

1 Pricing Strategies and Financial Performance: The Mediating
2 Effect of Competitive Advantage. Empirical Evidence from
3 Uganda, a Study of Private Primary Schools

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7 *Received: 6 December 2018 Accepted: 31 December 2018 Published: 15 January 2019*

8

9 **Abstract**

10 The purpose of this study was to examine the mediating effect of Competitive advantage on
11 the relationship between Pricing strategies and Financial performance in private primary
12 schools of Uganda. - The research adopted the Med Graph program and Sobel tests for the
13 mediation effects so as to develop a closed loop model of financial performance of private
14 primary schools. The study is based on a quantitative approach and cross sectional Research
15 design. Descriptive statistics and inferential statistics were used in the analysis. The results
16 reveal that that competitive advantage partially mediates the relationship between pricing
17 strategies and financial performance (partial mediation). This study makes a contribution by
18 providing information that is relevant for filling the practical gap that exists in financial
19 performance of private primary schools in the settings of developing countries as well as
20 contributing to the theoretical development of pricing strategies. Practical implications of this
21 paper puts it that in order to have a meaningful interpretation of the results of the
22 relationships between study variables, it is always vital to assess the role of the mediator in
23 the relationship. This enables practitioners and scholars to comprehend and make legitimate
24 decisions and conclusions that can foster enhanced financial performance of private primary
25 schools.

26

27 **Index terms**— pricing strategies, competitive advantage, financial performance, primary schools.

28 **1 Introduction**

29 asirye ??2009) and UNEB (2011) elucidates that like any other country across the globe, primary education is
30 regarded as a core level in Uganda's academic achievement. As such, improving access to primary education
31 is a priority in Uganda ??MoES Report, 2015). Ministry of Education Report (2013) eulogizes that through
32 the liberation strategy, the numbers of private primary schools have increased tremendously since the 1990s,
33 which has increased the number of school-going children. Although this is the case, Hamza, Mutala and Antwi
34 (2015) contends that many private primary schools are recording dismal performance manifested in the declining
35 profitability and increasing liquidity challenges. This attracts a lot of interest for the researcher to seek inquiry
36 into the factors responsible for the declining financial performance.

37 Nevertheless, the financial performance of private primary schools within Rubaga Division, Kampala District
38 in Uganda continues to decline. Schools such as Muslim Girls Primary School, Trinity Love School and Destiny
39 Junior School registered net losses by close of First Term for 2015. Trinity Love registered a net loss of UGX12.5
40 million and the school was also unable to pay teachers their salary for March 2015 due to liquidity challenges
41 (Trinity Love School Performance Report, 2015). On the other hand, Muslim Girls Primary School faced liquidity

4 H1: PRICING STRATEGIES IS POSITIVELY RELATED WITH FINANCIAL PERFORMANCES B) 2.2 THE MEDIATING EFFECT OF COMPETITIVE ADVANTAGE ON PRICING STRATEGIES AND FINANCIAL PERFORMANCE

42 challenges which left teacher's salary unpaid for two months of March and April 2015. This salary was never
43 paid until the beginning of Second term (Muslim Girls Primary School Payroll, 2015). Recurring liquidity and
44 profitability challenges were also eminent in 2016. Notable, New Rock Foundation School in the entire year
45 registered losses of UGX 5.9 million, UGX 7.7 million and UGX 7.9 million in first term, second term and
46 third term respectively (New Rock Foundation Quarterly Assessment Report, 2016). Consequently, most of the
47 private schools within the area are experiencing high level of teacher turnover while the general performance of
48 schools within the Division has also declined. Therefore, this paper aims to examine the relationship between
49 pricing strategies and financial performance and the mediating effect of competitive advantage on the relationship
50 between pricing strategies and financial performance of private primary schools in Uganda.

51 2 II.

52 3 Literature Review a) Pricing Strategies and Financial Performance

53 Pricing has attracted a lot of attention and has been associated with various variables, one being financial
54 performance. According to Hinterhuber and Liozu (2014) pricing of goods and services determines the level of
55 profitability and the general liquidity experienced by firms. Similarly, Wuollet (2013) who acknowledged that
56 the different pricing strategies of cost-based pricing, competition-based pricing and customer value-based pricing
57 predict the amount of revenue that the firm can be able to generate over the long-term. They further acknowledge
58 that customers are price sensitive and therefore, the demand for the goods and services largely depends on the
59 perceived fairness of the price.

60 In addition, Sije and Oloko (2013) argue that companies which do not manage their prices lose control over
61 them, impairing their profitability due to fading willingness to pay a higher price. Avlonitis and Indounas (2006)
62 also revealed that pricing is a powerful force in attracting attention and increasing sales, and that it can also have
63 a major influence on customer loyalty which determines the ability of the firm to consistently generate revenues
64 to boost profitability and liquidity in the long run. Within the same context, Gupta and Zeithaml (2006) noted
65 that price serves as a proxy determining profitability since it is the only element within the marketing mix that is
66 directly linked to generating revenues for a firm. Consistence is also evident in a recent study by Ritz (2013) who
67 found out that pricing and financial performance are positively associated. More so, when the price is attractive,
68 so are customers willing to purchase goods and services from the firm.

69 Furthermore, empirical studies indicate that pricing enable firms to generate the cost and additional income for
70 the value devoted to the goods and services to comfortably meet the cost of production and guarantee some level of
71 sustainability of the business (Abito, Besanko & Diermeier, 2012; De Toni et al, 2013). Furthermore, Hinterhuber
72 and Liozu (2014) revealed that pricing enables firms to determine the amount to charge the customer in order to
73 remain profitable in its dealings, which boosts financial performance of firms in the long term. On the other hand,
74 Avlonitis and Indounas (2006) stressed that a mistaken or nonexistent pricing policies negatively affects the volume
75 of purchase by customers which affects their profitability while a fair price boosts sales and subsequently boosts
76 the financial performance of firms. Hence, they concluded that firms can only boost their financial performance
77 when they establish and implement an effective pricing strategy that encourages customers continued demand
78 for the goods and services offered by the firm.

79 Nevertheless, some studies (Achrol & Kotler, 1999; Abito et al 2012) observe that the association between
80 pricing and financial performance is not a clear since different markets react to price differently. It is indicated
81 that what is perceived as a high price in one market may be perceived as a low price in another market, hence
82 affecting the demand in anticipation that the quality of the product is low. On the other hand, a market that
83 perceives the goods and services prices as high is likely to purchase a low quantity which would also affect the
84 profitability potential of the firm. In general, it can be concluded that pricing impact on financial performance
85 is subjective.

86 While this is the case, this study observes that pricing is a core component no matter what the business
87 deals in. Therefore, depending on how it is perceived, it would have influence on many organizational objectives
88 achievement of which financial performance is among. It is worth noting that every business aims at formulating
89 a price which it considers worthy enough to achieve a given profit and maintain the businesses liquid. It is on
90 this note that the study hypothesizes that:

92 4 H1: Pricing Strategies is positively related with financial 93 performances b) 2.2 The Mediating effect of Competitive 94 Advantage on Pricing Strategies and Financial Performance

95 Generally, the mediation of competitive advantage on pricing strategies and financial performance has received
96 less attention among researchers and academia. Much as this is the case, studies focused on single variables
97 of pricing and competitive advantage and mostly indicate that both variables significantly influence financial
98 performance of organizations. For instance, Hinterhuber and Liozu (2013) indicated that pricing is fundamental
99 in boosting financial performance and can also influence competitive advantage when the organization engages

100 in innovation. Earlier findings by Zbaracki and Bergen (2003) indicated that the price adopted by the firm
101 determines whether it has an advantage or not. Yet highly competitive businesses would easily generate profits
102 and simplify liquidity challenges. (Direct mediation).

103 On the other hand, Wuollet (2013) focused on the competitive advantage indicating that it enables the firm
104 to become flexible in the market and undertake innovative decisions to boost revenue in the process. Dutta et
105 al (2003) complemented and revealed that a business with competitive advantage enjoys a cost advantage which
106 enables it to set either lower prices and gain more sales or set a higher price and record value for sales because
107 customers are ready to continue using the product or services due to the perceived superiority perceived by
108 the customer. Nevertheless, Suri and Monroe (2003) revealed that the major focus should be on how best an
109 organization gains a better advantage other than price because pricing alone is not enough for the company to
110 gain competitive advantage and generate revenue.

111 In conclusion, scanty information available is an eye opener for researchers to put much focus to it since the
112 component of pricing is something that no organization can run away from just like there is no single organization
113 that does not want to have an advantage. Hence, this study hypothesizes that: Year 2019 ()

114 **5 C H2: Competitive advantage positively mediates the re- 115 lationship between pricing strategies and financial perfor- 116 mances**

117 The Conceptual Framework

118 **6 Source: (adapted from Zou & Li, 2014; with modification)**

119 The conceptual framework above depicts the relationship that exists between price strategy (Costbased,
120 Competition-based, and Perceived Value-based) and financial performance. The dependent variable is defined by
121 financial performance, measured by profitability and liquidity. The independent variable is price strategy keeping
122 which is seen as the key predictor in determining the effect on the dependent variable(financial performance)
123 in order to arrive at a conclusion as to whether there is a significant effect on financial performance or not.
124 Competitive advantage is a mediating variable. Competitive advantage intervenes in to mediate the relationship
125 between pricing strategies and financial performance.

126 **7 III.**

127 **8 Methodology a) Research methodology**

128 This study adopted a cross-sectional descriptive and analytical research design. The cross sectional research
129 design used was useful in providing snapshot of what was actually happening about the study area at point in
130 time. Analytical research design was used for descriptive and inferential statistics reasons to test the formulated
131 hypotheses. To address the research hypotheses generated in literature, the researchers undertook a large
132 scale comprehensive survey covering a random sample of private primary schools in Kampala district. A self
133 administered questionnaire was developed to tap the constructs of pricing strategies, competitive advantage and
134 financial performance.

135 **9 b) Study population, research setting, sampling design and 136 procedure**

137 The study population comprised of a total of 184 private primary schools projects in Kampala district (Rubaga
138 Division Urban Council, 2017). Data were collected from headteacher, bursar, and resident director involved in
139 direct management of private primary schools in Kampala district. The unit of analysis was the primary schools
140 in Kampala district. Unit of inquiry consisted of headteacher, bursar, and resident director. Using the formula
141 provided by Krejice & Morgan (1970), a sample size of 123 private primary schools was determined. The power of
142 Sample size was explained by 95% confidence interval and with acceptable error of 5%. Krejice & Morgan's' (1970)
143 sample size determination approach was preferred because it yielded a representative sample which one would
144 expect even if other popular approaches such as Yamane (1973) were used. Simple random sampling technique
145 was used to select the projects. The researcher generated a table of random numbers using EPITABLE-random
146 number listings. All private primary schools in Rubaga division in Kampala district were listed in alphabetical
147 order and assigned numbers from 00001 to 184. Consistent with the rules of sampling,

148 **10 c) Data sources, data collection instrument and measure- 149 ment of variables**

150 Primary data was collected by gathering views from the headteacher, bursar, and resident director using a
151 questionnaire. Item scales for all the study constructs were anchored on a 5-point likert scale with 1= strongly
152 disagree to 5= strongly agree. Pricing strategies was measured in terms of cost based, competitive based,

15 SOURCE: PRIMARY DATA

153 perceived value (Avlonitis et al, 2005). Competitive advantage was measured by adapting item scales developed
154 by Porter (1998). Financial performance was measured by adapting the item scales developed by Omasete (2014),
155 Boermans & Willebrands (2012), Zou & Li (2014). Data were tested for the assumptions of parametric data
156 prior to analysis.

157 11 d) Data Analysis e) Validity and reliability of the instrument, data cleaning, parametric tests, analysis and reporting

158 All items were derived from previous studies and modified to suite Ugandan context. These item scales were
159 given to experts to assess their relevance to the study. The researcher, then pilot tested the questionnaire using
160 a sample size of 30 respondents to test for validity and reliability of the measurement items as indicated in
161 table1. Cronbach's alpha coefficient was used to check the reliability of the instrument in table 1. As justified by
162 Neumann (2006) and Nunnally (1978), all variables of study conformed to the minimum cut-off point of 0.7 and
163 above. The researcher examined the data for outliers and missing values before analysis. The results showed an
164 acceptable range of missing values which was less than 5 % (Sekaran, 2003). The researcher then tested for the
165 assumptions of parametric data. The data analyzed proved no serious problems. Pricing strategies was assessed
166 using dimensions that include; cost based, competitive based, perceived value. Some of the questions included;
167 The school dues reflect the cost incurred in operation, the school dues take into consideration the targeted mark-
168 up, the school frequently adjusts dues to fit the cost incurred, the school dues are within the same range as
169 for competitors, this school frequently surveys the market to identify competitors school dues adjustments, this
170 school's dues are parallel with other schools within the division, this school sets a low price compared to other
171 schools within the division, this school adjusts dues based on the academic performance, the school fees reflect
172 good will, the school dues charged by this school are reflective of the class of customers she serves.

173 Stakeholder engagement was analyzed in terms of dimensions of cost focus and differentiation with questions
174 which include; The school dues are friendly for our customers. The school charges are among the lowest within the
175 division, the parents can afford the school fees charged, this school frequently engages in advertising and publicity,
176 the school has well trained and qualified staff, this school considered among the best performing schools within
177 the division, our services are popular in the market, the school staff has customer care, this school is known for
178 serving a specific class of customers.

179 Financial performance was assessed using dimensions of profitability and liquidity. Questions asked included;
180 This school frequently acquires external funding to meet its obligations, the Return on Assets for this school has
181 increased compared to the previous year, the gross income of this school has increased lately, this school registered
182 a higher profit after all deductions last year of 2016 compared to other years, this school finds it challenging to
183 execute its day to day operations, the school has several sources through which it generates cash, the assets
184 possessed by this school exceed the liabilities owed, all school obligations are paid on time, the customers pay
185 their school dues on time, this school has expenses that have been outstanding for a long time.

186 IV.

188 12 Results

189 13 a) Descriptive statistics

190 14 C b) Correlation Analysis

191 The Pearson correlation method was used to examine the relationship between price strategy advantage and
192 financial performance.

193 15 Source: Primary data

194 The findings from the correlation table above, indicate a significant perfect positive relationship between Price
195 strategy and Financial Performance as revealed by the correlation coefficient ($r = .554 ** p < 0.01$). This implies
196 that Price strategy with its dimensions such as cost based, competitive based and perceived value positively
197 influence the financial performance private primary schools in the context of Uganda entities. These results also
198 signify that appropriate price strategies are associated with high levels of financial performance. Similarly, poor
199 pricing strategies are associated with low levels of financial performance. These therefore implies that private
200 primary schools should ensure that school dues reflect the cost incurred in operation, the school dues take into
201 consideration the targeted mark-up, the school dues charged cater for all the school costs plus a proportion of
202 profit, the school frequently adjusts dues to fit the cost incurred, the school dues are within the same range as
203 for competitors, this school frequently surveys the market to identify competitors school dues adjustments, this
204 school's dues are parallel with other schools within the division, this school sets a low price compared to other
205 schools within the division, this school adjusts dues based on the performance, the school fees reflect good will,
206 the school dues charged by this school are reflective of the class of customers it serves.

207 **16 This conforms to H1 which states that price strategy is**
208 **positively related to the financial performance c) Regression**
209 **analysis**

210 **17 Source: Primary data**

211 The findings in table 3 showed that the financial performance was significantly influenced by pricing strategy (beta
212 = .554, p<0.01, Sig =.000). This implies that pricing strategy with its dimensions of cost based, competitive
213 based and perceived value greatly predict financial performance of private primary schools. Pricing Strategy
214 should therefore be highly considered by the school management and board members for better enhancement of
215 financial performance private primary schools.

216 The regression analysis model of financial performance of private primary schools as seen in table 3 was found
217 to be significant and hence well specified, which means that; Pricing Strategy with dimensions of cost based,
218 competitive based and perceived value were found to be appropriate determinants of financial performance of
219 private primary schools in Uganda. The predictive power of the model was found to be 30.3% (Adjusted R
220 Square =.303). The result in table 3 indicates pricing strategy account for 30.3% variation in enhancing financial
221 performance of private primary schools in Uganda hence predicting the financial performance while the remaining
222 69.7% of predictors of financial performance is accounted for by other factors

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224 Volume XIX Issue I Version I Year 2019 () C that are not part of this study. The Model specification was found
225 to be fit and valid for this study (Sig<0.00).

226 **19 d) Mediation**

227 Using the Baron and Kenny (1986) mediation steps, Med Graph program version 2013 was used as a modified
228 version of the Sobel test to compute the Sobel z-value and the significance of the mediation effect of competitive
229 advantage on the relationship between pricing strategies and financial performance. The significance of the
230 mediation effect and type of mediation was also tested basing on Sobel's z-value and ratio index calculated using
231 the Med Graph program. These results indicate that, since the Sobel Z-value is large with a p-value less than
232 0.01(Sobel Z-value: 0.4798498, sig: P<0.01), it means that a significant mediation of Competitive advantages
233 on the relationship between pricing strategies and financial performance exists. In a real sense, it indicates that
234 the association between pricing strategies (predictor variable) and financial performance (criterion variable) has
235 been significantly reduced (i.e. from 0.554 to 0.377) by the inclusion of competitive advantage (the mediating
236 Variable). A partial type of mediation was also registered because the correlation between independent variable
237 and dependent variable was reduced to a significant level (i.e. from 0.554** to 0.377**). The ratio index of 10%
238 (0.0103/0.103*100=10) implies that 10% of the effect of competitive advantage on financial performance goes
239 through pricing strategies.

240 Therefore the results have revealed the contribution of independent variables to the dependent variables.
241 Accordingly, the findings indicate that competitive advantage partially mediates the relationship between
242 pricing strategies and financial performance (partial mediation). This means that the entire effect on financial
243 performance does not only go through the main predictor variable (pricing strategies) but also competitive
244 advantage. This further signifies that the connection between pricing strategies and financial performance is
245 weakened by the presence of competitive advantage. Competitive advantage induces financial performance and
246 partly acts as an agent in the association between pricing strategies and financial performance of private primary
247 schools. This is in line with H2: Competitive advantage is a significant mediator of pricing Strategies and financial
248 performance among private primary schools.

249 V.

250 **20 Discussions and Conclusion a) Pricing Strategy and Finan-**
251 **cial Performance**

252 This study revealed a positive relationship between pricing strategies and financial performance. These results
253 are consistent with De Toni, et al (2013) that highlighted that strategic pricing is necessary to enhance financial
254 performance. Hence, the price should continuously change with the changes in market conditions such as,
255 economic conditions and degree of competition for the firm to remain profitable. Similarly, Hinterhuber and
256 Liozu (2014) who noted that pricing of goods and services determines the level of profitability and the general
257 liquidity experienced by firms. Moreover, Abito et al, (2012) noted that pricing enables firms to determine the
258 amount to charge the customer in order to remain profitable in its dealings, which boosts financial performance
259 of firms in the long term. This study therefore postulates that an improvement in pricing strategies would lead
260 to improvement in financial performance. On the other hand, the findings also signalized that adopting wrong
261 pricing strategies would result in the decline in financial performance. Consistent with the findings, Avlonitis and
262 Indounas (2006) stressed that a mistaken or nonexistent pricing policies negatively affects the volume of purchase

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263 by customers which affects their profitability while a fair price boosts sales and subsequently boosts the financial
264 performance of firms.

265 21 Financial Performance

266 The findings further observed that unlike competitive based pricing strategy, cost-based pricing and perceived
267 value-based pricing were positively related with financial performance. In other words, the findings noted that
268 the adoption of competitive based pricing would not in any way improve financial performance among private
269 schools. However, the findings contradict with Wuollet (2013) who emphasized the need for institutions to adopt
270 different pricing strategies of cost-based pricing, customer value-based pricing as well as competition-based pricing
271 if they are to boost revenue that the firm can be able to generate over the long-term. On the other hand, it was
272 observed by Ritz (2013) that competitive based pricing is fundamental in boosting financial performance since
273 it enables to set prices that would make their services more attractive than for other competitors. Subsequently,
274 this increases the firms' ability to boost sales and generate higher profits in the long run.

275 The study emphasized the positive relationship between cost-based pricing and perceived value-based pricing
276 towards determining financial performance. The exploration indicated that when institutions adopt costbased
277 pricing strategy and the perceived value-based pricing strategy, then they would be able to generate more profits
278 and boost their liquidity. These results affirm earlier findings by Gupta and Zeithaml (2006) which revealed
279 that price serves as a proxy determining profitability since it is the only element within the marketing mix that
280 is directly linked to generating revenues for a firm. In particular, the findings signalized that when cost-based
281 pricing strategy is adopted, then institutions would be able to set a price which is able to reflect the cost incurred
282 and frequently adjust prices based on the cost incurred which would boost liquidity and profitability of firms.
283 Previous work by De Toni et al, (2013) posit that price is one of the most flexible elements of the marketing mix,
284 which interferes directly and in a short term over the profitability and cost effectiveness of a company. In other
285 words, adopting a cost-based pricing would give room to institutions to identify the best price that would keep
286 them profitable such that they continuously boost their financial performance.

287 22 b) Mediation of Competitive Advantage on Pricing

288 Strategies and Financial Performance Generally, studies explaining the mediation Competitive Advantage on
289 Pricing Strategy and Financial Performance are in nonconfigurative. While this is the case, Hinterhuber and
290 Liozu (2013) indicated that pricing is fundamental in boosting financial performance and can also influence
291 competitive advantage when the organizations engage in innovation. On the other hand, Wuollet (2013) focused
292 on the competitive advantage indicating that it enables the firm to become flexible in the market and undertake
293 innovative decisions to boost revenue in the process. Hence, these findings portray a new pool of knowledge by
294 affirming the relevance of both pricing strategies and competitive advantage.

295 Consistent with these findings, Ivlonitis and Indounas (2006) indicated that pricing is essential in marketing
296 because it determines the general profitability and liquidity of firms. In the same view, Payne and Frow (2014)
297 indicated that it is critical issue formulating the price for products and services since the price has the potential
298 to determine the profitability and liquidity position of the firm. Besides, De Toni et al, (2013) emphasized that
299 price is one of the most flexible elements of the marketing mix, which interferes directly and in a short term over
300 the profitability and cost effectiveness of a company. Therefore, is necessary that institutions closely monitor
301 price for their products and services to determine financial performance.

302 The findings also observed that when the firms gain a higher competitive advantage, they would record changes
303 in their financial performance where they would record more profits and liquidity. On the other side, where firms
304 lose the competitive advantage, they would record declines in profitability and liquidity. This is supported by
305 Sheehan and Foss (2007) who postulated that competitive advantage makes a significant contribution to the
306 success of the business in terms of boosting financial performance widely examined in the context of profitability
307 and liquidity. Dutta et al (2003) also commended competitive advantage indicating that firms that enjoy cost
308 advantage or firms that differentiate themselves from competitors gain more sales necessary for boosting financial
309 performance. Therefore, it is necessary for firms to consider pricing strategies and competitive advantage as
310 important considering the benefits that accrue to them.

311 23 VI.

312 24 Recommendations

313 The study recommends that private primary schools put in place measures that evaluate the most effective pricing
314 strategy to reduce product costs and thus increase profitability whenever such a strategy is used. They should
315 also adopt ways to implement their pricing strategies better compared to competitor firms. Further, they should
316 ensure that the pricing strategies they adopt help them discourage competition and focus more on enhancing the
317 financial performance.

318 Private primary schools carry out market survey when formulating prices for their services. They should
319 identify the prices charged by their competitors in order to come up with prices which are neither too low or very
320 high. This will ensure a steady advancement in the financial performance of the school Private primary schools

321 should conduct customer survey to obtain knowledge about customers' perception of the market offers. This will allow ¹

1

| Variable | No. of Items | Cronbach pha | Alpha | Content Index | Validity |
|------------------------|--------------|--------------|-------|---------------|----------|
| Pricing Strategies | 11 | .717 | | .730 | |
| Competitive Advantages | 11 | .753 | | .820 | |
| Project Performance | 12 | .811 | | .752 | |

Figure 1: Table 1 :

2

| Demographic Characteristic | Parameter | Frequency | Percent |
|--------------------------------|--------------|-----------|---------|
| | 1-10 staff | 51 | 42.6 |
| | 11-20 staff | 17 | 14.4 |
| Number of staff in your school | 21-30 staff | 18 | 15.3 |
| | 31-40 staff | 12 | 10.2 |
| | 41 and above | 21 | 17.6 |

Source: Primary Data

Figure 2: Table 2 :

3

| Study Variables | Price strategy | Financial Performance |
|-----------------------|----------------|-----------------------|
| Price strategy | 1 | |
| Financial Performance | .554 ** | 1 |

**. Correlation is significant at the 0.01 level (2-tailed).

Figure 3: Table 3 :

322

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| Model | Unstandardized Coefficients B | Std. Error | Standardized Coefficients T Beta | Sig. |
|--|----------------------------------|------------|--|------------|
| (Constant) | 1.235 | .248 | | 4.980 .000 |
| Pricing Strategy | .640 | .066 | .554 | 9.722 .000 |
| R = .554 a | | | | |
| R Square = .306 | | | | |
| Adjusted R Square = .303 | | | | |
| F statistics = 94.525 | | | | |
| Sig. (F statistics) = .000 | | | | |
| a. Dependent Variable: Financial Performance | | | | |

Figure 4: Table 3 :

.1 VII. Limitations and Areas for Further Research

323 sensitivity and varieties of willingness to pay. Further on that, price review should be conducted annually by
324 private primary schools to ensure that the price for their services is frequently matched against the prevailing
325 market conditions and the competitors.

326 Schools should use pricing to distinguish themselves from its competitors to expand market share which results
327 into increased revenue, which has a bearing on the profitability of the business. Improving pricing strategies firms
328 to gain a better competitive advantage on the market.

.1 VII. Limitations and Areas for Further Research

330 This study has some inherent limitations which include; a cross sectional research design that restricts us from
331 studying causal relationships among the variables. The behaviors of the variables over a long time could not be
332 completely analyzed which restricted the applicability of the findings as a longitudinal study may give different
333 results from the ones that were obtained. However; this was overcome by expanding the scope of the study in
334 two division of Kampala district.

335 Further research may focus on; customer information, credit terms, access to finance and financial performance
336 of private primary schools using a longitudinal research design. Research should also be undertaken to explore
337 the concept of financial performance of private primary schools in other contexts such as higher institutions of
338 learning, SMEs, financial institutions among others. This follows from the relatively scarce studies that have been
339 made on the concept of financial performance in these areas. A meticulous research to focus on qualitative research
340 will get the in-depth contextualization of financial performance since this study focused more on quantitative
341 approach based on positivistic paradigm.

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