esteem, fairness, morals, courage and gender. The discussion of results below is based on this way of systematizing the material.

## Results

As in Cunningham and Hornby (1993), the first thing mentioned, when asked for how the entrepreneurs price their products and services, were costs. Material costs were central for the pricing decision in the manufacturing firm. After the material cost was taken into account, there was a markup for assembly which depended on product complexity. However, because of industry standards (this was in the building industry), appreciations of costs had to be high enough to allow for a discount ranging from 20% to 40% depending on customer size and the suppliers bargaining position. Furthermore, most customers expected a yearly bonus on purchases. "It's a strange line of business," she said and most of the other participants agreed. Only one of the service firms used discounts, but only the first time she was hired by a new client. They were sometimes offered the first two days at a 25% discount if she was eager to get the business. "Only then," she emphasized. She and two other participants explained that they calculated their prices by estimating the amount required for a desired monthly income.

The legal advisor's fee was based on a government standard. This was the fee that she was entitled to charge the customers' insurance companies. However, she also had clients without insurance coverage. Since she "felt sorry" for them and "knew that they considered her fee expensive" she charged them just above half the fee settled by the government. She also did several things without charging, e.g. listening to problems on the phone and answering questions. Her standard was to charge the client when she made a written documentation of the case and of the answers and recommendations. The organization consultant also differentiated her prices. She had different hourly rates depending on if documentation was needed or not. She also had different rates for phone counseling and personal meetings.

The last participant started her business ten years ago, at which time she had investigated what her competitors charged and then decided to have a similar fee. The only problem was that she picked the wrong competitors. She is doing more advanced work than they do and consequently her rates turn out very low. The other participants, who had benefited from her services in the entrepreneur's network and knew her standards, encouraged her to raise her prices. She defended her low prices, however, since "she had what she needed" and also explained that it would be very difficult for her to change her prices. "Old customer, old fee" she declared. This was a problematical issue also for the other participants. Two of the participants sometimes started working for a client before they had discussed the price. It was hard for them to explain why they did this. "It's difficult" they said when the other participants asked them. "On the other hand, it has never happened that I have not been paid what I ask. But I ask very little."

Most of the participants explained that industry standards had an impact on their prices and most of them were also well aware of what their competitors charged. Price recommendations from the different trade associations were mentioned. These recommendations seemed to be important, but one participant explained that no one in her business could follow these recommendations due to the recession in this business. Something that was taken into consideration by the trade associations' price recommendations were regional differences. They recommended higher prices in the major cities and lower in the inland parts of the country, their recommendations of course being a reflection of actual prices. The Jönköping area belongs to the low priced regions. There was a discussion of why this is so. The participants suggested that the reason might be that buyers here were less "professional" which not only affected the price level but also how, and through which

channels the services were purchased. Instead of looking at the education and experience of the supplier they might favor their local network. The Jönköping area is also an industrial district famous for its "entrepreneurial spirit" and for being quite price-conscious compared to other regions. One participant who also worked in one of the major cities said that "they never discuss my price there, but here they always complain."

At two occasions one participant (the only one with a formal business education) tried to make customer value the subject of discussion. "One *really* ought to consider the customer value" she suggested. This issue did however not seem to impress or interest the others. "Is that possible?" said one person and suggested that if you work with the same thing you tend to take it for granted and do not appreciate what it is worth to someone else. She considered her own work as quite easy and was sometimes surprised by her customers' marks of gratitude.

A very difficult thing for all six entrepreneurs was motivating their price to their customers, particularly if they had reasons to raise it. This was a recurrent theme in the focus group as well as in the forms that were faxed to us after the interview. One participant also thought it important to discuss *when* negotiation should take place. "If the price isn't questioned you should not start to negotiate yourself" she suggested, probably insinuating that this sometimes was done by her or by someone else. As mentioned above there was also a discussion about when it was appropriate to communicate the price to the client. Practices varied. "The best thing is to submit a formal tender and clearly state what's included and what's not" said one participant. This was quite alien to those participants who did not feel that their customers expected a formal offer.

Summing up the discussion so far, one or several of the following factors are said to have an influence on the pricing decision for the participants in this discussion: cost estimates, competitors prices (though it was not always clear who they were), perceived customer expectations, industry standards, recommendations of trade associations, earlier prices offered to a specific customer, the use or non-use of tenders, price negotiations, the timing of the price discussion, how the price is argued, the use of discounts, buyer's professionalism, regional characteristics including cultural influences, and business cycles.

These factors are exogenous to the entrepreneur and of the more or less verifiable sort. They are also the sort of factors you would expect in a discussion of pricing. It was soon apparent, however, that pricing was better described as a sense-making exercise closely related to the entrepreneurs' self-identity and image, and that it involved a very delicate act of balancing between conflicting forces. These forces were more in the head of the entrepreneur than outside. They were particularly relevant for the service firms.

All of the participants said that they were anxious to charge as much as they dared to. The service firms also thought that they probably ought to charge more than they actually do. What were then the things holding them back? A natural first thought would be to assume that there is a prevailing market price based on supply and demand, but this was seldom referred to. Instead, they talked about such things as fairness, justice, self-confidence, personal worth, extortion of customers, toughness and caring for the customer. Pricing was seen as a deeply moral question. A price must be fair, otherwise you are immoral. The participants thought it was fair to charge so much that you could make a good living, but immoral to hoard up. It was fair to charge what you think your service is worth to the customer, but immoral to charge more than he or she actually can afford. There was a sense as to what the value of the product

or service was, and competitors charging more were seen as immoral. They exclaimed that "no-one is worth 400 dollars an hour" when one participant told them what her Stockholm colleague charged. Royalty was connected to the discussion of fairness. The product designer sometimes had a royalty agreement with her clients, and all of the participants agreed that this was probably the most fair price system of all. Fair to the entrepreneur, and fair to the client. If the product sold well, both would win and no-one would be advantaged at the expense of the other. It was seen as being paltry to charge for stamps, copying and mileage separately. "I do not want to be seen as petty" said several participants. One of them did indeed include these costs in her tender, but her price was negotiable.

The participants said that if your price was low, there was always the possibility to charge a few extra hours, but when pressed on this they admitted that this was usually done to the benefit of the customer. "You do not want to seem tardy" said one of them. The price was also connected to image. It was important to come just right. They thought that if they charged too little they might not be seen as serious or qualified. If charging too much they might lose customers. The entrepreneurs made no difference between self-image and the company's image, they were the same and the issue was therefore very sensitive. There was also a relationship between image/identity and the concept of fairness. A delicate balance had to be struck between charging enough to feel good about yourself, and not charging so much that you are unfair to the customer. If you felt yourself being unfair to your customer you would no longer feel good about yourself.

With experience, the entrepreneurs became a little tougher in their pricing. Creating a name and building a stock of clients made it easier to charge more. There was however also the opposite effect. The legal advisor said that "what I do is probably highly valued by my customers, but I know it so well and it seems so easy for me that I am beginning to think that this cannot *really* be worth my hourly rate". Pricing was also seen as a means of positioning against competitors, but not in the usual way of thinking that you should charge the optimum price for the best price/volume relationship, but rather as a way of measuring and declaring your self-worth. The price thus became a means of confirmation. "If someone questions my price I sort of lose control and feel very uncertain about myself", said one participant.

There was no consensus about if this was particularly related to being a woman. One participant said that she was quite fed up with the male-female polarization and that men were probably in much the same situation. The other ones did however think that it was more typical for women to want everyone to be content and therefore be less aggressive in pricing. A participant comparing herself to her male colleagues who charged much more said that "they probably do not have this thing about fairness in the same way as I do". Another one meant that women are used to doing a lot of invisible work for free at home and therefore do not value their time as highly. The most "price-aggressive" consultant had taken an extensive training in personal development and self-assertion which, she said, had helped her a lot. The other ones thought that discussing prices and negotiating was a rather embarrassing undertaking and should best be avoided. A rationale for low pricing was "being able to do what I love". The idea was that if you have work enough and like doing it, making less money was a fair trade-off. *Both* making good money and having a good time was probably also a little immoral.

Sweden has, in spite of public policy trying to counteract this, a very sex-segregated job market. There are "women's jobs" and "men's jobs", and women's jobs are consistently

paid lower. The entrepreneurs cannot be said to work in sex-segregated sectors, but nevertheless they have experienced sex-segregation in prices. The product designer, for example, noted that when she draws lines on a paper designing fashion she is paid much less than when she draws lines on a paper designing other consumer good products. The typical fashion designer is a very young woman, the typical product designer a not so young man, she says.

With male customers, they say, there is an added benefit of charging a high price. "They seem to take you more seriously, then" said one entrepreneur. "As if they think that if you are a woman *and* dare to charge, then you must be *really* competent". The subordinate position of women, typically recreated by both sexes, was also reflected in this group in an interesting manner. One participant said that it was much easier to negotiate with her male customers. "There is a deeper discussion", she said. "Women customers are typically busy affirming sisterhood and, besides, they always have a male boss who pays the bill and takes the final decision." Another one said that her experience with the female entrepreneurs' network was very positive. "It is not as much chatter and tommyrot as among other female groups". The group wanted to affirm that they were female entrepreneurs, not just women, and not men. In this way they disassociated themselves with women in general. The discussion ended with noting that it would be a lot easier to be a female entrepreneur if there were more of them. With other women entrepreneurs as role models it would probably be much easier to have the guts to charge.

### **Summary and Discussion**

According to the normative literature discussed above, small business managers often lack professionalism in their pricing decisions (Skinner, 1970, Hankinson, 1990 and Maynard, R. 1997). They do not make rational, profit-maximizing decisions based on costs, competitors and customer value. With such a perspective, this study would affirm their conclusions. It was argued, however, that a purely rational-instrumental perspective is insufficient, you also have to include contingency variables as e.g. type of competitors, market growth rate, product differentiation, and forms of competition. (Diamantopoulos and Mathews, 1995, Cunningham & Hornby, 1993). This agrees with our findings, but the study suggests that the list of contingency variables has to be expanded to include much less tangible categories. Our findings suggest that deciding on a price is best understood as a sense-making exercise closely related to the entrepreneurs' self-identity and image, and that it involves a very delicate act of balancing between conflicting forces that are more in the head of the entrepreneur than outside. Apart from the variables discussed earlier, factors such as fairness, morals and self-esteem were found to be important. Pricing your product or service does for a small firm manager include the pricing of herself. In the terminology of Curran et. al. (1997), instrumental, procedural as well as expressive rationality were applicable in understanding the entrepreneurial pricing decision, but our study suggests that the expressive rationality is perhaps the most important.

Possible reasons for this might be that most of our entrepreneurs have just started their businesses and are still in a process of learning. They are building an identity as business persons and pricing is part of the identity creation. The big and surprising emphasis on fairness and morals may be related both to culture and gender, which is an important issue for further study. We agree with Curran et. al. (1997) that social and historical situations must be taken into account. Our study suggests that culture, regional characteristics and gender are important

contextual factors. The most important finding is however the relevance of psychological factors such as sense of fairness, morals, identity, need for confirmation and self-confidence. Pricing may be perceived as a very delicate act of balancing between all these forces.

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