

# Pricing Strategies and Business Performance Among Selected SMEs in Santa Cruz, Laguna

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*Abstract- Pricing strategy is one of the critical elements of a business. While many academics focused on the concept of customer retention and marketing strategy, only a few focused on the impact of pricing strategy on customer retention. Furthermore, only a few academics and researchers examined how pricing strategy affected the performance of small and medium-sized enterprises, as they are the most significant business sector in any global economy. With the changing economic environment, there is a need for a thorough study of creative and economical pricing strategies for SMEs to boost their performance and remain competitive. This study focused on the relationship between pricing strategies and the business performance of selected Small and Medium-sized Enterprises in Santa Cruz, Laguna. The study sought to determine the effect of cost-plus, competitive, and value-based pricing strategies on the SMEs' profitability, stability, and growth. The study adopted a quantitative and descriptive correlational research method and used stratified random sampling to determine its respondents. Necessary data were gathered through survey questionnaires and were computed electronically using Minitab, and treated statistically using Pearson Correlation Coefficient. The results revealed that the pricing strategies, such as cost-plus pricing, competitive pricing, and value-based pricing, is highly effective in the business performance of selected SMEs in Santa Cruz, Laguna in terms of profitability, stability, and growth. Through the findings derived from this study, it was concluded that, there is a statistically significant relationship between the pricing strategies; cost-plus pricing, competitive pricing, value-based pricing; and the business performance among selected SMEs in Santa Cruz, Laguna. The*

*findings of this study have important implications for SME owners and managers in Santa Cruz, Laguna and contribute to a better understanding of the factors that influence business performance.*

*Indexed Terms- Pricing Strategy, Small and Medium-Sized Enterprises, SMEs, Cost-Plus Pricing Strategy, Competitive Pricing Strategy, Value-Based Pricing Strategy, Profitability, Stability, Growth*

## I. INTRODUCTION

Small and medium-sized enterprises (SMEs) are the most significant business sector in any global economy. They are significant due to their importance as priority drivers of employment, economic growth, and innovation. Evidence proves that SMEs contribute more than their fair share to their nation's wealth. SMEs represent roughly 90% of all firms, accounting for 50% of employment worldwide and up to 40% of GDP in emerging markets (The World Bank, 2023). In the Philippines, 99.58% of listed businesses are Micro, Small, and Medium Enterprises (Philippine Statistics Authority, 2021). Indeed, SMEs play an essential role in the economy as they stimulate competition for prices, product design, and efficiency. In Santa Cruz, Laguna, the promotion of the performance of the SME sector is a viable and dynamic strategy for achieving national goals since Santa Cruz is the capital of Laguna and is considered the business and commercial center in Laguna's eastern part.

One of the main goals of any organization, whether an established entity or a small business enterprise, is to make a profit. It can be done by efficiently managing resources and offering a product or service at the right price. One of the most crucial components of a

business is its pricing strategy, but it can also be one of the most challenging to uphold. Kucher (2019) surveyed 1,650 companies across major industries in over 30 countries. One of the results stated that only 12% of companies have understood that price is the biggest driver of profit growth. Almost two-thirds of them see sales as the most significant profit driver, meaning that many still seriously underestimate the potential of pricing strategies.

With the continuous COVID-19 pandemic, rapid changes in the operating environment, economic fluctuations, and technological advancements, businesses in the Philippines nowadays face higher levels of uncertainty. This scenario makes a study in SMEs much more necessary as this sector is highly volatile, and even the slightest economic fluctuations cause enormous losses for them. Thus, SMEs should find more creative and economic practice-based price strategies to boost performance. They may develop competitive advantages if they want to keep their good standing. A well-crafted and effective pricing strategy is a fundamental aspect of business management. It not only affects short-term financial performance but also plays a pivotal role in shaping the long-term competitiveness and sustainability of a business in the market. Business owners may evaluate their pricing strategies regularly to align with the market and customer capabilities. Owners pricing strategy for businesses cannot be overstated. Most businesses may reform their applications and engagements with customers. However, many must know the latest customer dynamics shaped by the pandemic (Lessard, 2019).

It is in this line, a study entitled *Pricing Strategies and Business Performance Among Selected SMEs in Santa Cruz, Laguna* was conducted. This study shows the level to which the following set of participants is aware of different pricing strategies like cost-plus, competitive, and value-based, classify how do pricing strategies affect the business performance of selected SMEs in Santa Cruz, Laguna and the researchers' possible recommendations that may help the business owners make informed decisions, aligning their actions with long-term goals and objectives.

## II. THEORETICAL BACKGROUND

The study utilized economic theory and Kotler's pricing strategy as analytical frameworks to examine and analyze various aspects related to pricing and economic factors within the context of the research. Economic theory likely provided a broader perspective on market dynamics, while Kotler's pricing strategy could have offered more specific insights into effective pricing strategies within the marketing context.

According to economic pricing theory, supply and demand are the primary drivers of the prices at which commodities and services will be traded. This theory claims that the ideal market price for goods and services is attained when the quantity supplied and the asking price are equal to the marginal costs of producing the goods and services. Gordon (2023) states that the primary goal of price theory is to establish the optimal market price, which is the price at which supply and demand are balanced. The number of commodities supplied and the goods customers require are equal when equilibrium is attained. This topic is relevant to the concept of a perfect market. However, in a competitive market, other factors such as quality, values, brand loyalty, and consumer satisfaction may also impact price. As a result, critics argue that the traditional classical economic theory, which places the consumer at the center of pricing strategy, may need to be revised due to modern market dynamics.

On the other hand, the American Philip Kotler, regarded as the father of marketing, created the Kotler Pricing Strategies, also known as the Nine Quality Pricing Strategies, in 1972. He defined price as a monetary value that a customer or consumer exchanges for a company's product or service, or a monetary value that customers are willing to pay to obtain what they want, whether out of necessity or luxury (Avendaño, 2023). This theory is important in the study as Philip Kotler described that the relationship of price and quality is at the heart of the model and because it emphasizes on pricing element. Price is mentioned as a component of market mix, but it is not linked to performance. Therefore, it is necessary to look into how pricing strategies affect an organization's performance. The theory forms the

pillar of the study because it addresses the variables, which are the pricing strategies. It clarifies the connection between a product's cost and quality, which helps to guide research into the most effective pricing strategy.

III. RESEARCH QUESTION OR RESEARCH HYPOTHESIS OR PROBLEM STATEMENT

The main objective of this study was to determine the relationship between pricing strategies and business performance among selected SMEs in Santa Cruz, Laguna. The study attempted to answer the following: (1) The business profile of the selected Small and Medium-sized Enterprises (SMEs) in terms of years of existence, total assets, average monthly income, number of employees, and types of products being sold; (2) The extent of awareness of the selected SME owners or managers on cost-plus pricing strategy, competitive pricing strategy, and value-based pricing strategy; (3) The effect of cost-plus pricing strategy, competitive pricing strategy, and value-based pricing strategy on business performance of the selected SMEs in terms of profitability, stability, and growth; (4) Significant or not significant relationship between the pricing strategies and business performance among selected SMEs in Santa Cruz, Laguna.

IV. DATA AND METHODS

This study employed quantitative research and utilized the descriptive correlational method. The study was conducted in Santa Cruz, Laguna and the respondents were SME owners or managers under the merchandising business. Stratified random sampling technique was used to select an appropriate sample size. A sample size of 103 calculated using Slovin's formula was used. Pertinent data were obtained using questionnaires that were answered by 103 SME owners or managers, of which 96 were small business owners, and 7 were medium-sized business owners.

V. RESULTS

Business Profile of the Selected SMEs in Santa Cruz, Laguna

Years of Existence

Business has a varied history in terms of its existence. A longer history of existence often implies several advantages and may affect the business in various ways. However, it is important to note that the mere number of years a business has been in existence does not guarantee success, because it is not just about the years but about the specific actions and strategies a business implements over time. Even long-standing businesses can face decline if they fail to adapt and innovate. Businesses need to keep changing and come up with new ideas to stay successful.

Table 3. Profile of the Selected SMEs in Santa Cruz, Laguna according to Years of Existence

YEARS OF EXISTENCE	FREQUENCY (F)	PERCENTAGE (%)	RANK
Less than 3 years	9	8.74%	4
More than 3 years up to 6 years	32	31.07%	2
More than 6 years up to 9 years	29	28.16%	3
More than 9 years	33	32.04%	1
Total	103	100.00%	

Table 3 shows the profile of the selected SMEs in Santa Cruz, Laguna according to years of existence. Based on the data analyzed, it will be noted that the majority of the SMEs in Santa Cruz, Laguna are operating more than 9 years with 32.04% or 33 out of 103 SMEs. Furthermore, the second to the highest percentage of 31.07% stipulates 32 businesses that are operating for more than 3 years up to 6 years. On top of that, there are 29 businesses that have been established with more than 6 years up to 9 years with 28.16%. On the other hand, the lowest percentage of 8.74% indicates that 9 out of 103 SMEs operate less than 3 years.

In relation to the article, SMEs in Santa Cruz, Laguna seemed to have achieved longevity by effectively managing their cash flow sustained by consistent customer demand. Even though there are many other competitors and similar businesses like theirs, the fact that Santa Cruz is a first-class municipality and the capital of the province of and probably there are satisfied customers that is why the products they offer

are Laguna and holds a dense population indicates that the SMEs located in Santa Cruz had a consistent flow of potential clients and never ran out of customers. Thus, the majority of SMEs in Santa Cruz, Laguna are still existing after more than nine years in operation.

Mohsin (2023) states that according to the Bureau of Labor Statistics (2021), over 20% of small businesses fail in their first year, and nearly 50% fail within the first five years. He stated that the primary reason that new businesses fail is because of a lack of cash. In fact, 38% of small businesses fail because they either run out of cash or are unable to secure more funding. The next most likely reason for new business failure is a lack of market demand for their goods. According to statistics, this causes 35% of new enterprises to fail. Other major reasons for startup failure include being outcompeted by competitors, being unable to find the right team and cost-related issues.

- Total Assets

Total assets play a crucial role in business, serving as a fundamental indicator of a company's financial health and performance. They represent the entirety of a company's resources, including cash, investments, accounts receivable, and tangible assets like property and equipment. Understanding the significance of total assets is crucial for assessing the overall financial health and performance of a business. It is not just numbers on a balance sheet; they represent the lifeblood of a business. They provide insights into a firm's financial strength, its ability to meet short and long-term obligations, and its attractiveness to investors and lenders.

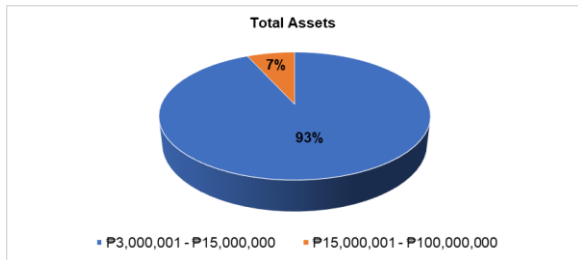


Figure 3. Profile of the Selected SMEs in Santa Cruz, Laguna according to Total Assets

Figure 3 illustrates the business profile of the selected SMEs in Santa Cruz, Laguna according to total assets. Based on the data analyzed, it shows that the majority

of SMEs in Santa Cruz, Laguna fall within the total asset range of ₱3,000,001 - ₱15,000,000 with 93% or 96 out of 103 SMEs. Meanwhile, the least percentage of 7% indicates that 7 out of 103 SMEs have a total asset of ₱15,000,001 - ₱100,000,000. The data reveals that 93% of the respondents are categorized as small enterprises, while the remaining 7% are considered medium enterprises, comprising a total of 103 respondents.

One of the most common reasons given by these satisfied entrepreneurs is the preference for quality over quantity, or specifically choosing quality of life over quantity of profit. Many small businesses may prioritize gradual growth and sustainable operations over rapid expansion, which can contribute to their relatively low total assets over time. It only means that most of the SMEs in Santa Cruz have opted to stay small, prioritizing sustainable operations rather than rapid expansion, which could explain their lower total asset values. Based on the article of SLR Business Credit (2018), there are many areas of life where the idea of bigger is better is true, but this is not always the case for small businesses. While it is true that most people start businesses with the intent of growing them, the size or speed of this growth may not be the ultimate measure of success. As growing too quickly can pose unforeseen challenges, whereas maintaining a small scale can offer unexpected benefits. According to a study by University of Chicago professors Erik Hurst and Benjamin Pugsley, many business owners start out small, stay small, and are very happy that way.

- Average Monthly Income (in Pesos)

According to LAPO Microfinance (2023), one of the key factors that determine the success of SMEs is their income. A healthy income stream allows SMEs to cover their expenses, invest in growth opportunities, and ensure long-term viability. In a market where there is intense competition, income is crucial to a business' survival. It serves as an indicator of how well SMEs are doing. For any business, generating income is the main objective. If a company does not have any investors or funding at first, its income could be its only source of capital. Without it, a company's survival is in question.

Table 4. Profile of the Selected SMEs in Santa Cruz, Laguna according to Average Monthly Income

AVERAGE MONTHLY INCOME (IN PESO)	FREQUENCY (F)	PERCENTAGE (%)	RANK
Less than 25,000	7	6.80%	4
25,000 - 50,000	39	37.86%	2
51,000 - 100,000	41	39.81%	1
Above P100,000	16	15.53%	3
<i>Total</i>	<i>103</i>	<i>100.00%</i>	

Table 4 shows the profile of the selected SMES in Santa Cruz, Laguna according to average monthly income. Based on the data analyzed, most of the SMEs average monthly income ranges from 51,000 – 100,000 pesos, corresponding to 41 or 39.81% of the total sample population. On the other hand, the average monthly income with less than 25,000 pesos received the lowest percentage which corresponds to 7 or 6.80%.

This demonstrates that the majority of SMEs in Santa Cruz, Laguna make between 51,000 and 100,000 pesos, followed by between 25,000 and 50,000. The average monthly income tends to rise as the enterprise size rises, according to Shinozaki and Rao (2021). Since small businesses make up the majority of the businesses in Santa Cruz Laguna, they earned not less than 25,000 and not more than 100,000.

- Number of Employees

Employee information is crucial for demographic data because businesses are categorized based on the number of employees they employ. The size of an enterprise—whether it is a micro, small, or medium-sized enterprise—depends on the number of employees it has and this number varies depending on the country. In the Philippines, SMEs are defined as any business with 10 to 199 employees. As cited by Philippine Commission on Women (2023), an organization is classified as micro if it has fewer than 10, small if it has between 10 and 99 employees, medium if it has between 100 and 199 employees, and large if it has 200 or more.

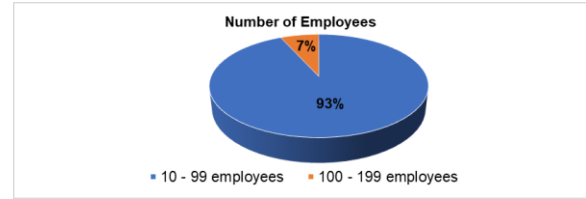


Figure 4. Profile of the Selected SMEs in Santa Cruz, Laguna According to Number of Employee

Figure 4 illustrates the profile of the selected SMES in Santa Cruz, Laguna according to the number of employees. Based on the data analyzed, the majority of SMEs have 10-99 employees, corresponding to 93% of the total sample population. On the other hand, businesses with 100-199 employees took up the other 7%. This means that out of the 103 businesses who participated in the study, 93% or 96 businesses of the sample from Santa Cruz, Laguna consists of small enterprises, while the remaining 7% or 7 of the sample are medium enterprises.

According to a 2023 article on the Business News Daily website written by Skye Schooley, small businesses play a significant role in the creation of jobs, exports, and innovation, among other things. However, their greatest influence may be felt locally, as small business owners nowadays prioritize the success of their communities and team in addition to their own. This was supported by Office of Advocacy (2023), small businesses with 10 to 99 employees operate 84.8 percent of establishments and account 54.3 percent of employment in rural countries compared to 82.5 percent of establishments and 45.5 percent of employment in metropolitan countries.

- Types of Products Being Sold

Understanding the types of products sold by businesses is crucial for comprehending market dynamics. Different products often have distinct competitive landscapes, consumer behaviors, and economic influences. By categorizing businesses based on their product offerings, researchers can analyze how these dynamics affects business strategies and performance. The number of businesses producing similar goods or services significantly influences the behavior of producers, ultimately affecting the market price.

Table 5. Profile of the Selected SMEs in Santa Cruz, Laguna according to Types of Products Being Sold

TYPES OF PRODUCTS BEING SOLD	FREQUENCY (F)	PERCENTAGE (%)	RANK
Battery Supply	1	0.62%	10
Bicycle Parts	1	0.62%	10
Candies	1	0.62%	10
Clothes and Apparel	9	5.56%	6
Construction Materials	44	27.16%	1
Cosmetics	10	6.17%	5
Electronics	8	4.94%	7
Food Products	16	9.88%	4
General Merchandise	20	12.36%	3
Home Furnitures	22	13.58%	2
Jewelries and Accessories	9	5.56%	6
Medicines	6	3.70%	8
Motorcycles	1	0.62%	10
Non-Essentials	4	2.47%	9
School Supplies	10	6.17%	5
<i>Total</i>	<i>162</i>	<i>100.00%</i>	

Table 5 shows the profile of selected SMEs in Sta. Cruz, Laguna according to the types of products being sold, including the frequency and percentage of SMEs owners in Santa Cruz, Laguna in each product category. Based on the data analyzed, the construction materials received the highest frequency and percentage with 44 or 27.16% of the total sample population. Followed by home furniture with a frequency of 22 or 13.58 % of the total sample population. Third rank was general merchandise with a frequency of 20 or 12.36% of the total sample population. On the other hand, battery supply, bicycle parts, candies, and motorcycles had the lowest frequency with 1 or 0.62% of the total sample population. Notably, this means that majority of the SMEs owners in Santa Cruz, Laguna sells construction materials. This suggests a substantial representation of businesses involved in selling construction materials. Municipality of Santa Cruz is the capital of Laguna and home to several well-established businesses. It is considered a service center in the eastern part of the province and advances despite being unnecessary far from Metropolitan Manila's immediate urbanizing influence. This means that the demand for construction services in Santa Cruz, Laguna remains consistently high due to the ever-present need for new infrastructure and the ongoing maintenance of existing

structures. This result was supported by the study of Bennegreg (2023), one of the main engines of the Philippines' economic growth is still the construction sector. The Philippine construction industry recorded an annual growth rate of 9.2% in 2022, and it is still growing. The Philippines will be the fastest-growing construction market with an estimated six percent growth per annum, over the next 15 years.

• Extent of Awareness on Pricing Strategies

The purpose of assessing the extent of awareness on pricing strategies among selected SMEs in Santa Cruz, Laguna is to gain insight into how well individuals or organizations understand and apply pricing strategies. Understanding pricing strategies can give SMEs a competitive advantage in the marketplace. It allows them to position their products or services effectively against competitors, differentiate themselves, and potentially charge higher prices for unique value propositions.

Table 6. Awareness on Cost-Plus Pricing Strategy of Selected SMEs in Santa Cruz, Laguna

Legend:

STATEMENTS	MEAN	SD	INTERPRETATION
1. The selling price is based on the production cost plus the mark-up price.	3.79	0.46	Extremely Aware
2. The selling price covers enough the production costs to return the investment.	3.77	0.47	Extremely Aware
3. The selling price generates profit.	3.80	0.43	Extremely Aware
<i>OVERALL</i>	<i>3.78</i>	<i>0.40</i>	<i>Extremely Aware</i>

Scale	Range	Interpretation
4	3.25 - 4.00	Extremely Aware
3	2.50 - 3.24	Aware
2	1.75 - 2.49	Slightly Aware
1	1.00 - 1.74	Not Aware

Table 6 shows the awareness on cost-plus pricing strategy of selected SMEs in Santa Cruz, Laguna.

Most of the SMEs owners in Santa Cruz were *Extremely Aware* that the selling price generates profit, as supported by mean of 3.80 and a standard deviation of 0.43. Additionally, the SMEs owners in Santa Cruz were *Extremely Aware* that the selling price is based on the production cost plus the mark-up price, as supported by a mean of 3.79 and a standard deviation of 0.46. Furthermore, the SMEs owners in Santa Cruz were *Extremely Aware* that the selling price covers enough of the production costs to return the investment, as supported by a mean of 3.77 and a standard deviation of 0.47. The awareness on cost-plus pricing strategy of selected SMEs in Santa Cruz, Laguna attained a weighted mean score of 3.78 and a standard deviation of 0.40 and was verbally interpreted as *Extremely Aware*.

SMEs owners in Santa Cruz, Laguna, who are presumably business professionals or managers, likely recognize that generating profit is a core objective of any business. This understanding may be deeply ingrained in their business knowledge. This indicates that the majority of SMEs owners are not only acquainted with the concept but also express a strong grasp of its fundamentals. Furthermore, a strong grasp of cost-plus pricing indicates that these managers were conscious of the need for profitability in their businesses. By incorporating a profit margin into their pricing calculations, they are actively working towards sustaining and growing their enterprises. This understanding also suggests a business-oriented mindset that goes beyond day-to-day operations and extends into the realm of strategic decision-making.

This result was supported by the study of Stahl and Kianian (2018), the simplest and historically the most extensively employed pricing strategy is cost-plus pricing. The cost-plus pricing strategy is widely adopted by companies globally due to its simplicity and primary objective of recovering costs while maintaining profitability. A study has been conducted at Dutch SMEs to analyze what pricing strategies they use and what benefits and complications they see regarding other pricing strategies. It has been found that Dutch SMEs predominantly use a cost-plus pricing strategy (Gankema, 2018).

Table 7. Awareness on Competitive Pricing Strategy of Selected SMEs in Santa Cruz, Laguna

STATEMENTS	MEAN	SD	INTERPRETATION
1. There are times that the business reduces the price of a product less than the competitors.	3.51	0.62	Extremely Aware
2. Sometimes the business has the same price of a product as the competitors.	3.59	0.62	Extremely Aware
3. Some product's prices are higher than the competitors.	3.48	0.70	Extremely Aware
<b>OVERALL</b>	<b>3.53</b>	<b>0.53</b>	<b>Extremely Aware</b>

Legend:

Scale	Range	Interpretation
4	3.25 - 4.00	Extremely Aware
3	2.50 - 3.24	Aware
2	1.75 - 2.49	Slightly Aware
1	1.00 - 1.74	Not Aware

Table 7 shows the awareness on competitive pricing strategy of selected SMEs in Santa Cruz, Laguna. Most of the SMEs owners in Santa Cruz were *Extremely Aware* that sometimes the business has the same price of a product as the competitors, as supported by a mean score of 3.59 with a standard deviation of 0.62. Additionally, there are times that the business reduces the price of a product less than the competitors with a mean score of 3.51 and a standard deviation of 0.62, which was verbally interpreted as *Extremely Aware*. On the other hand, the SMEs owners in Santa Cruz were *Extremely Aware* that some product's price is higher than the competitors, as supported by a mean score of 3.48 with a standard deviation of 0.70. The awareness on competitive pricing strategy of selected SMEs in Santa Cruz, Laguna attained a weighted mean score of 3.53 and a standard deviation of 0.53 and was verbally interpreted as *Extremely Aware*.

The *Extremely Aware* rating for the statement sometimes the business has the same price of a product as the competitors indicates that the SMEs owners in Santa Cruz, Laguna have a strong understanding of the common practice of businesses adopting similar pricing strategies as their competitors, especially in competitive market environment. This awareness

reflected the practical nature of business decision-making, where pricing strategies are often influenced by market dynamics and the actions of competitors.

A study conducted by Gerpott and Berends (2022) found that competitive pricing includes all activities and processes to price products with the consideration of competitors. The SMEs owners in Santa Cruz, Laguna likely have practical knowledge about how to implement competitive pricing strategies in their businesses. They understand how to balance factors like market competition, cost structure, and customer demand to set competitive prices. The result demonstrates a thorough understanding of the fundamental concepts underlying this pricing strategy. This result was supported by what Gunaydan (2023) stated that competitive pricing strategy continues to be the prevailing practice in pricing, despite the commonly held belief that other pricing strategies are a more effective strategy.

Table 8. Awareness on Value-Based Pricing Strategy of Selected SMEs Santa Cruz, Laguna

STATEMENTS	MEAN	SD	INTERPRETATION
1. The business increases the price attributable to the business reputation.	3.52	0.59	Extremely Aware
2. The business increases the price of the product in accordance with the value and perception that consumers have of the brand name.	3.54	0.57	Extremely Aware
3. The business increases the product's price to reflect its overall quality.	3.56	0.57	Extremely Aware
<b>OVERALL</b>	<b>3.54</b>	<b>0.52</b>	<b>Extremely Aware</b>

Legend:

Scale	Range	Interpretation
4	3.25 - 4.00	Extremely Aware
3	2.50 - 3.24	Aware
2	1.75 - 2.49	Slightly Aware
1	1.00 - 1.74	Not Aware

Table 8 shows the awareness on value-based pricing strategy of selected SMEs in Santa Cruz, Laguna. Most of the SMEs owners in Santa Cruz were *Extremely Aware* that the business increases the

product's price to reflect its overall quality, as supported by mean of 3.56 and a standard deviation of 0.57. Additionally, SMES's owners in Santa Cruz were *Extremely Aware* that the business increases the price of the product in accordance with the value and perception that consumers have of the brand name, as supported by mean of 3.54 and a standard deviation of 0.57. Moreover, the SMES's owners in Santa Cruz were *Extremely Aware* that the business increases the price attributable to the business reputation, as supported by mean of 3.52 and a standard deviation of 0.59. The awareness on value-based pricing strategy of selected SMEs in Santa Cruz, Laguna attained a weighted mean score of 3.54 and a standard deviation of 0.52 and was verbally interpreted as *Extremely Aware*.

Furthermore, this indicates that SMEs owners or managers were well aware that employing a value-based pricing approach raises the price that may be attributed to a business's reputation. According to Petrovska (2018), prospective firms must generate a favorable perception in the eyes of their target clients. It is critical to generate value propositions, and the journey to value creation might be tough. Customers, on the other hand, desire high-quality products at the lowest feasible price. In a competitive market, the customer's value perception will decide product and service sales volumes as well as the ultimate success of organizations. Because of this, businesses must base their pricing decisions on how much customers believe their products will be worth. On the other hand, many industrial enterprises are beginning to service their consumers through value-based offerings. Such businesses frequently collaborate actively with their customers to create value. To collect a fair part of the value created, they must use a value-based pricing strategy (Alejandro, 2020).

Table 9 shows the summary of the awareness on pricing strategies of selected SMEs in Santa Cruz, Laguna. Most of the SMEs owners in Santa Cruz were *Extremely Aware* in Cost-plus pricing strategy, as supported by mean of 3.78 and a standard deviation of 0.40. Additionally, SMES's owners in Santa Cruz were *Extremely Aware* in value-based pricing strategy, as supported by mean of 3.54 and a standard deviation of 0.52. On the other hand, SMEs owners in Santa Cruz were *Extremely Aware* in competitive pricing



strategy, as supported by mean score of 3.53 and a standard deviation of 0.53. The awareness on pricing strategies of selected SMEs in Santa Cruz, Laguna attained a weighted mean score of 3.62 and a standard deviation of 0.37 and was verbally interpreted as *Extremely Aware*.

Table 9. Summary of the Awareness on Pricing Strategies of Selected SMEs in Santa Cruz, Laguna

PRICING STRATEGIES		MEA N	SD	INTERPRETATION
Cost-plus pricing strategy		3.78	0.40	Extremely Aware
Competitive pricing strategy		3.53	0.53	Extremely Aware
Value-based pricing strategy		3.54	0.52	Extremely Aware
<i>OVERALL</i>		<i>3.62</i>	<i>0.37</i>	<i>Extremely Aware</i>

Legend:

Scale	Range	Interpretation
4	3.25 - 4.00	Extremely Aware
3	2.50 - 3.24	Aware
2	1.75 - 2.49	Slightly Aware
1	1.00 - 1.74	Not Aware

Overall, a mean score of 3.62 indicates that selected SMEs' understanding of pricing strategy was rated as extremely aware. In addition, the majority of the selected SMEs were knowledgeable with the cost-plus pricing strategy. Additionally, selected SMEs in Santa Cruz Laguna exhibit a greater understanding of the cost-plus pricing strategy.

The study of Mattos et. al. (2021) backs up this claim. The three most popular pricing strategies employed by businesses around the world are cost, customer value, and competitiveness. It demonstrates that pricing is a complicated and varied subject that involves much more than just setting selling prices and that pricing managers encounter significant difficulties. The outcomes also show that the cost-plus pricing strategy outperforms the perceived customer value-based and competitive strategies in terms of price.

Additionally, in order to analyze pricing strategies from the perspectives of firm size, industry, and geographic location, pricing strategies are divided into three groups: value-based, cost-plus, and competitive

pricing strategies. The results demonstrated that larger organizations are more likely than smaller enterprises to choose a pricing strategy based on competition (Gunaydan, 2023).

- Business Performance of Selected SMEs in Santa Cruz, Laguna

Profitability

The table below shows pricing strategies and business performance among selected SMES in Santa Cruz, Laguna in terms of the profitability. The main objective of all business endeavors is profitability. With profitability, the company is likely to survive (Johanns, 2019). Profits can be used to repay loans, reducing financial strain and improving the overall financial health of the business. This, in turn, enhances the SME's ability to secure favorable terms for future financing. Profits serve as the catalyst for investment and growth. In the competitive business landscape, SMEs need resources to stay relevant and expand.

Table 10 shows the effect of the cost-plus pricing strategy on business performance among selected SMEs in Santa Cruz, Laguna in terms of profitability. The study's finding indicates that the majority of SMEs owners in Santa Cruz were *Strongly Agree* that implementing a cost-plus pricing strategy allows the business to mark up the initial cost of its goods or services by a certain amount, ensuring an increase in profit, as supported by mean score of 3.66 with a standard deviation of 0.50. Additionally, the SMEs owners in Santa Cruz were *Strongly Agree* that cost-plus pricing strategy adopted by the business enables it to recover costs quickly, as supported by mean of 3.64 and a standard deviation of 0.54. Furthermore, SMEs owners in Santa Cruz were *Strongly Agree* that cost-plus pricing strategy allows the business to increase the gross profit or margin, as supported by mean of 3.58 and a standard deviation of 0.55.

Table 10. Effect of Cost-Plus Pricing Strategy on Business Performance among Selected SMEs in Santa Cruz, Laguna in terms of Profitability

INDICATORS	MEAN	SD	REMARKS	INTERPRETATION
1. Cost-plus pricing strategy allows the business to increase the gross profit or margin.	3.58	0.55	Strongly Agree	Highly Effective
2. Implementing cost-plus pricing strategy allows the business marks up the initial cost of its goods or services by a certain amount ensuring an increase in profit.	3.66	0.50	Strongly Agree	Highly Effective
3. Cost-plus pricing strategy adopted by the business enables it to recover costs quickly.	3.64	0.54	Strongly Agree	Highly Effective
<b>OVERALL</b>	<b>3.63</b>	<b>0.46</b>	<b>Strongly Agree</b>	<b>Highly Effective</b>

Legend:

Scale	Range	Remarks	Interpretation
4	3.25 - 4.00	Strongly Agree	Highly Effective
3	2.50 - 3.24	Agree	Effective
2	1.75 - 2.49	Disagree	Ineffective
1	1.00 - 1.74	Strongly Disagree	Highly Ineffective

The effect of a cost-plus pricing strategy on business performance among selected SMEs in Santa Cruz, Laguna in terms of profitability attained a weighted mean of 3.63 with a standard deviation of 0.46, remarked as *Strongly Agree*, and was verbally interpreted as *Highly Effective*.

The implementation of the cost-plus pricing strategy in the selected SMEs allowed the business to mark up the initial cost of its goods or services by a specific amount, guaranteeing a rise in profit. In alignment with the study of Barusmanet. al. (2020), the selling price of a product needs to be set, intended for profit achievement. The selling price of a product influences the competitive position of the market, which will

affect the volume of production. It can be said that the selling price influences the business’s revenue and net profit. The research result showed that the cost-plus pricing method is appropriate to determine the selling price of products at PT Gudang Garam TBK.

The cost-plus pricing model has become a standard option for businesses of all sizes because it is easy to comprehend and implement. It can change prices in response to changes in the cost of materials or other expenses. The cost-plus pricing approach can give businesses a predictable and consistent source of income because the price is based on known costs. Thus, revenue and profit can be estimated more accurately (Panda, 2023).

Table 11 shows the effect of competitive pricing strategy on business performance among selected SMEs at Santa Cruz, Laguna in terms of profitability. As shown in the table, majority of the SMEs owners in Santa Cruz *strongly agree* that product prices that are competitive are attractive to customers, resulting in an increase in profit, as evidenced by a mean of 3.45 and a standard deviation of 0.64. Relatively, some of the SMEs owners in Santa Cruz *strongly agree* that there is a high possibility that competitive pricing affects the revenue of the business, as supported by a mean of 3.41 and a standard deviation of 0.73. Another key point is that the least portion of the selected SMEs owners in Santa Cruz *strongly agree* that selecting competitive prices for the products can help to boost profit margin, as proved by a mean of 3.30 and a standard deviation of 0.71. The effect of competitive pricing strategy on business performance among selected SMEs in Santa Cruz, Laguna in terms of profitability attained a weighted mean score of 3.39 with a standard deviation of 0.62, remarked as *Strongly Agree*, and was verbally interpreted as *Highly Effective*.

Table 11. Effect of Competitive Pricing Strategy on Business Performance among Selected SMEs in Santa Cruz, Laguna in terms of Profitability

INDICATORS	MEAN	SD	REMARKS	INTERPRETATION
1. There's a high possibility that it can	3.41	0.73	Strongly Agree	Highly Effective

affect the revenue when using competitive pricing strategy.				
2. Product prices that are competitive are attractive to customers that increase profitability.	3.45	0.64	Strongly Agree	Highly Effective
3. Selecting competitive prices for our goods can help to boost profit margins.	3.30	0.71	Strongly Agree	Highly Effective
<b>OVERALL</b>	<b>3.39</b>	<b>0.62</b>	<b>Strongly Agree</b>	<b>Highly Effective</b>

Legend:

Scale	Range	Remarks	Interpretation
4	3.25 - 4.00	Strongly Agree	Highly Effective
3	2.50 - 3.24	Agree	Effective
2	1.75 - 2.49	Disagree	Ineffective
1	1.00 - 1.74	Strongly Disagree	Highly Ineffective

This contradicts the findings of a 2020 research done by Chepkemai. The author discovered that competitive pricing strategy had a negative insignificant coefficient, implying that the indicated pricing strategy had no effect on the profit of selected commercial banks in Kericho and suggested that the mentioned strategy be used only in a highly competitive environment. This might be due to the variation in target respondents and focus of the study. However, Chepkemai (2020) also mentioned that

competitive pricing strategy in a competitive climate, nonetheless, to remain relevant in the market. In addition, Gerpott and Berends (2022) revealed that competitive pricing encompasses all actions and procedures taken to set product prices taking rivals into account. It entails carefully considering both the existing and potential price (re-)actions of one's rivals in order to maximize profits in a way that is both sustainable and acceptable, rather than just setting one's prices rigidly to those of one's competitors. This implies that while competitive pricing strategy does not have a significant relationship to a bank's profitability, it does not indicate that it also does not have a significant effect on the profitability of merchandising enterprises as they are in different fields.

Table 12 shows the effect of value-based pricing strategy on business performance among selected SMEs at Santa Cruz, Laguna in terms of profitability. As shown in the table, the majority of the SMEs owners in Santa Cruz *strongly agree* that the quality of product and services affects profitability, as evidenced by a mean of 3.56 and a standard deviation of 0.61. Relatively, some of the SMEs owners in Santa Cruz *strongly agree* that value-based pricing allows unique and highly products to be best positioned to increase profit, as supported by a mean of 3.48 and a standard deviation of 0.59. Another key point is that the least portion of the selected SMEs owners in Santa Cruz *strongly agree* that value-based pricing enables to establish a higher price and increase sales profitability, as proved by a mean of 3.40 and a standard deviation of 0.58.

Table 12. Effect of Value-Based Pricing Strategy on Business Performance among Selected SMEs in Santa Cruz, Laguna in terms of Profitability

INDICATORS	MEAN	STANDARD DEVIATION	REMARKS	INTERPRETATION
1. Value-based pricing enables to establish a higher price and increase sales	3.40	0.58	Strongly Agree	Highly Effective

profitability.				
2. Value-based pricing allows unique and highly products to be best positioned to increase profit.	3.48	0.59	Strongly Agree	Highly Effective
3. Quality of product and services affects profitability.	3.56	0.61	Strongly Agree	Highly Effective
<b>OVERALL</b>	<b>3.48</b>	<b>0.52</b>	<b>Strongly Agree</b>	<b>Highly Effective</b>

Legend:

Scale	Range	Remarks	Interpretation
4	3.25 - 4.00	Strongly Agree	Highly Effective
3	2.50 - 3.24	Agree	Effective
2	1.75 - 2.49	Disagree	Ineffective
1	1.00 - 1.74	Strongly Disagree	Highly Ineffective

The effect of value-based pricing strategy on business performance among selected SMEs in Santa Cruz, Laguna in terms of profitability attained a weighted mean score of 3.48, a standard deviation of 0.52, remarked as *Strongly Agree*, and was verbally interpreted as *Highly Effective*.

In industries where numerous competitors offer similar products, superior quality becomes a distinguishing factor. It was revealed that majority of SMEs owners or managers in Santa Cruz, Laguna prioritize and invest in maintaining high product quality that are not only better positioned to attract and retain customers but also to achieve sustained profitability in the dynamic and competitive business

landscape. These results were in agreement with the study of Ndumia et. al. (2020) which revealed that based on descriptive statistics, it was shown that respondents to this study expressed satisfaction with regard to value-based pricing being able to increase sales volumes. Furthermore, According to Agbaeze et. al. (2020), they confirmed that perceived value-informed pricing is a significant aspect that contributes to a product's great performance and the overall sustainability of the business. As a result, value-based pricing has become a main pricing approach for increased yields and competitiveness.

Table 13 shows the summary for the effect of pricing strategies on business performance among selected SMEs at Santa Cruz, Laguna in terms of profitability. Cost-plus pricing strategy yielded the highest mean score of 3.63 with a standard deviation of 0.46, and was remarked as *Strongly Agree* which was verbally interpreted as *Highly Effective*. This was followed by value-based pricing strategy, which gained a mean of 3.48 with a standard deviation of 0.52 and was remarked as *Strongly Agree* which was verbally interpreted as *Highly Effective*. On the other hand, competitive pricing strategy received the lowest mean score of 3.39 with a standard deviation of 0.62 and was remarked as *Strongly Agree* which was also verbally interpreted as *Highly Effective*. The effect of pricing strategies on business performance among selected SMEs in Santa Cruz, Laguna in terms of profitability attained a weighted mean score of 3.50 with a standard deviation of 0.39, remarked as *Strongly Agree*, and was verbally interpreted as *Highly Effective*. The results showed a positive effect of cost-plus, competitive, and value-based pricing strategy on business profitability of selected SMEs in Santa Cruz, Laguna.

Table 13. Summary Table for the Effect of Pricing Strategies on Business Performance among Selected SMEs in Santa Cruz, Laguna in terms of Profitability

PRICING STRATEGIES	MEAN	SD	REMARKS	INTERPRETATION
Cost-plus pricing strategy	3.63	0.46	Strongly Agree	Highly Effective
Competitive pricing strategy	3.39	0.62	Strongly Agree	Highly Effective

Value-based pricing strategy	3.48	0.52	Strongly Agree	Highly Effective
<b>OVERALL</b>	<b>3.50</b>	<b>0.39</b>	<b>Strongly Agree</b>	<b>Highly Effective</b>

Legend:

Scale	Range	Remarks	Interpretation
4	3.25 - 4.00	Strongly Agree	Highly Effective
	2.50 - 3.24	Agree	Effective
2	1.75 - 2.49	Disagree	Ineffective
	1.00 - 1.74	Strongly Disagree	Highly Ineffective

This is furthermore strengthened by a study in 2020 by Agbaeze et. al. which discovered that cost-effective pricing had a large and beneficial impact on the supermarket growth curve. Once the cost is used to determine the price, a break-even point will be reached. It is important to highlight that cost-informed pricing is the main pricing technique of different supermarkets in urban Enugu, which is also similar to the result of this study. The selling price has an influence on revenue and net profit.

The study's findings revealed that the cost-plus pricing method is effective and appropriate for determining a product's selling price, and that by doing so, the company still obtains the profit expected by the company above the costs incurred in producing its products while competing with other companies that produce similar products (Barusman et al., 2020). In addition, a journal by VistaVu (2023) cited that a 1% increase in price could result in an 8% increase in operating profit, assuming no change in sales volume. This highlights the importance of carefully evaluating pricing decisions, as even minor adjustments can significantly impact an organization's bottom line.

Stability

The ability to withstand a transient issue, such as a decline in sales, a shortage of capital, or the loss of a major customer, employee, or staff, is referred to as stability. Establishing reliable, replicable procedures that will lessen chaos, enhance priorities, and increase the effectiveness of fundamental business tasks

depends critically on the stability of a company. Businesses that are financially solid are more likely to get favorable terms from lenders, investors, and workers. These advantageous terms enable expansion, more earnings, and more stability.

Table 14 shows the effect of the cost-plus pricing strategy on business performance among selected SMEs in Santa Cruz, Laguna, in terms of stability. Most of the SMEs owners in Santa Cruz *strongly agree* that the business makes more regular customers, as supported by the highest mean score of 3.69 with a standard deviation of 0.47. Additionally, the SMEs owners in Santa Cruz *strongly agree* that business generates a consistent profit, as evidenced by a mean score of 3.64 and a standard deviation of 0.50. On the other hand, there are only few SMEs owners in Santa Cruz *strongly agree* that the cash inflows of the business become more stable as supported by the lowest mean score of 3.58 with a standard deviation of 0.51. The effect of a cost-plus pricing strategy on business performance among selected SMEs in Santa Cruz, Laguna, in terms of stability attained a weighted mean of 3.64 with a standard deviation of 0.41, remarked as Strongly Agree and was verbally interpreted as Highly Effective.

Table 14. Effect of Cost-Plus Pricing Strategy on Business Performance among Selected SMEs in Santa Cruz, Laguna in terms of Stability

INDICATORS	MEAN	SD	REMARKS	INTERPRETATION
1. The business generates a consistent profit.	3.64	0.50	Strongly Agree	Highly Effective
2. The cash inflows of the business become more stable.	3.58	0.51	Strongly Agree	Highly Effective
3. The business makes more regular customers.	3.69	0.47	Strongly Agree	Highly Effective
<b>OVERALL</b>	<b>3.64</b>	<b>0.41</b>	<b>Strongly Agree</b>	<b>Highly Effective</b>

Legend:

Scale	Range	Remarks	Interpretation
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4	3.25 - 4.00	Strongly Agree	Highly Effective
3	2.50 - 3.24	Agree	Effective
2	1.75 - 2.49	Disagree	Ineffective
1	1.00 - 1.74	Strongly Disagree	Highly Ineffective

It is evident that the majority of business owners agree that the cost-plus pricing strategy plays a significant role in sustaining the business performance for a long run and to have a stable business performance. These findings were aligned with the study conducted by Goodie-Okio (2022), which reveals that the primary purpose of pricing strategies is to adequately cover overhead costs, including labor and material costs, in order to generate sufficient profit. This profit, resulting from the use of pricing strategies, subsequently supports growth and sustainability within an organization. It implied that when it comes to the business performance of SMEs specifically in terms of stability the cost-plus pricing strategy was really effective and efficient. It will allow the SMEs to price their product and services consistently and stable without a lot of market research since it is simple and straightforward. In fact, a study of 84 companies performed by Milan et al. (2019) showed that in these companies there is a greater focus on price setting based on costs. Thus, this strategy encourages companies to use better expenditure techniques. In conclusion, the cost-plus pricing strategy indeed had a major effect on the stability of the selected SMEs of Santa Cruz Laguna. Majority of the selected SMEs owners were using it and agreed that it is an effective pricing strategy.

Table 15. Effect of Competitive Pricing Strategy on Business Performance among Selected SMEs in Santa Cruz, Laguna in terms of Stability

INDICATORS	M		REMARKS	INTERPRETATION
	E	S		
N				
1. To maintain its consumer influence, the business considers the cost of competitors' goods and services.	3.48	0.56	Strongly Agree	Highly Effective
2. The competitive pricing strategy helps the business reduced chances of losing shares in the market.	3.36	0.74	Strongly Agree	Highly Effective
3. Competitive pricing assists businesses to continuously increase their sales.	3.43	0.57	Strongly Agree	Highly Effective
<b>OVERALL</b>	3.42	0.52	Strongly Agree	Highly Effective

Legend:

Scale	Range	Remarks	Interpretation
4	3.25 - 4.00	Strongly Agree	Highly Effective
3	2.50 - 3.24	Agree	Effective
2	1.75 - 2.49	Disagree	Ineffective
1	1.00 - 1.74	Strongly Disagree	Highly Ineffective

Table 15 shows the effect of the competitive pricing strategy on business performance among selected SMEs in Santa Cruz, Laguna, in terms of stability. As shown in the table, the majority of the SMEs owners in Santa Cruz *strongly agree* that in maintaining its consumer influence, the business considers the cost of competitors' goods and services, as supported by the highest mean score of 3.48 with a standard deviation

of 0.56. Relatively, some of the SMEs owners in Santa Cruz *strongly agree* that competitive pricing assists businesses to continuously increase their sales, as supported by a mean score of 3.43 and a standard deviation of 0.57. On the other hand, the least portion of the SMEs owners in Santa Cruz *strongly agree* that the competitive pricing strategy helps the business reduced chances of losing shares in the market, as supported by the lowest mean score of 3.36 with a standard deviation of 0.74. The effect of a competitive pricing strategy on business performance among selected SMEs in Santa Cruz, Laguna, in terms of stability attained a weighted mean of 3.42 with a standard deviation of 0.52, remarked as *Strongly Agree*, and was verbally interpreted as *Highly Effective*.

This implied that competitive pricing strategy is Highly Effective in relation with the selected SMEs' business performance in terms of stability. In the study of Slobodianyk et. al. (2022) stated that the most crucial control over a company's marketing strategy is price. It is one of the components of the marketing mix that gives the company financial stability. In his study the Ukrainian producers must act quickly to improve their competitiveness due to the intensifying competition on both domestic and international markets. They need to do something to become competent with their competitors and this may be done by improving both price strategy and product quality. The act of scrutinizing and, more importantly, comprehending the pricing strategy employed by competitors serves as a crucial element in the endeavor to maintain and expand one's market share. In this intricate dance of market forces, businesses are constantly vying for the attention and wallets of consumers, and pricing becomes a pivotal factor that can either propel a business forward it to the sidelines.

In conclusion, it is really significant to pay attention and consider your competitors' prices to sustain and grow your market share. It also supports that competitive pricing strategy really has a huge impact on the stability of a business because companies that practice a higher price against the price of their competitors obtain greater profits, which probably is related to superior customer value. This justifies the charge of higher prices and, as a result, enhances the business stability.

Table 16 shows the effect of value-based pricing strategy on business performance among selected SMEs in Santa Cruz, Laguna in terms of stability. As shown in the table, majority of the SMEs owners in Santa Cruz *strongly agree* that using value-based pricing gives a healthy number of repeat customers., as evidenced by a mean of 3.53 and a standard deviation of 0.57. Relatively, some of the SMEs owners in Santa Cruz *strongly agree* that value-based pricing allows the business to consistently maintain its positive business cash flow, as supported by a mean of 3.40 and a standard deviation of 0.58. Another key point is that the least portion of the selected SMEs owners in Santa Cruz *agree* that setting higher prices continuously increases the prestigious status of the products and business brand over the past years of operation, as proved by a mean of 3.24 and a standard deviation of 0.63.

Table 16. Effect of Value-Based Pricing Strategy on Business Performance among Selected SMEs in Santa Cruz, Laguna in terms of Stability

INDICATORS	MEAN	STANDARD DEVIATION	REMARKS	INTERPRETATION
1. Using value-based pricing gives a healthy number of repeat customers.	3.53	0.57	Strongly Agree	Highly Effective
2. Setting higher prices continuously increases the prestigious status of the products and business brand over the past years of operation.	3.24	0.63	Agree	Effective
3. Value-based pricing allows the business to consistently maintain its positive business cash flow.	3.40	0.58	Strongly Agree	Highly Effective
<b>OVERALL</b>	<b>3.39</b>	<b>0.52</b>	<b>Strongly Agree</b>	<b>Highly Effective</b>

Legend:

Scale	Range	Remarks	Interpretation
4	3.25 - 4.00	Strongly Agree	Highly Effective
3	2.50 - 3.24	Agree	Effective

2	1.75 - 2.49	Disagree	Ineffective
1	1.00 - 1.74	Strongly Disagree	Highly Ineffective

1	1.00 - 1.74	Strongly Disagree	Highly Ineffective
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The effect of value-based pricing strategy on business performance among selected SMES in Santa Cruz, Laguna in terms of stability attained a weighted mean score of 3.39 with a standard deviation of 0.50, remarked as *Strongly Agree*, and was verbally interpreted as *Highly Effective*.

Furthermore, Agbaeze et. al. (2020) confirmed that perceived value-informed pricing is identified as a significant factor contributing to a product's outstanding performance. By using value-based pricing it can lead to the generation of a healthy number of repeat customers. This is consistent with the idea that customers are more likely to return and make repeat purchases when they perceive that they are receiving good value for the price paid. This implies that aligning pricing with the perceived value can have a positive impact on the long-term viability of the business.

Table 17. Summary of the Effect of Pricing Strategies on Business Performance among Selected SMEs in Santa Cruz, Laguna in terms of Stability

PRICING STRATEGIES	MEAN	STANDARD DEVIATION	REMARKS	INTERPRETATION
Cost-plus pricing strategy	3.64	0.41	Strongly Agree	Highly Effective
Competitive pricing strategy	3.42	0.52	Strongly Agree	Highly Effective
Value-based pricing strategy	3.39	0.50	Strongly Agree	Highly Effective
<b>OVERALL</b>	<b>3.48</b>	<b>0.36</b>	<b>Strongly Agree</b>	<b>Highly Effective</b>

Legend:

Scale	Range	Remarks	Interpretation
4	3.25 - 4.00	Strongly Agree	Highly Effective
3	2.50 - 3.24	Agree	Effective
2	1.75 - 2.49	Disagree	Ineffective

Table 17 shows the summary of the effect of pricing strategies on business performance among selected SMEs in Santa Cruz, Laguna in terms of stability. Cost-plus pricing strategy yielded the highest mean score of 3.64 with a standard deviation of 0.41, and was remarked as Strongly Agree which was verbally interpreted as Highly Effective. This was followed by Competitive pricing strategy, which gained a mean of 3.42 with a standard deviation of 0.52 and was remarked as Strongly Agree which was verbally interpreted as Highly Effective. On the other hand, Value-based pricing strategy received the lowest mean score of 3.39 with a standard deviation of 0.50 and was remarked as Strongly Agree which was also verbally interpreted as Highly Effective.

The effect of pricing strategies on business performance among selected SMEs in Santa Cruz, Laguna in terms of stability attained a weighted mean score of 3.48 with a standard deviation of 0.36, remarked as Strongly Agree, and was verbally interpreted as Highly Effective. The results showed a positive effect of cost-plus, competitive, and value-based pricing strategy on business stability of selected SMEs in Santa Cruz, Laguna.

Overall, this suggests that the pricing strategies of cost-plus, competitive, and value- contribute to maintaining a stable revenue stream, staying competitive in the market, and attracting customers who value the products or services offered. As indicated by Donohoe (2019), financial stability in the context of a business refers to having enough income from operations to cover normal business costs and having confidence in the long-term financial success of your enterprise. Financial stability is crucial since it guarantees that you can keep up with business spending, manage future market downturns, and seize expansion possibilities.

According to Slobodanyk et. al. (2022), the most crucial control over a company's marketing strategy is price. It is one of the components of the marketing mix that gives the company financial stability. Additionally, Agbaeze et. al. (2020) states that pricing strategies are visible in the market in the form of price



changes, price bundles, price levels within a product line, or pricing practices are embedded in the boundaries of the business in terms of stability.

Growth

In the following tabulated data, it elaborates the key components of this questionnaire and discusses its significance in evaluating the growth performance of SMEs based on pricing strategies which can inform policy decisions and guide SMEs in selecting the most appropriate pricing strategy to achieve sustainable growth in a competitive market environment.

Table 18 shows the effect of cost-plus pricing strategy on business performance among selected SMEs in Santa Cruz, Laguna in terms of growth. As shown in the table, majority of the SMEs owners in Santa Cruz *strongly agree* that using cost-plus pricing can help the business to recoup the operational expenses for starting new branches, as evidenced by a mean of 3.69 and a standard deviation of 0.51. Relatively, some of the SMEs owners in Santa Cruz *strongly agree* that using cost-plus pricing strategy allows business to seek wise counsel, as supported by a mean of 3.62 and a standard deviation of 0.51. Another key point is that the least portion of the selected SMEs owners in Santa Cruz *strongly agree* that using cost-plus pricing fosters the development of the business since it ensures that the full cost of creating a product or fulfilling a service is covered, enabling the markup to guarantee a positive rate of return., as proved by a mean of 3.61 and a standard deviation of 0.51.

The effect of cost-plus pricing strategy on business performance among selected SMEs in Santa Cruz, Laguna in terms of growth attained a weighted mean score of 3.64 with a standard deviation of 0.40, remarked as *Strongly Agree*, and was verbally interpreted as *Highly Effective*.

Table 18. Effect of Cost-Plus Pricing Strategy on Business Performance among Selected SMEs in Santa Cruz, Laguna in terms of Growth

INDICATORS	MEAN	STANDARD DEVIATION	REMARKS	INTERPRETATION
1. Cost-plus pricing strategy allows business to seek wise counsel.	3.62	0.51	Strongly Agree	Highly Effective

2. Cost-plus pricing can help the business to recoup the operational expenses for starting new branches.

3.69      0.51      Strongly Agree      Highly Effective

3. Cost-plus pricing fosters the development of the business since it ensures that the full cost of creating a product or fulfilling a service is covered, enabling the markup to guarantee a positive rate of return.

3.61      0.51      Strongly Agree      Highly Effective

<b>OVERALL</b>	<b>3.64</b>	<b>0.40</b>	<b>Strongly Agree</b>	<b>Highly Effective</b>
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Legend:

Scale	Range	Remarks	Interpretation
4	3.25 - 4.00	Strongly Agree	Highly Effective
3	2.50 - 3.24	Agree	Effective
2	1.75 - 2.49	Disagree	Ineffective
1	1.00 - 1.74	Strongly Disagree	Highly Ineffective

This suggests that cost-plus pricing strategy ensures that all costs associated with creating a product or fulfilling a service are fully covered, allowing the markup to guarantee a positive rate of return and strongly agreed that cost-plus pricing strategy has a major effect on the growth and development of their business.

Furthermore, as noted by Gansert (2022), it is crucial to have an accurate understanding of all business costs involved in the manufacturing and selling of products. This includes considering various factors such as acquiring raw materials, labor costs, overheads, marketing expenses, distribution costs, and retail expenses. By considering these elements, businesses can ensure a comprehensive approach to pricing strategies and effectively manage their overall profitability. By comprehensively analyzing and understanding these cost factors, businesses can

develop effective pricing strategies. Pricing should not only cover production costs but also allow for a reasonable profit margin. Additionally, businesses need to stay adaptable, adjusting their pricing strategies in response to market changes, competitor actions, and shifts in customer preferences.

Table 19 shows the effect of competitive pricing strategy on business performance among selected SMEs in Santa Cruz, Laguna in terms of growth. The study's findings indicate that the majority of SMEs owners in Santa Cruz *strongly agree* that competitive pricing strategy aids in growing a business's base of current and new consumers, as evidenced by a mean of 3.45 and a standard deviation of 0.62. Relatively, some of the SMEs owners in Santa Cruz *strongly agree* that the business was able to outperform its rivals in the market by employing a competitive pricing approach, as evidenced by a mean of 3.33 and a standard deviation of 0.68. Another key point is that the least portion of the SMEs owners in Santa Cruz *strongly agree* that the business increases market share by using a competitive pricing strategy, as evidenced by a mean of 3.29 and a standard deviation of 0.62.

Table 19. Effect of Competitive Pricing Strategy on Business Performance among Selected SMEs in Santa Cruz, Laguna in terms of Growth

INDICATORS	MEAN	SD	REMARKS	INTERPRETATION
1. The business increases market share by using a competitive pricing strategy.	3.29	0.62	Strongly Agree	Highly Effective
2. The competitive pricing approach aids in growing a business's base of current and new consumers.	3.45	0.62	Strongly Agree	Highly Effective
3. The business was able to outperform its rivals in the market by employing a competitive pricing approach.	3.33	0.68	Strongly Agree	Highly Effective
<b>OVERALL</b>	<b>3.36</b>	<b>0.55</b>	<b>Strongly Agree</b>	<b>Highly Effective</b>

Legend:  
 Scale    Range    Remarks    Interpretation

4	3.25	-	Strongly Agree	Highly Effective
3	2.50	-	Agree	Effective
2	1.75	-	Disagree	Ineffective
1	1.00	-	Strongly Disagree	Highly Ineffective

The effect of a competitive pricing strategy on the business performance among selected SMEs in Santa Cruz, Laguna in terms of growth attained a weighted mean of 3.36 with a standard deviation of 0.55, which was remarked as *Strongly Agree* and verbally interpreted as *Highly Effective*.

Based on the tabulated data, it was evident that the majority of business owners agree that the competitive pricing strategy plays a significant role in enhancing business performance in terms of growth. And one of the indicators to test the effect of competitive pricing strategy and the selected SMEs' business performance in terms of growth; through employing a competitive pricing strategy it leads to an increase in market share, and the findings showed that a substantial number of business owners agree with this. Marcio (2022) says looking at how competitor prices their products are common when figuring out how to price their own, especially if the businesses are new to the market. To develop their own pricing strategy, businesses must conduct extensive research into what competitors are doing, what they are offering, and at what price they are offering it. There may need more data to understand the pricing fit from the customer base because it was just starting. Additionally, in line with Hayes (2022), the higher the market share, the more sales a company has than its competitors in their given industry. Market share is an indicator of how large a company is and the amount of influence it has in its industry.

Table 20 shows the effect of value-based pricing strategy on business performance among selected SMEs in Santa Cruz, Laguna in terms of growth. As shown in the table, the majority of the SMEs owners in Santa Cruz *strongly agree* that the business has an increasing number of satisfied customers which results to increasing demand for the product, as supported by a mean of 3.50 and a standard deviation of 0.58.

Relatively, some of the SMEs owners in Santa Cruz *strongly agree* that the business is dedicated in putting customers first and ensuring that the products and services are high quality increases brand value, as supported by a mean of 3.45 and a standard deviation of 0.61. Another key point is that the least portion of the SMEs owners in Santa Cruz *strongly agree* that using a value-based pricing strategy can easily penetrate the market, as supported by a mean of 3.38 and a standard deviation of 0.63.

Table 20. Effect of Value-Based Pricing Strategy on Business Performance among Selected SMEs in Santa Cruz, Laguna in terms of Growth

INDICATORS	MEAN	STANDARD DEVIATION	REMARKS	INTERPRETATION
1. Using a value-based pricing strategy can easily penetrate the market.	3.38	0.63	Strongly Agree	Highly Effective
2. The business is dedicated in putting customers first and ensuring that the products and services are high quality increases brand value.	3.45	0.61	Strongly Agree	Highly Effective
3. The business has an increasing number of satisfied customers which results to increasing demand for the product.	3.50	0.58	Strongly Agree	Highly Effective
<b>OVERALL</b>	<b>3.44</b>	<b>0.52</b>	<b>Strongly Agree</b>	<b>Highly Effective</b>

Legend:

Scale	Range	Remarks	Interpretation
4	3.25 - 4.00	Strongly Agree	Highly Effective
3	2.50 - 3.24	Agree	Effective

2	1.75 - 2.49	Disagree	Ineffective
1	1.00 - 1.74	Strongly Disagree	Highly Ineffective

The effect of value-based pricing strategy on business performance among selected SMEs in Santa Cruz, Laguna in terms of growth attained a weighted mean of 3.44 with a standard deviation of 0.61, which was remarked as Strongly Agree and was verbally interpreted as a Highly Effective.

This implied that implementing a value-based pricing strategy has a substantial effect on the business performance of the respondents, particularly in terms of fostering growth. This finding was supported by the study conducted by Goodie-Okio (2022), as the research highlights that adopting a value-based strategy positively affects an organization's profit margin. In this regard, a business tends to earn higher profit margins when it sets prices that reflect the perceived worth of its goods or services. Furthermore, Segal (2023) has emphasized that profit margins serve as indicators of a company's financial health, the skill of its management, and its potential for growth. A good profit margin shows that business is managing costs and prices well, which enhances the possibility for growth.

Table 21. Summary of the Effect of Pricing Strategies on Business Performance among Selected SMEs in Santa Cruz, Laguna in terms of Growth

PRICING STRATEGIES	MEAN	STANDARD DEVIATION	REMARKS	INTERPRETATION
Cost-plus pricing strategy	3.64	0.40	Strongly Agree	Highly Effective
Competitive pricing strategy	3.35	0.55	Strongly Agree	Highly Effective
Value-based pricing	3.42	0.52	Strongly Agree	Highly Effective
<b>OVERALL</b>	<b>3.48</b>	<b>0.37</b>	<b>Strongly Agree</b>	<b>Highly Effective</b>

Legend:

Scale	Range	Remarks	Interpretation
4	3.25 -	Strongly Agree	Highly Effective
	4.00		
3	2.50 -	Agree	Effective
	3.24		
2	1.75 -	Disagree	Ineffective
	2.49		
1	1.00 -	Strongly Disagree	Highly Ineffective
	1.74		

Table 21 shows the summary of the effect of pricing strategies on business performance among selected SMEs in Santa Cruz, Laguna in terms of growth. Cost-plus pricing strategy yielded the highest mean score of 3.64 with a standard deviation of 0.40 and was remarked as *Strongly Agree* which was verbally interpreted as *Highly Effective*. Followed by, value-based pricing strategy with a mean score of 3.44 and a standard deviation of 0.55, which was remarked as *Strongly Agree* and verbally interpreted as *Highly Effective*. On the other hand, competitive pricing strategy received the lowest mean score of 3.36 with a standard deviation of 0.52, which was remarked as *Strongly Agree* and verbally interpreted as *Highly Effective*.

The effect of pricing strategies on business performance among selected SMEs in Santa Cruz, Laguna attained a weighted mean score of 3.48 with a standard deviation of 0.49, which was remarked as *Strongly Agree* and was verbally interpreted as *Highly Effective*.

This suggested that there is an overall agreement among the business owners that all of the three pricing strategies, namely the cost-plus pricing strategy, competitive pricing strategy, and value-based pricing strategy, significantly affects the business performance and contributes to growth. Consequently, business owners adopt and maintain using these pricing strategies given that they have witnessed firsthand the positive influence these strategies have on their business, particularly in terms of fostering growth.

This result is supported by the study of Abidin et. al. (2023), as they mentioned in their study that in academic research it was concluded that Cost-based Pricing strategy, Competition-based Pricing strategy

and Customer Value based Pricing strategy are the three (3) categories of pricing strategies that businesses typically fall into, this finding applies across countries, industries and companies. All-in-all, these three categories of pricing strategy are considered as the most preferred pricing among businesses. According to Goodie-Okio (2022), which reveals that the primary purpose of pricing strategies is to adequately cover overhead costs, including labor and material costs, in order to generate sufficient profit. This profit, resulting from the use of pricing strategies, subsequently supports growth and sustainability within an organization.

Relationships between Pricing Strategies and Business Performance

The table shows Pearson's R-value and P-value of the following variables under pricing strategies and business performance. The researchers used the p-value in determining the result of the data collected. A p-value higher than 0.05 means that the null hypothesis is accepted, while a value lower than the alpha level, means that the null hypothesis is rejected. Table 22 shows the test of relationships between cost-plus pricing strategy and business performance among selected SMEs in Santa Cruz, Laguna. It was revealed that the cost-plus pricing strategy has a *Significant Relationship* on business performance among selected SMEs in Santa Cruz, Laguna in terms of profitability, stability and growth, with (p-values = 0.000, 0.015, 0.000) respectively which is less than 0.05.

Table 22. Test of Relationships between Cost-Plus Strategy and Business Performance among Selected SMEs in Santa Cruz, Laguna

PRICING STRATEGY	BUSINESS PERFORMANCE	PEARSON'S R-VALUE	P-VALUE	INTERPRETATION
Cost-Plus	Profitability	0.381	0.000	Significant
Pricing	Stability	0.238	0.015	Significant
Strategy	Growth	0.351	0.000	Significant

This indicates that cost-plus pricing strategy has a direct correlation on business performance among selected SMEs in Santa Cruz, Laguna. This means that whenever there is an effective cost-plus pricing strategy there has a corresponding positive effect on business performance. This result was similar to the study of Owour (2022) which stated that cost-based pricing and sales performance of retail firms were linearly related, and cost-based pricing was significant to sales performance.

Moreover, as stated by Atienza (2020), most participants in General Trias City, Cavite have chosen the strategy of markup pricing, as their strategy in pricing their products. Thus, this strategy encourages businesses to use better expenditure techniques to improve their business performance. The cost-plus pricing strategy has a relatively high level of importance, despite a substantial number of businesses using it for a relatively small subset of products and services. Businesses facing intense competition such as merchandising business attach relatively high levels of significance to cost-plus pricing, whereas manufacturing firms attach relatively low levels of importance to cost-plus pricing (Guilding et. al., 2019).

Therefore, the findings of these inferential statistics indicate that the null hypothesis which stated that there is no significant relationship between cost-plus pricing strategy and business performance among selected SMES in Santa Cruz, Laguna would be rejected.

Table 23 shows the test of relationships between competitive pricing strategy and business performance among selected SMEs in Santa Cruz, Laguna. It was revealed that the competitive pricing strategy has a *Significant Relationship* on business performance among selected SMEs in Santa Cruz, Laguna in terms of profitability, stability and growth, with (p-values = 0.002, 0.000, 0.000) respectively which is less than 0.05.

Table 23. Test of Relationships between Competitive Pricing Strategy and Business Performance among Selected SMEs in Santa Cruz, Laguna

PRICING	BUSINESS	PEARSON'S	P-VALUE	INTERPRETATION
G	PERFORMANCE	N'S	E	

STRATEGY		R-VALUE		
Competitive Pricing Strategy	Profitability	0.299	0.002	Significant
	Stability	0.407	0.000	Significant
	Growth	0.438	0.000	Significant

This indicates that competitive pricing strategy has a direct correlation on business performance among selected SMEs in Santa Cruz, Laguna. This means that whenever there is an effective competitive pricing strategy there has a corresponding positive effect on business performance. This result was similar to the study of Owour (2022) which stated that competitor-based pricing to sales performance were linearly related, and sales performance was significant to firm performance. Moreover, Gerpott and Berends (2022), disclosed that competitive pricing is simple because competitors' prices are often publicly displayed, and it is easy to copy them. When products are identical or highly similar, it is often simpler to copy competitors' prices rather than implement another pricing strategy. According to Abidin et. al. (2023), in a competitive business (price-war) environment, this strategy would work well as it is on the upper-hand, having the competitors price level data as primary source of their pricing strategy (price settings). Gunaydan (2023) stated that competitive pricing strategy continues to be the prevailing practice in pricing despite the commonly held belief that other pricing strategies are a more effective. When considering pricing, the competitors should be thoroughly analyzed, including their strengths and weaknesses and possible future actions.

Therefore, the findings of these inferential statistics indicate that the null hypothesis which stated that there is no significant relationship between competitive pricing strategy and business performance among selected SMES in Santa Cruz, Laguna would be rejected.

Table 24 shows the test of relationships between value-based pricing strategy and business performance among selected SMEs in Santa Cruz, Laguna. It was revealed that the value-based pricing strategy has a *Significant Relationship* on the business performance among selected SMEs in Santa Cruz, Laguna in terms

of profitability, stability and growth, with (p-values = 0.000) respectively which is less than 0.05.

Table 24. Test of Relationships between Value-Based Pricing Strategy and Business Performance among Selected SMEs in Santa Cruz, Laguna

PRICING STRATEGY	BUSINESS PERFORMANCE	PEARSON'S R	P-VALUE	INTERPRETATION
Value-based Pricing Strategy	Profitability	0.413	0.000	Significant
	Stability	0.343	0.000	Significant
	Growth	0.351	0.000	Significant

This indicates that competitive pricing strategy has a direct correlation on business performance among selected SMEs in Santa Cruz, Laguna, which means that whenever there is an effective value-based pricing strategy there has a corresponding positive effect on business performance. This result was similar to the study of Owour (2022) which stated that demand-based pricing and sales performance were linearly related and customer orientation was significant to firm performance. Moreover, based on Gankema (2018), pricing a product depends on how much value the customer will receive from it and how much they are willing to pay for it. It differs from other pricing methods because it seeks to determine the highest price at which the product may be sold rather than attempting to offer the lowest price possible while considering production costs and competitors' prices. Thus, using value-based pricing can help businesses increase their business performance without cost-cutting. It is also very much relevant in highly competitive industries (Abidin et. al., 2023). According to Freytez (2020), good-value pricing is a technique that is becoming more popular among marketers. This strategy offers the right mix of quality and service at a reasonable cost.

Therefore, the findings of these inferential statistics indicate that the null hypothesis which stated that there is no significant relationship between value-based pricing strategy and business performance among

selected SMES in Santa Cruz, Laguna would be rejected.

CONCLUSION

Based on the findings derived from this study, the conclusion was drawn:

1. In terms of business profile, the majority of selected SMEs in Santa Cruz Laguna had existed for more than nine years with a range of 3,000,001 - 15,000,000 pesos of total assets and an average monthly income of Php 50,001 - Php 100,000; most of the SMEs had 10-99 employees and their product category were mostly construction materials.
2. The selected SMEs in Santa Cruz, Laguna, specifically under the merchandising business, were extremely aware of the three pricing strategies: cost-plus pricing strategy, competitive pricing strategy, and value-based pricing strategy.
3. The pricing strategies such as cost-plus pricing strategy, competitive pricing strategy, and value-based pricing strategy were highly effective on business performance among selected SMEs in Santa Cruz, Laguna in terms of profitability, stability, and growth.
4. There is a statistically significant relationship between pricing strategies (cost-plus pricing, competitive pricing, value-based pricing) and business performance among selected SMEs in Santa Cruz, Laguna. Therefore, the three hypotheses: there is no significant relationship between cost-plus pricing strategy and business performance among selected SMEs in Santa Cruz, Laguna, there is no significant relationship between competitive pricing strategy and business performance among selected SMEs in Santa Cruz, Laguna, and there is no significant relationship between value-based pricing strategy and business performance among selected SMEs in Santa Cruz, Laguna were all "rejected."

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