



Call for papers: The micro-foundations of pricing (Deadline 31 August 2015)

Aims and scope

Research on the micro-level of organizational decision making has witnessed a surge in interest as of recent. In a dedicated special issue in the *Strategic Management Journal* (Powell, Lovallo, & Fox, 2011) Levinthal (2011) asks the question “A behavioral approach to strategy – what’s the alternative?”. The SMJ Editors state that “strategic management theory lacks adequate psychological groundings” and that “until strategy theory builds stronger foundations in psychology, it will struggle to explain the facts of firm performance” (Powell, et al., 2011, p. 1370). Recent developments in finance, organization theory and strategic management have moved micro-level aspects of decision making solidly within mainstream research. The literature on pricing, however, has not yet dedicated attention to the examination of its micro-foundations, although pricing is arguably the most important driver of short-term profits (Nagle & Holden, 2002). While arguably journals do publish studies examining aspects related to micro-foundations (Che-Ha, Mavondo, & Mohd-Said, 2014; Mousavi & Kheirandish, 2014; Raghubir, 2006), there is, as of today, no systematic research on the micro-foundations of pricing.

Research on the micro-foundations of organizational decision making is based on the following premises (Hodgson, 2012): “Organizations are made up of individuals, and there is no organization without individuals” (Felin & Foss, 2005, p. 441); “Nothing is more fundamental in setting our research agenda and informing our research methods than our view of the nature of the human beings whose behavior we are studying” (Simon, 1985, p. 303); “Combining methodological individualism with an emphasis on causal mechanisms implies that strategic management should fundamentally be concerned about how intentional human action and interaction causally produce strategic phenomena” (Abell, Felin, & Foss, 2008, p. 492).

The planned JBR special issue, *The micro-foundations of pricing*, will examine how individual-level characteristics affect how organizations deal with pricing. We define “pricing” broadly to include the following elements: determination of list prices, price-setting practices, price realization, price negotiations with customers, freedom to set prices/grant discounts to customers, price flexibility, price communication, value communication, information processing on competitor prices, information processing on customers/customer needs, information processing on costs, incentive systems, bonus systems, headquarter support on pricing, CEO championing of pricing, pricing capabilities.

Our interest in the micro-foundations of pricing springs from the simple recognition that organizations do not act—individuals do. As scholars, however, we have a tendency to attribute to organizations properties which only individuals can have. The literature speaks of “organizational capabilities” and describes organizations as “innovative”; however, organizations do not have capabilities, individuals do; organizations are not innovative, individuals are. We thus want to explore how individual characteristics affect pricing in organizations.

Consequently, in this call for papers we aim to shed light on the following non-exhaustive list of research questions. Individual characteristics and pricing decisions: How do individual psychological traits (e.g. altruism, intelligence) influence preferences for price setting practices (e.g. preferences for value-based pricing as opposed to cost-based pricing)? Are pricing approaches at the individual level (again: value-based pricing may be an example) the result of particular psychological traits? How do individual characteristics influence negotiation in pricing? Are negotiation styles of individuals (e.g. collaborative, competitive, accommodating) the result of particular psychological traits? Or: how do psychological traits (e.g. aggressiveness versus assertiveness) influence price negotiation outcomes? The persistence dysfunctional pricing practices: Why and how do dysfunctional pricing practices persist? Does hard-wiring of pricing practices happen differently for functional as opposed to dysfunctional pricing practices? Conversely: What are triggers of innovative pricing practices at the individual level? How do innovative pricing practices at the individual level gain traction to lead to new pricing practices at the organizational level? Or again: which mechanisms prevent innovation at the individual level from emerging at the organizational level? Goal framing and pricing: How do hedonic goals (concerned about short-term gains), gain goals (concerned about longer term benefits), and normative goals (concerned with adhering to moral principles) interact at the individual level to influence pricing decisions? What is the effect of the focal goal frame on individual pricing decisions? Does an individual preference for a given pricing approach (e.g. value-based pricing) reflect a given focal goal frame? Individual considerations and collective actions in pricing: Pricing is, by nature, an activity that touches virtually all aspects of business: sales, marketing, finance, general management, human resources, and research and development. The pricing function, if present, leads and influences actors from these different functions. This leads to the question: What is the origin of individual beliefs and assumptions on pricing by different organizational actors in pricing and how are these individual factors aggregated at a collective level to produce pricing decisions? How do individual assumptions on pricing and individual hierarchical power interact to lead to collective pricing decisions? Do relationships of friendships in the organization favor the emergence of given pricing practices? Bounded rationality and pricing: How do cognitive biases affect pricing decisions? What is the impact of behavioral or cognitive biases on the price setting and price negotiation process? Irrationality explained: What is irrational behavior in pricing? In Hamlet we read: “Though this be madness, yet there is method in’t”. Is there a rationale for irrational behavior in pricing? Individual preferences and pricing: How stable are customer preferences in B2B? Are preferences in B2B constructed? Intuition and pricing: What is the role of intuition in pricing decision-making process?

Research methods and guidelines

We are open to a wide number of research methods and expect all papers to either make a strong empirical contribution or to challenge conventional wisdom concerning all aspects of pricing at the intersection between individual characteristics and organizational practices through novel, insightful and carefully crafted conceptual propositions.

Manuscript submission and any inquires should be sent electronically by 31 August 2015 as an MSWord file attached to an e-mail to special issue coeditors. Andreas Hinterhuber andreas@hinterhuber.com or Stephan Liozu sliozu@case.edu. For journal information and how to prepare the manuscript, please access JBR's Guide for Authors at the following URL: <http://www.elsevier.com/journals/journal-of-business-research/0148-2963?generatepdf=true>.

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