Academic Scholars Publishing League (ASPL)
International Journal of Management Sciences
ISSN: 2360-9944 | Volume 11, Issue 10 | September, 2023| pages 22 – 37
DOI: 27751456211102
arcnjournals@gmail.com
https://arcnjournals.org

Pricing Strategy and Organizational Performance of Fast Food Restaurants in Port Harcourt

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Abstract: *This study reconnoitered the nexus between pricing strategy and organizational performance of fast food restaurants in Port Harcourt. The study adopted descriptive research design with a population of 105 fast food restaurants general managers, line managers and supervisors, thus a census was conducted of the managers from 10 fast food restaurants in Port Harcourt, Rivers State, Nigeria, based on their experience and longevity in business. After data gathering and collation, copies were analyzed using Spearman's rank correlation coefficient with the aid of Statistical Package for Social Sciences (SPSS version 21.0). The findings revealed that the dimension of pricing strategy such as; customer value based pricing, cost based pricing and competitive based pricing had significant correlation with organizational performance. Centered on these findings, the study recommends that the managers of fast food restaurants should align their pricing strategy with the customer value pricing, policy of the organization, cost based pricing and others, in order to enhance and improve the organization performance whilst profitability and growth. Amongst the stance for further studies since adequate attention and recognition is not place on pricing strategy on performance, hence other studies can explore qualitative approach and other statistical processing tools to glance the level of outcomes and correlation between the constructs since performance does not occur in vacuum.*

Keywords: *Pricing Strategy, Organization, Performance, Growth, Profitability, Customer, Cost*

Introduction

Pricing is the depict of management decision making, as it affects the profitability and competitiveness of organization performance in business environment, as business environ becomes intricate with high inflation, high cost of raw material and competition, pricing strategy is required to create margins in the business reality space. Kotler and Armstrong (2006) opine that price in the narrowest sense is the amount of money charged for a product or service. Price has effect on consumers' decision making and in the narratives of Yusuff (2010) pricing is the key element of the marketing mix because it represents on a unit basis what the company receives for the product or service that is being marketed. In the same vein, Monroe (2003), posit that price decisions are one of the most important decisions of management because it affects profitability and the companies return along with their market competitiveness. According to Echendu Nkem (2023), opines that pricing is a pedagogical preposition of the value content of a product and services, thus pricing strategy is an imperative factor in an organization, as it can make or mar the progress and growth of an organization. Naturally in business, the main focus when it comes to pricing is placed on the development of new products, distribution channels, capture and motivate new customers to buy product, market evaluation and communication strategies with the consideration of cost factors.

According to marketing theory, price is one of the five Ps (Product, Positioning, Place, Promotion, and Price), which adds to the marketing mix and helps draw in new and potential customers while encouraging them to buy a good or service. Marsh (1988) argues that because pricing is the only factor in the marketing mix that generates income, it is crucial. One of the marketing mix's most malleable components, price has a direct, immediate impact on how profitable and cost-effective a business is (Simon, Bilstein, & Luby, 2008). According to Sousa and Bradley (2009), an organization's performance may be significantly and immediately impacted by its understanding of pricing strategy. Each fast food restaurant's choice of product, price, and vendor is particular to that location and is based on how its patrons are perceived and what they enjoy.

Although a price has a significant impact on how well a business performs, it appears that many academics and marketing experts have not given it the attention it deserves (Avlonitis & Indounas, 2006). Yaprak (2001) cites the pricing component's importance as one of the hardest organizational decisions to make because it generates income and determines an organization's sustainability. As the effective and efficient implementation of planned pricing strategy is key to correlating organization profitability and growth to their performance.

However, in reality, putting a planned pricing strategy into action is sometimes viewed as a difficult managerial undertaking that requires a significant investment of time and resources but frequently has unexpected results since, according to experts, prices for goods and services should be clear. Because many businesses set their prices Q3 based on gut instinct and the manager's market knowledge, pricing is often seen as the easiest business strategy (Simon, 1992). Additionally, only a small percentage of managers actively monitor their rates while considering pricing strategies to foster profitable conditions (Nagle & Holden, 2003). To create a favourable business condition with a scalable and sustainable outcome, organizations must build upon customer value based pricing, cost based pricing and competition based pricing that tends toward profitability and growth.

Pricing strategy necessitates a robust association between performance and the other inter-play sectors of a business. In order to enhance organizational economic and financial performance, the pricing strategy should be distinct by setting up sustainable pricing system for the business such as their purchase list, standard price, quantity of goods, margins, internal capacities and on the rudiment systematically comprehension of needs and requirements of their customers.

In a similar vein, organizational performance can be accomplished by reconsidering strategies and systems of profitability and growth that must represent the bedrock of the decision-making processes of an organization.

Managers and academics must quantify it to assess organizational performance over time, organizational competitive position, and individual managerial actions (Richard, Devinney, Yip, & Johnson, 2009). Organizational performance includes the actual output or results of an organization as measured against its intended outputs with strategic pricing towards organizational performance. It also includes how effectively a manager competently builds an accommodating business climate and their ability to lead a team to achieve effective results and outlook. According to Richard et al. (2009), the effectiveness of an organization is significant. This includes three distinct areas of organizational outcomes: financial performance (profits, return on assets, return on investment, etc.), product market performance (sales, market share, etc.), and shareholder return (total shareholder return, economic value added, etc.). Organizational performance can also be used to describe how well a company can position itself on the market for goods and services by utilizing its informational, financial, and human resources. A staff member's performance can have a significant impact on the organization's performance in the short, medium, or long term, either positively or negatively, as organizational performance is intended to reflect improved financial performance in the medium or long term, also because performance improvement is at the heart of strategic management, pricing strategy and organization theory (Venkatraman and Ramanujam, 1986). The performance of every organization is very imperative, as several studies evolved with the development of models pricing strategy for measuring and evaluation organizational performance.

Regardless of the effects of pricing strategies on performance of organizations, most fast food restaurants are constraint as a result of fixing prices on their product and services are based on intuition, lack of pricing knowledge, face value and no pricing framework with limited research on pricing strategy, Hoffman, Turley and Kelley (2002) noted that price remains one of the least researched areas of marketing. Thus it is imperative to embark on this study in order to avail the gap in pricing strategy on organizational performance since rare attention is given to the construct, as it is impossible to separate pricing strategy from interrelations of organizational performance.

Statement of Problems

Despite the above-mentioned importance especially the significance of pricing strategy on organization in the business environment, fast food restaurants are engulfed with multifaceted challenges. The concept of pricing strategy lack attention in terms of research and awareness of its imperativeness on the performance of organization and these pose some challenges that militate against the profitability and growth of fast food restaurants in Port Harcourt, hence Avlonitis and Indounas (2006), postulate that in spite of the importance a price has on the performance of businesses, it seems that such element has not received the proper attention by many academics and marketing professionals. Shortfall factors such as; lack of effective pricing strategies, improved customer service, improved healthy meal, inclusive cost factor, training and development of staff and lack of information about trending product price in the sector by these restaurants, therein the lack of effective business strategies may contribute to the failure of fast food restaurants in Nigeria (Adisa, Abdulraheem, & Mordi, 2014; Osakwe, 2016). The potential of fast food restaurants sector to contribute to the economy Gross Domestic Product (GDP) and development of the nation has not been overlooked by governments, but the problem of loss of revenue by fast food restaurants persist and becomes a concern for stakeholders. An organizational survival, profitability and growth rely on its pricing decisions, because price is the only element in the marketing mix that produces revenue and hence ensures profitability (Kotler and Keller, 2006).

It is evident therefore, that management of an organization has a big responsibility before them in setting and adopting pricing strategies and policy in order to achieve sustainable performance. Therefore, it is pertinent to find a pragmatic approach to ensuring a profitable organization that will guarantee continuous scalability and sustainability growth in order to improve the sector. On this note, these study tend to examine the influence of pricing strategy on organizational performance as a determinant for profitability and growth in fast food restaurants in Port Harcourt.

Aim and objectives of the study

The study establish the relationship between pricing strategy and organizational performance of fast food restaurants in Port Harcourt. The explicit objectives are as followed;

i. To examine the relationship between customer value based pricing and organizational performance
ii. To investigate the nexus between cost based pricing and organizational performance
iii. To identify competitive based pricing and organizational performance

Research question

i. How does customer value based pricing impact on organizational performance
ii. What is the association between cost based pricing and organizational performance
iii. How does competitive based pricing connect with organizational performance

Research Hypotheses

$H0_1$ There is no significant relationship between customer value based pricing and organizational performance

$H0_2$ There is no positive relationship between cost based pricing and organizational performance

$H0_3$There no significant relationship between competitive based pricing and organizational performance

Significance of the study

Fast food restaurants business in Port Harcourt over the years has been in a mixed reaction, waved with pandemic and inflation disrupting rapid growth of the sector. With new openings of restaurants, growth and success are closely associated with performance despite challenges in the business environment. Doulgui (2010) postulate that one method to measure performance is by gaining revenue over the competition, challenges and the most critical factor is price setting.

Pricing strategy can barely be achieved without effective, efficient collaboration and alignment of business needs among different head of units within organizations. To make an effective and efficient price decision for a product, is a close cooperation between people with different managerial experience and technical background is required. According to Lamb, Hair, and McDaniel (2000) setting a good, researched price will have an undisputed impact on profitability. The impact of even small increases in price on profitability by far exceeds the impact of other pedals of operational management. The traditional advice of marketing literature is to set prices low at the introduction stage of new products if the objective is to gain market share rapidly. The purpose of this study is to see what type of relationship is between pricing strategies and organizational performance amidst competition, intricate business environment and role it plays for organization to achieve their goals.

Conceptual framework

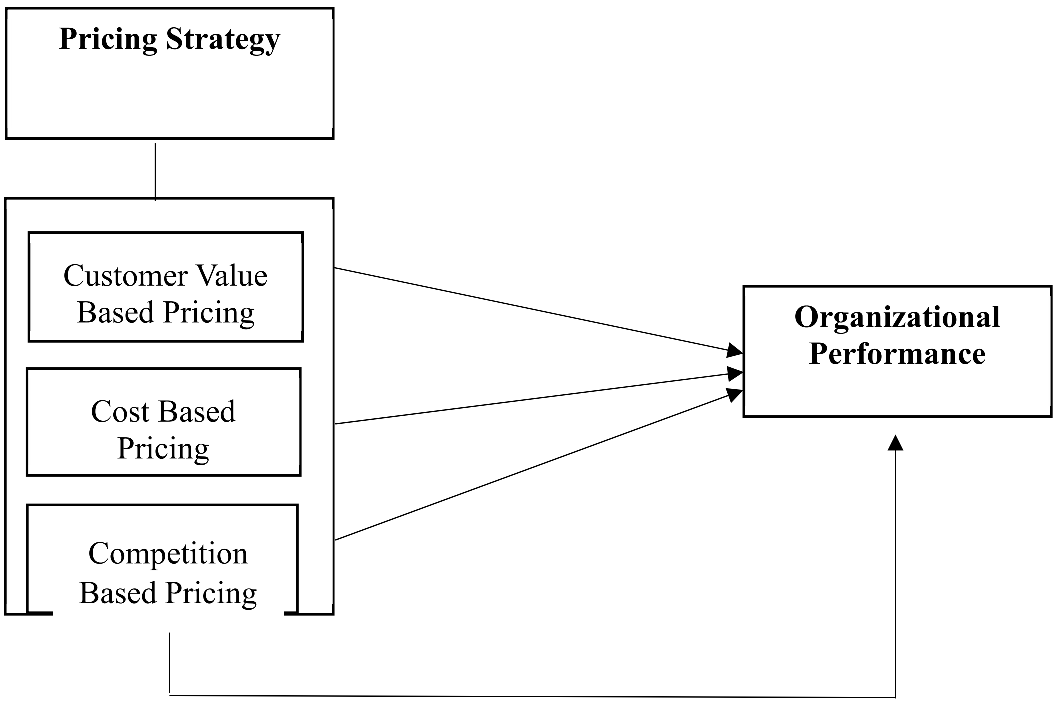

Fig 1: A conceptual framework showing the correlation between pricing strategy and organizational performance

Source: Adapted from Miller (1993) and Kinicki (2007)

LITERATURE REVIEW

Conceptualization

The cost and sales functions are predominantly answerable to fast food restaurants performance through improved profit generation. Specifically, pricing strategy must be considered for a competitive pressures, affordability and customer preferences when establishing the revenue per unit for an organization products and services. Setting a pricing aim and association is a pertinent function of the business owner and an integral part of the business plan or planning process (Roth, 2007). Pricing strategy is of great importance because it affects both revenue and buyer behaviour. The whole pricing environment is therefore considered, first from the point of view of the company and its strategies and then from the aspect of the consumer. According to Ritz (2013), pricing strategy has been suggested as a root cause of performance level of several sectors. However, it must not be forgotten that there are other, external influences on pricing, not just from firm's competitors but also from government and legislation.

Once these factors have been taken into account, various pricing strategies are reviewed and some attention is given to how best to implement those strategies, how pricing levels can be adjusted and how such tactics do affect buyer behaviour and company revenue. Price should be taken into account for the pricing of products and services. According to Shipley and Jobber (2001), Pricing and price control is a critical factor that must be well considered in marketing and competitive strategy and it is a major determinant of industrial performance. Perhaps pricing is one of the component of the marketing mix that increases revenue generation for an industry, pricing decisions which results to price changes can be applied comparatively rapidly and be adapted easily to the circumstances surrounding an organization's internal or external environment because it is the most flexible component of the mix. Diamantopoulos (1991) avowed that organizations objectives and functions are usually multifaceted in such a way that the viability and sustainability of organizations are resolutely on the combination of different pricing systems. These objectives are flexible and change over time due to environmental or organizational conditions. Thus, pricing objectives may be either supportive or detrimental.

Theoretical framework

Game pricing theory

Theories are used for framework and context for application and practice. The theory of game pricing is used to forecast how different factors will interact. According to Ezeudu (2005), game pricing theory is a set of instruments for forecasting the results of a group of agents who interact, where a single agent's actions have an impact on the rewards of other agents who are also involved. Game theory investigates interactive decision making, according to Diamantopalos (1991), referenced in Agwu (2014). Two fundamental presumptions underlie this theory: first, that all participants in the market act rationally and pursue well-defined external goals. They are aware of and work to maximize their own payoff mechanisms. Second, a player takes into account possible responses from other players while deciding on a course of action in terms of strategy. In this theory, emphasis has been placed on distributive bargaining, competition, pay off matrices, and the nature of interdependent interactions. By using this model, consideration is made solely in terms of competition and is combined with cost and value. These constructs of game pricing theory provide a framework for understanding control.

Conferring to this point of view, concerns about organizational performance in terms of human development must span at least three strategic levels, including competitiveness, control, environment, the social organization as a system, and involvement within the company. Smith's (1995) notion of management pricing orientation serves as a good place to start when trying to understand price behavior. The pattern of rules, practices, and behaviors that businesses use to receive and process information, set goals, and make decisions about setting or altering prices is known as the managerial pricing orientation. Although the environment, ability to purchase, conditions, the organization as a system, cost, and human participation are all factors in pricing strategy, fast food restaurants must take these factors into consideration when determining a suitable price for their goods and services. If they don't, many of them risk losing their customers and their financial resources.

Dimensions of pricing strategy

Pricing comprises choosing a price structure, a price level, and making judgments on immediate price changes. There is a need for a more strategic, goal-oriented approach to pricing that explicitly considers the function of price as a component of the marketing mix and as a source of revenue. Hoffman et al. (2002) state that while credible pricing models have been sought after, economics has attempted to comprehend price and pricing strategies. Businesses must devise and use the optimal strategy for each case given the variety of pricing objectives that result in different tactics. Pricing a product can be done in a number of ways, including premium and penetration pricing, price skimming, economic and psychological pricing, product and optional product pricing, captive and product bundle pricing, promotional, geographical, and value pricing. However, profitability is significantly impacted by pricing. Different industries, nations, and customers use different pricing techniques. Nevertheless, researchers generically coincide that pricing strategies can be categorized into these dimension;

Cost based pricing

A cost pricing method involves figuring out prices by adding up all of the direct, indirect, fixed, and variable expenses related to manufacturing a product. To get at the customer's price, these costs are then converted to a per-unit price and a markup or profit is added. When pursuing a target return, this markup may be a fixed percentage, or it may vary depending on the goal of profit maximization. According to Seymour 1989, Morris 1990, Rogers 1990, and Diamantopoulos 1991, this pricing technique is the most popular. Cost pricing is summing up all expenses related to getting the goods to its destination, together with shipping and other fees, and then deducting a profit margin. As long as accounting costs are known, obtaining a price is not too difficult. Cost of production information is mostly used to define prices in cost-based pricing approaches. Its key benefit is that data is easily accessible, but there is also a drawback. The willingness of the buyer to pay is not examined Hinterhuber (2008).

Competition based pricing

Many organizations, especially those where there is little product difference, can benefit from competition-based pricing. This is the practice of determining prices based on those of competitors (Blythe, 2005). Here, businesses base their pricing decisions on the prices established by their rivals. According to Kevin R. A. et al. (2004), it takes the form of going rate pricing, a prevalent technique with homogenous items that vary little from one product to another. Examples of such products are steel and aluminum. It uses the current market price as a benchmark for determining the price of a good or service (Agwu, 2014). For instance, when price is competitive and the market is unfavorable (i.e., demand is low and competition is high).

Strategy

This focuses on the factors that affect how fast food restaurants are going to develop. The organization must develop the best inclusive strategy, rationalize it, and put it into practice if it is to be successful over the long term. They can do anything, but without the proper plan, organizational performance won't be as strong as needed for a firm to expand.

Problem of pricing

Pricing instability: A fast food business in Port Harcourt experiences a swift pricing adjustment. The possibility of location and supply as causes for pricing variations is not implausible. Assumed shortages, hoarding, unequal distribution, and underproduction are some of its potential causes. The majority of items affected by this sudden price change are consumables.

Price discrepancies: If a buyer is a poor negotiator or is unaware of the selling price of the product or items he intends to purchase, he will be forced to pay a high price. This mainly impacts things without price tags.

Unreliable supply of commodities: Nigerian businesses use the absence of regulation and the unreliable supply of the goods they offer to extort excessive prices. They create false shortages (scarcities) to force purchasers to pay inflated prices.

Absence of a reliable or fair pricing policy in general: In Nigeria, there is no reliable or fair pricing policy. A fair pricing policy specifies the method to be used in determining the price of each specific product. Pricing and quality: In Nigeria, a commodity's quality is rarely taken into consideration when establishing the price. This is a result of the low purchasing capacity of many people, who frequently opt for lower-quality, less expensive goods.

Concept of organizational performance

As models and techniques for measuring and evaluating, performance have been developed, the field of research known as organizational performance has advanced. When compared to expected outputs (goals and objectives), it includes an organization's actual output and results. Strategic planners, operational, financial, legal, and organizational development experts are just a few of the experts whose work is affected by how well a company performs. The three distinct areas of firm outcomes covered by organizational performance, according to Richard et al. (2009), are financial performance (profits, return on assets, return on investment, etc.), product market performance (sales, market share, etc.), and shareholder return (total shareholder return, economic value added, etc.). One of the most crucial factors in determining an organization's market share and rate of growth is its measuring and assessment system for organizational performance (OECD, 2001).

However, few organizations seem to have systematic processes to ensure that their performance measurement systems reflect their environment and their strategies (Lynch and Cross, 1991; Kennerley and Neely, 2003).

Profitability

Profit is a key indicator of a company's existence, profitability, and expansion. It also serves as compensation for shareholders and is one of the requirements for an organization to implement marketing strategies (Ebitu, 2015). Pricing must be done with profit in mind for profit-making enterprises. Consumers must believe they are getting value for their money in order for them to pay prices that are either above average or below average (Yusuff, 2010). A profit maximization goal is likely to be far more advantageous to a business if it is pursued over the long run, according to Etzel *et al*. (2004).

Growth

Growth is the gradual expansion of an organization's size. Development is the gradual acquisition of a wide range of skills and capacities, including the ability to support one's head, speak, learn, express one's feelings, and interact with others. Growth is defined as the progression of an organism from its emergence or birth to its maturity and, for many species, beyond that point to eventual senescence or death. Growth also denotes a gain in size brought on by cell division, cell expansion, and tissue maturation.

Pricing strategy and organizational performance

The impact that pricing strategy has on the success of products and services has been recognized over time, and marketing mix indicators point to the importance of price in the corporate world. Pricing strategy and performance are related since a price miscalculation can harm an organization's profitability and expansion. Prices, costs, and sales all have an impact on how well a company performs, and the importance of pricing strategy cannot be overstated. As a result, a number of aspects affect how well an organization performs, with pricing strategy possibly being one of the most distinctive. To have a standard ideal of performance and to outline current best practices so that organizations can succeed with the appropriate tactics, it incorporates both qualitative and quantitative methodologies.

Additionally, since price represents the final means of a product or service, there is a need for more thorough quantitative research on pricing in relation to performance. The price approach chosen has therefore become crucial in light of the rapid economic and technical changes, which have increased customer curiosity, education, and familiarity with their precise needs. With the development of the internet, e-commerce, and e-shopping, consumers are no longer left out since they can now access a wealth of information about a product or service from both fast food businesses and outside sources. Therefore, it is important for businesses, particularly those in the beverage industry like fast food restaurants, to develop effective pricing strategies (Kotler & Armstrong, 2011).

Empirical review

In a study by Paul, Ivo, and Van (2013), related price strategies and price setting methods were investigated using survey design techniques and hypothesis testing on 95 respondents. The findings indicated that price strategies and price setting are related because strategies are carried out using price setting methods. More than 100 business managers were used in Howard and James' (2013) study, which was based on the relationship between attribution theory and the effect of decision context on perceived risk in pricing strategies. The results show that when pricing is dominated by uncontrollable environmental factors, managers tend to choose pricing strategies with external orientations to minimize risk.

In their 2011 study on new industrial service pricing methods and their causes, Kostis and George gathered information from 129 transportation and 48 information technology enterprises using a mail survey. Additionally, 20 in-depth personal interviews were conducted as part of the research's initial phase, and the results showed that penetration pricing and skimming pricing were related to the corporate and marketing strategies of the company as well as the features of the services, while market factors influenced the adoption of pricing that was similar to competitive prices. A study on the relationship between customer value and price strategies was undertaken by Anna, Nicola, and Alessandro (2012) using 129 samples of washing machine models that were evaluated using the conjoint analysis technique.

Only one of the two given subsamples showed a positive impact among the variables after the output was regressed on the market pricing of the products, demonstrating the poor alignment between price and value for the buyer.

In a study on customer value-based pricing strategies and why businesses resist them, Andreas (2008) used a two-stage empirical methodology to identify the main barriers to the adoption of value-based pricing strategies. These barriers include deficiencies in value assessment, value communication, effective market segmentation, sales force management, and lack of senior management support. Robert (2004) thought that given a wide range of outcomes and interpretations of effective performance, organizational performance might be investigated using a wide range of financial and economic elements or variables. These organizational performance indicators all have their own distinct characteristics. When dealing with internal organizational problems to serve the stakeholders or handling problems related to its surroundings, performance management can take many different shapes.

Given the wide range of outcomes and definitions of good performance, Robert (2004) thought that a wide range of financial and economic aspects or variables may be used to analyze organizational performance. It might be argued that each of these organizational performance indicators is distinct. In order to serve the stakeholders, internal organizational difficulties can be addressed through performance management, as can those linked to the environment. Gary (2003) and Arie (2005) are concerned that performance management requires the use of both quantitative and qualitative methodologies, and that the human behavior part of the business must receive proper attention.

Every organization should set a high bar for performance in the form of consistent, knowledgeable, moral, and enthusiastic behavior that always yields the best outcomes if they want to prosper.

Methodology

In this study, the approach is vividly contextualized in a quantitative manner. Ten fast food restaurants were engaged and included in these study's sample. The employees that were picked was due to their availability as subject to purposive sampling techniques. To achieve this objectives, the study includes constructing a questionnaire. Five respondents crisscross the questionnaire's components to ensure that all the questions were implicit before sending it out to the entire sample respondents. Their recommendations are assimilated into the final questionnaire. The data was gathered by the researcher and validity were established whilst reliability was ascertain. Meanwhile, survey were personally given to fast food restaurants employees. The total of 105 questionnaires with the rate of 94.5% response rate were returned. Spearman's Rank Correlation was used to examine the hypotheses with the aid of Statistical Package for Social Science (SPSS). The female respondent make up 62.41% of the sample's respondents. 59.5% of the total respondents are married. 10.3% of respondents were senior management staff, 70.73% were managers, while 18.97 were line managers according to the data obtained. Also data collected were originally developed and confirmed on scale which further validated the measure. As Garg and Rastogi (2009), confirm the original development of scale, while conducting multiple sample disquisition to further validate scale.

Method of the Paper

The study applied a quasi-experimental design and a cross-sectional survey methodology, which enabled the use of instruments for data collection the research targeted population encompasses of 150 fast food restaurants located, registered and has been in business for the past 10 years in Port Harcourt. The study's population includes 105 managers, line managers and supervisors for optimal result at the end of the research work. Data was obtained from both primary and secondary sources, meanwhile a structured instrument administered to the selected fast food restaurants fast food restaurants in Port Harcourt. Furthermore, the survey tool exhibits sampling validity, while the evaluation of the reliability of the survey instrument was conducted using Cronbach's alpha coefficients test, implement with the assistance of Statistical Package for Social Science (SPSS). However, merely the items that display alpha value of 0.7 or higher are considered suitable for assessing internal consistency, these was conducted to ascertain the results of the Predictor and Criterion variables. Methods of data analysis is Spearman's Rank Order Correlation Coefficient technique as it fit the data which articulated the relationship between the Predictive and Criterion variables studied as it is non-parametric in nature.

Result

Hypothesis one

$H0_1$: There is no significant relationship between customer value based pricing and organizational performance

Correlations

			Customer Value Based	Organizational Performance
Spearman's Rho	Customer Value Based	Correlation Coefficient	1.000	.823**
		Sig. (2-tailed)	.	.000
		N	80	80
	Organizational Performance	Correlation Coefficient	.823**	1.000
		Sig. (2-tailed)	.000	.
		N	80	80

**. Correlation is significant at the 0.05 level (2-tailed).

- ***Source:*** Field Survey Data, SPSS Output

Decision: From the SPSS table above, the probability value is 0.000 (PV < 0.05) while the correlation value is 0.823 which indicates significance relationships between customer value based pricing and organizational performance. Hence, we reject the null hypothesis and accept the alternative hypothesis which implies that there is a positive nexus between customer value based pricing and organizational performance of fast food restaurants in Port Harcourt.

Hypothesis Two

$H0_2$: There is no positive relationship between cost based pricing and organizational performance

Correlations

			Cost Based Pricing	Organizational Performance
Spearman's Rho	Cost Based Pricing	Correlation Coefficient	1.000	.812**
		Sig. (2-tailed)	.	.000
		N	80	80
	Organizational Performance	Correlation Coefficient	.812**	1.000
		Sig. (2-tailed)	.000	.
		N	80	80

**. Correlation is significant at the 0.05 level (2-tailed).

Source: Field Survey Data, SPSS Output

Decision: From the SPSS table above, the probability value is 0.000 (PV < 0.05) while the correlation value is 0.811 which implies strong relationships between cost based pricing and organizational performance. Thus, we reject the null hypothesis and accept the alternative hypothesis which express that there is a positive nexus between cost based pricing and organizational performance of fast food restaurants in Port Harcourt.

Hypothesis Three

$H0_3$: There no significant relationship between competitive based pricing and organizational performance

Correlations

			Competitive Based Pricing	Organizational Performance
Spearman's Rho	Competitive Based Pricing	Correlation Coefficient	1.000	.799**
		Sig. (2-tailed)	.	.000
		N	80	80
	Organizational Performance	Correlation Coefficient	.799**	1.000
		Sig. (2-tailed)	.000	.
		N	80	80

**. Correlation is significant at the 0.05 level (2-tailed).

Source: Field Survey Data, SPSS Output

Decision: From the SPSS table above, the probability value is 0.000 (PV < 0.05) while the correlation value is 0.799 which designates positive relationships between competitive based pricing and organizational performance. Hence, we reject the null hypothesis and accept the alternative hypothesis which infers that there is a significant relationship between competitive based pricing and organizational performance of fast food restaurants in Port Harcourt.

Discussion of findings

The findings from testing the entire hypothesis showed a significant and strong nexus between the variables of the construct, as indicated by the SPSS table correlations of *0.823, *0.812 and *0.799 correspondingly. The data indicated a direct connection between fast food restaurants profitability, performance and growth in Port Harcourt. Implying to such result, it was inferred that pricing strategy, customer value based pricing, cost based pricing, competitive based pricing and organizational performance all have auspicious relations, but not to the same magnitude.

Conclusion

It is observed that no matter how good the products and services are, how creative the promotion or how effective the distribution, unless the price covers cost, the organization will make a loss. It is essential that fast food restaurants must understand how to set prices because both undercharging (lost margin) and overcharging (lost sales) can have dramatic effects on profitability (Jobber, 2004). Pricing strategy is an essential cog and should be management focus since it does determine the profit, market share and growth of organizations. It's management focus that can uplift or deter an organizational performance, hence it's enormously important that organizations extremely get their pricing strategies and decisions absolutely right for growth. As Kotler and Armstrong (2011) connote that organizations must get their pricing strategy right towards successful performance. Fast food restaurants should be able to control pricing since is the element that creates exchange of value, as it influence the customer's perception and impact on their willingness to go for a product or service. However, pricing strategies involves the use of a specific type of information on prices to represent the evolution of price in price index compilation (Mckenzie, 2015).

Recommendation

Based on the study framework, several observations were recognized and the significance of pricing strategy on the performance of various sectors cannot be overlooked, especially fast food restaurants. The following reference were outlined;

- Fast food restaurants should align their policies to their business needs, such as pricing strategy for better and improved organizational performance.
- Fast food restaurants should always make a conscious price decision subject to customer needs while desisting from werewolf profit appetite that will prompt the organization from attracting or losing new and potential customers.
- Fast food restaurants should constantly project pricing strategy on a balance scale due to competition factors, inflation and market forces, since no strategy is ever absolute.
- Proper pricing strategy will expose fast food restaurants with wide selection of solutions across cost, sales, market, margins, and edge strategy to help them scale challenges of price and performance seamlessly.
- Fast food restaurants should put in place strategic approach and have resourceful personnel for their pricing process in order to excel in business whilst having competitive advantage and improved performance.
- Since price exerts preponderant role in the profitability and growth of an organization, fast food restaurants should prioritize, practice and initiate strategic pricing that will enhance the growth and performance of the organization.

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