

The study of the effects of the pricing policies on an organizations profit: Case study of technology businesses in Kurdistan

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Abstract— The main purpose of this research is to examine the influence of pricing policies on organizations' profit. The researcher applied a quantitative method to analyze the data in this study, the researcher prepared questionnaire and distributed in the different organizations located in Erbil. The survey was divided into two sections; the first section was demographic analysis which started with respondent's age, gender, and level of education. The second section of survey consisted of 32 questions concerning pricing policies and its impact on organization profit. 89 participants were involved in the current study; however the researcher used SPSS software in order to analyze the gathered data. Moreover, the researcher aimed to develop the main research hypothesis which stated that there is a positive and significant impact of pricing policies on organization profit. The result of a simple regression analysis demonstrates that the value B for pricing policy is .712 which is greater than .0001 this proves that the main research hypothesis is supported which stated that there is a positive and significant impact of pricing policy on organization profit.

Keywords— pricing policy, organization profit, Erbil, Kurdistan.

I. INTRODUCTION

Organizations today confront a large group of difficulties to stay aggressive and coordinated in the unstable market. Successfully valued items and additionally administrations can be an enormous focused weapon if done well, or a risk if wretched. (Thirumurthy, et al. 2018), opined that, diverse kinds of estimating system, for example, value separation, value infiltration; skim evaluating and value harmonization etcetera, have distinctive centrality to various organizations in the impossible to miss advertise they mean to serve. The dominance of value harmonization among different techniques, to augment benefit in a business situation in which purchasers have comparative versatility of interest is irreplaceable. Value harmonization can likewise be utilized to

pad the impact of customer hatred that was occasioned by contenders underselling the organization in the fragment being charged the higher price as well as where a purchaser purchases modest in one section and exchange at the higher evaluated portion just like the case in numerous Nigerian market. As indicated by (Modak, et al. 2018), supervisors must screen the commercial center to decide prices that clients will pay for items or administration, on the off chance that they should succeed.

Price is a standout amongst the most adaptable components of the advertising blend, which meddles specifically and in a here and now finished the productivity and pricing strategy of an organization (Rida & Ibrahim, 2018). Regardless of the significance a price has on the execution of organizations, it seems that such component has not gotten the correct consideration by numerous scholastics and promoting experts (Lopez-Nicolas, et al. 2018). Normally, in promoting, the fundamental spotlight is put on the advancement of new items, appropriation channels and correspondence systems, and as indicated by (Chrysopoulos & Mitkas, 2018), this could prompt accelerated pricing choices without appropriately assessing business sector and price factors. Subsequently, pricing is dealt with as the least difficult procedure inside advertising, maybe in light of the fact that numerous organizations decide their prices in view of instinct and the director's market involvement (Ding, et al. 2018). Moreover, just couple of supervisors deliberately consider evaluating while proactively administrating their prices with a specific end goal to make great conditions that prompt profits (Olawale, et al. 2018). Considering this, (Lynn & Brewster, 2018), feature the requirement for more research in regards to the estimating inclinations and practices in light of the fact that, as indicated by the writers, under 2% of every single distributed article in advertising diaries are centered around pricing. Vital pricing requires a more grounded connection amongst advertising and the other sectors of a company. In order to upgrade organizations' monetary and money related

execution, the estimating approaches ought to be characterized by their interior limits and on the essential systematical comprehension of necessities and wishes of their clients, notwithstanding economic situations, for example, financial conditions and level of rivalry (Memari, et al. 2018). In this specific situation, this present examination's goal was to propose and test a hypothetical model that shows the effects of estimating strategies on organization's benefit. On this respect, the hypothetical presumptions consider as estimating arrangements the definitions that involve the evaluating procedures and the value levels utilized by organizations in their individual markets. (Vogler & Schneider, 2017), expressed that general promoting writing places that the compelling execution of arranged advertising methodology is critical to connecting showcasing endeavors with firm execution. Further, practically speaking, executing arranged advertising procedure is broadly observed as a dangerous administrative errand that devours generous time and exertion assets yet regularly closes in disappointment as per (Luo, et al. 2017). These issues might be considerably more prominent for administrators managing global markets. For instance, working in trade markets includes managing geological separation alongside clairvoyant and nonappearance with respect to the fare advertise culture, business rehearses, channel structure, interchanges foundation, lawful framework, and so on attested by (Santibanez-Gonzalez, 2017). Numerous organizations take after the Porter's business methodologies in a fare market to contrast and their opponents yet (Thompson, et al. 2017), noticed that in the present aggressive market, concentrating just on the abatement of assembling expenses may no more reason the organization's achievement in send out driven economies. Besides, (Liu & Yi, 2017), stressed that price is no more a predominant procedure for organizations in the market. Also, the piece of the pie involved by an organization, the wage it gets, and its benefits are dictated by executing an adaptable, changing and reasonable economic situations methodology of fare estimating. This additionally helps to expand the capacity of an organization to contend effectively on the universal market. As indicated by (Radhi & Zhang, 2018), the comprehension of a fare evaluating procedure is fundamental since it might have an intense and quick impact on an organization's execution. In 2001, Raymond et al. expressed that satisfactory pricing procedures are basic administrative choices for accomplishment in outside business sectors. Setting up prices for worldwide markets isn't a simple assignment. Choices with respect to item, price, and dissemination for global markets are exceptional to every nation as indicated by (Chen, et al. 2017). According to (Dehghanbaghi, & Sajadieh, 2017) Walters contends that when a firm sets a fair value, the circumstance turns out to be

more convoluted than on account of household value setting. This is on account of the fare price of a decent (or administration) must attempt to think about the applicable household ecological variables which must be assessed and adjusted to the worldwide setting with extra factors.

II. LITERATURE REVIEW

As per (Xia, et al. 2017), price choices are a standout amongst the most vital choices of administration since it influences benefit and the organizations' arrival alongside their market aggressiveness. Accordingly, the errand of creating and characterizing prices is perplexing and testing, in light of the fact that the chiefs associated with this procedure must see how their clients see the prices, how to build up the apparent esteem, what are the natural and applicable expenses to consent to this need, and additionally consider the estimating goals of the organization and their focused position in the market (Esmaeili, et al. 2018). Along these lines, (Zhang, et al. 2017), contend that organizations which don't deal with their prices lose control over them, weakening their gainfulness and price adequacy essentially because of the clients will on paying a determinate price, which not exclusively does it rely upon the apparent esteem, yet in addition relies upon the prices set by the main rivals. Therefore, mixed up or in-existent evaluating approaches could lead purchasers to build the volume of data while permitting them to increase their bartering power thus forcing price diminishments and rebates. The distinction between regular price setting and key estimating comprises on setting prices by responding to the economic situations or overseeing them proactively, being their sole reason to apply the most beneficial evaluating by creating more an incentive for clients without the commitment of expanding the business volume (Bose, et al. 2017), logically, there isn't a unique way for characterizing prices. Before setting a price, the organization must choose what will be the technique for the item notwithstanding what will be the proposed destinations, since the clearer these choices, the less demanding it will be to set up (Li, et al. 2016). As per (Marcucci, et al. 2015), prices highly affect organizations' gainfulness, and pricing systems shift extensively amongst parts and market circumstances. Regardless, analysts generally concur that evaluating systems can be classified in three major gatherings: price-based estimating, rivalry based estimating and client esteem based pricing (Gallus, et al. 2014). (Purshouse, et al. 2010), contend that there must be an adjusted thought of data, discernment and characteristic conduct of the 3C's of this process (cost, Competition and Customers) as an approach to achieve the ideal price. The administration of such data is an urgent factor for the achievement of the evaluating definition procedure and

the price settlement. Now and again, these practices have additionally been assigned as estimating techniques (Dan, et al. 2012).

Pricing choice is a vital choice each association needs to make, since this will inevitably influence their corporate destinations, either straightforwardly or in a roundabout way (Harrison, et al. 2012). For each business element, regardless of their line of business and goal, price minimization and benefit boost is a general factor to be considered and for non-benefit making associations, there will dependably be the need to decrease price at all methods and to augment yield. A business whether little or huge, basic or mind boggling, private or open, is made to give focused prices (Chen, et al. 2013). As per (Schuitema, et al. 2010), setting the price for an association's item or administration is a standout amongst the most pivotal choices a supervisor countenances, and a standout amongst the most troublesome, because of the quantity of variables that must be considered. A portion of the elements that impact evaluating choice are request, contenders, price, political, natural, legitimate and picture related issues. (Rinaudo, et al. 2012), braces this point by expressing that supervisors are as often as possible looked with choices on pricing and gainfulness of their items. A portion of the goals of business endeavors differ from augmentation of benefit, minimization of price, boost of investors support, turning into a market pioneer, and so forth. From the different destinations of business associations, the essential goal of any business undertaking is to augment benefit and limit price, with the exception of philanthropy associations that are set up fundamentally not to make benefit, but rather there will be have to limit price definitely, subsequently the need to set prices, which thusly means that estimating choice emerges in for all intents and purposes a wide range of associations, independent of their level of exercises. As indicated by (Kopalle, et al. 2012), the essential way to deal with a powerful pricing system is to oversee incomes in ways that help the organizations' productivity targets, which prompts the inquiry; how well would we be able to supplement the different elements that impact evaluating choice, to accomplish our general goal, which is amplification of benefit.

As indicated by (Pulido-Velazquez, et al. 2012), when buyers are exceptionally delicate to the price change of an item—that is, they purchase a greater amount of it at low prices and less of it at high prices—the interest for it is price versatile. Individuals will probably purchase items/merchandise when their prices drop and more averse to get them when their prices rise. By differentiate; when the interest for an item stays generally the same and purchasers are not touchy to changes in its price, the request is price inelastic. Interest for

fundamental items, for example, numerous essential nourishment and medical aid items isn't as influenced by price changes as interest for some trivial products. The quantity of contending items and substitutes accessible influences the flexibility of interest. Regardless of whether a man considers an item a need or an extravagance and the level of a man's financial plan distributed to various items and administrations additionally influence price flexibility. Specialist organizations, for example, service organizations typically dynamic in business sectors in which they have a restraining infrastructure (just a single supplier), confronting more inelastic request since no substitutes are accessible (Chorus, et al. 2011).

Pricing system is a standout amongst the most troublesome zones of showcasing basic leadership (Riegels, et al. 2013). It manages the techniques for setting gainful and reasonable prices. A company's evaluating techniques might be founded on prices, request, or the prices of contending items. In any case, where information is required on item that would give the most elevated benefits, the director must be keen on doling out expenses brought about in the whole esteem bind to the distinctive items previously a fastidious assurance of the general gainfulness of the items (Grosso, et al. 2010). An excessive number of organizations have been lost since they estimated themselves out of the commercial center (Inturri & Ignaccolo, 2011). Purchasers' way of life is firmly attached to the prevailing prices of merchandise and enterprises, while in some different cases the price of a ware may present some glory or feeling of significance or prevalence on the purchaser or shopper of the item (Bose, et al. 2017). Price isn't end in itself however an unfortunate chore and ought to be viewed accordingly. Organizations set prices for an assortment of reasons. Price influences and is influenced by the other three components of the showcasing blend: item, advancement, and place (conveyance). (Chen, et al. 2013), anyway indicated that, Pricing is an intricate subject – there are numerous elements to consider, both short-and long haul. For instance, your prices need to, mirror the esteem you give versus your rivals, considers what the market will really pay for your offering, empower you to achieve your income and piece of the overall industry objectives and augment your benefits. While evaluating destinations change from firm to firm, most associations are benefit situated, thus, the selection of productivity objective among others, for example, deals volume targets and consumer loyalty goals (Chorus, et al. 2011).

III. METHODOLOGY

The main purpose of this research is to examine the influence of pricing policies on organizations' profit. The researcher

applied a quantitative method to analyze the data in this study, the researcher prepared questionnaire and distributed in the different organizations located in Erbil. The survey was divided into two sections; the first section was demographic analysis which started with respondent’s age, gender, and level of education. The second section of survey consisted of 32 questions concerning pricing policies and its impact on organization profit. 89 participants were involved in the current study; however the researcher used SPSS software in order to analyze the gathered data. Moreover, the researcher aimed to develop the main research hypothesis which stated that there is a positive and significant impact of pricing policies on organization profit.

Table.1: Reliability Analysis

Items	Cranach’s Alpha	Number of questions used
Pricing policies	.812	16
Organization profit	.799	16

As we can see in the above table, the analysis of the reliability test for pricing policy as independent variable and organization profit as dependent variable. Regarding of pricing policy factor, the Cranach’s Alpha =.812 which is greater than .6 this reveals that the 16 questions used for pricing policy factor to measure the influence on organization profit, all of them are reliable, on the other hand, concerning of job organization profit, the Cranach’s Alpha =.799 which is greater than .6 this reveals that the 16 questions used for organization profit as dependent variable all of them are reliable.

Table.2: Correlation Analysis

Items	Pearson Correlation	Organization profit
Pricing policy	.782 **	
	Sing. (2-tailed)	.000
	N	89

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

Based on the above table, which demonstrates the correlation analysis between independent variable and dependent variable, in this case; the researcher used pricing policy as an independent variable and organization profit as dependent variable. According to correlation analysis, the results showed

that pricing policy factor has significantly and positively correlated ($r=.782^{**}$, $p<0.01$) with organization profit.

Table.3: Simple regression Analysis

	Unstandardize d coefficients		Standardize d coefficients		
	B	Std. Error	Beta	t	Sig.
(constant)	2.135	.312		.435	.000
Pricing policy	.712	.09	.718	.243	.000

Dependent : organization profit

The researcher used a simple regression analysis in order to find the impact of pricing policy on organization profit in selected organizations in Erbil. The result of a simple regression analysis demonstrates that the value B for pricing policy is .712 which is greater than .0001 this proves that the main research hypothesis is supported which stated that there is a positive and significant impact of pricing policy on organization profit.

IV. CONCLUSION

The role of pricing in any market is to transfer rights of the product to the buyer, in exchange of payment. The high-tech company has a taught mission regarding the price setting. Given the current market context, policies and strategies for high technology products of major companies aim to create innovative products with high quality, highly customized by the features and services included, aiming to provide an enjoyable and easy experience for users. Before setting a price, the firm must choose the strategy according to the target market and product positioning. Pricing decisions should be consumer oriented because he is the one who will decide if a product price is the right one. The company has to understand how the consumer will use the products and it must calculate customer costs. High-tech consumers don’t seek to buy cheap. The root of most pricing challenges is that the product doesn’t deliver tangible value to the customer. The product value must be quantifiable because, otherwise the pricing strategy is pointless.

From the various discussions above, it can be said conclusively that price changes is an inevitable factor in the operations of a business enterprise, and that any significant change in the price of a product will have an effect on the quantity demanded for the product which will in turn have an effect on the sales turnover and finally on the profit margin generated from that product, which will eventually have an

effect on the corporate objective for a profit oriented company. However, there is also the need to consider the price of similar products when changing price as this will also affect the demand for the product which will also have an effect on the attainment of the organizational objective. To this end, it is expected that managers of business enterprises take cautious efforts in evaluating the market as well as the effect a one percent change will have on the organizational objective of the business enterprise.

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