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**SOBREVIVÊNCIA DAS ORGANIZAÇÕES
EM TEMPOS INCERTOS:**

O papel dos gestores e do ambiente externo
no sucesso e no fracasso organizacional.

FEMALE LEADERSHIP: IS THE WAY WOMEN DO PRICES A COMPETITIVE ADVANTAGE IN THE INFORMAL ECONOMY?

AREA OF STUDY: BUSINESS STRATEGY

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Abstract

Despite advances in gender discussion, women are still highly underrepresented in leadership positions in all types of organizations. Women entrepreneurs face several challenges while operating their business, but these leaders may also have certain advantages because of their feminine leadership style, especially their relational orientation. The main purpose of our work is to investigate if there is a difference in performance between informal firms led by women compared with those led by men, and what justifies this result. The study explores gender differences in the relational orientation of entrepreneurs and their market interactions with customers. It is observed that female entrepreneurs are more likely to apply a relational approach, and they tend to adopt a diversified pricing strategy. The paper also reveals that female leaders generate better performance than male ones. Moreover, to deepen the quantitative result, a qualitative survey is also carried out with female leaders who operate in the informal economy.

Keywords: *Female leadership; Performance difference; Price strategy; Informal economy*

1. INTRODUCTION

Several empirical studies about investigate the damages observed to women (vs men) in the formal labor market (Kark, 2004; Chappell and Waylen, 2013; Abraham, 2017). Our idea is that one way for women leaders overcome the gender prejudice (both on wages and roles in organizations) is to search for a non-regulated market (informal). We have data from Brazil to investigate this point: IBGE, produced a unique database of Brazilian informal sector in 2003, which performs our investigation.

We observe that female leaders produce a higher revenue than those produced by male leaders in informal economy. To obtain a causal investigation between the variables we produce a result on TSLS using as an instrument the age of leaders. We use the same argument as Hanushek et. al (2015): the “age” can be exogenous because the initial measure started to be determined before the individual entered the labor market.

Additionally, we investigated if there is a difference in price strategies used by female leaders (vs male leaders). We observe that female leaders use diverse price strategies: more prices based on the margin on cost and prices negotiated with the costumer than prices based on competition. We also produce an actual survey (2022) to observe qualitatively if women use this diversity of price strategy to reduce risk, a characteristic of their leadership style (Adams et al., 2009; Adams and Funk, 2012; Stam and Spigel, 2016).

2. THEORETICAL DEVELOPMENT

2.1 Informal economy

Work is understood as any activity performed by an individual to achieve a certain objective (Lyons, 2008). It is usually divided between formal and informal activities, where formal work is considered to be the one carried out with an employment relationship and also the one that follows the standards of labor legislation, therefore providing both the worker and the employer all the rights established by law (Daniels, 2004). The magnitude, nature and composition of the informal sector vary a lot between different regions and countries, especially considering the level of development and structure of their economies (Williams, 2011).

A significant part of the world's economy takes place informally. One can participate in the informal economy as an employee, employer or as a consumer (Williams, 2011). According to the International Labor Organization (1993) are part of the informal sector all non-agricultural economic units that produce goods and services with the main objective of generating employment and income for people who are involved in these activities.

The informal sector units are usually characterized by small-scale production, low level of organization and by the minimum separation between capital and labor as production factors (Yusuff, 2011). Furthermore, the informal economy can also be seen as the non-participation in three areas where formality is defined by the government (LaPorta and Schleifer, 2008): taxation, social programs and regulation. Several theories (Ray, 1998; Easterly, 2005) try to explain why some employers, self-employed workers and employees participate in the informal economy.

Depending on the approach to the causes of the informal economy this participation can be seen as voluntary or involuntary, that is, it can be an exit strategy chosen by the participant, or the result of the exclusion from the formal economy (Karki and Xheneti 2017). Regardless of the theoretical view adopted, it is a common agreement that there are both advantages and disadvantages in participating in the informal economy.

Ulyssea (2018) proposes a new framework that distinguishes two margins of informality: the extensive margin – whether companies register and pay entry fees to achieve formal status; and intensive margin – if formal companies in the first context employ informal workers. The intensive margin is a key innovation, both conceptually and quantitatively, as formal firms seem to be responsible for a large part of total informal employment. Thus, the formal and informal sectors of economy are no longer seen as disjoint states, as formal companies can informally hire part – or all- of their workforce.

Both formal and informal companies have different levels of labor qualification, but a well-known fact in the literature is that informal workers are, on average, less educated and less qualified than their formal competitors (Perry et al., 2007; Gasparini and Tornarolli, 2009; Ulyssea, 2018). These explanations have been used to explain informal entrepreneurship in deprived populations, who have traditionally suffered from restricted access to formal education and employment – such as women (Yusuff, 2011). On the other hand, some emerging theories

(Webb et al., 2009; VanderBerg, 2014) see the informal economy as a positive alternative to the formal sector - informality is seen as a 'form of resistance' and is considered a choice.

Despite these advantages, it is important to say that the informal status can have a negative effect on income and can hinder companies from remaining competitive over time (Henley et al., 2009).

Recently, the urbanization process has increased the occurrence of informal activities in medium and large cities all over Brazil, mainly due to high unemployment rates and the several advantages presented by this type of work (Ecinf, 2003). Although most studies in informal economy tend to ignore the gender issue, it is well known that the fact of being male or female affects the movements, possibilities and career paths of the population – both in the formal and informal sectors of the economy. Due to social, cultural and patriarchal family constraints, women often constitute a vulnerable and over-exploitable workforce. So, gender discrimination leads women to seek survival and viable income generating opportunities in the informal sector (Narotzky, 1990; Ramadani et al, 2015; Sharafizad, 2017).

Most women chose informality to overcome legal and financial obstacles – when the government imposes high regulatory barriers to opening formal business or when these women have difficulty accessing credit (Boyd, 2005; Williams and Round, 2009; Sappleton 2014). In this context, many studies show that the informal sector is well adapted to women entrepreneurs' needs, as it offers greater flexibility in terms of hours and pace of work – thus helping to overcome obstacles in family context (Ramani et al., 2013; Sharafizad, 2017).

2.2 Female Leadership

Issues involving gender and leadership were neglected until the 1970s (Jennings and Brush, 2013), when scholars began to question whether women could actually lead (Park, 1996; Oakley, 2000). Currently, the main issues addressed are the differences in leadership style between men and women and the effectiveness of each one of them, in terms of entrepreneurial rates (Ahl and Nelson, 2015; Brush et al., 2018), processes of financial resource acquisition (Eagly and Karau, 1991; Coleman, 2000), sectorial choices (McAdam and Marlow, 2012; Hewlett, 2014) and business and size performance (Dezso and Ross, 2012; STROM et al., 2014; Flabbi et al., 2019).

Research shows that most new jobs come from new business development (Powell et al., 2008), which makes governments support entrepreneurship through public policies, regulation, programming and budget allocation (Henrekson and Stenkula, 2010). The growing interest in female entrepreneurship emerged specially after the last worlds' financial crises when women were perceived to be under-representative as self-employed workers, thus being a group with great economic potential for gains by increasing participation and productivity (Al-Dajani et al., 2015).

During the past decades, organizations have undergone considerable changes with regard to the insertion of women in the labor market. The debate about the benefits of increasing the presence of female leaders on boards and the goods of gender diversity in the whole company became

more common (Myaskovsky et al., 2005; Van Knippenberg and Schippers, 2007; Shaw et al., 2012; Nishii, 2013; Fine et al., 2020).

It is well-substantiated that female and male leaders differ a lot in their core values, leadership style and risk attitudes – which is important when considering who leads in the entrepreneurial ecosystems and who is driving political, corporate or economic activity (Adams et al., 2009; Adams and Funk, 2012; Stam and Spigel, 2016).

Women entrepreneurs in emerging economies face significant constraints in operating their businesses. Studies of gender and entrepreneurship indicates that women have substantial disadvantage with regard for entrepreneurial resources (Coleman and Robb, 2009; Bigelow et al., 2014). One of the reasons that could explain this disparity is that women tend to have more restricted networks than their male colleagues (Ding, Murray and Stuart, 2006; Coleman and Robb, 2009; Kanze, 2018) and other studies try to explain this gender disparity through the different strategic choices adopted between women and men entrepreneurs (Uzuegbunam and Uzuegbunam, 2018). Either way, this existing gender gap has implications for the performance of women entrepreneurs in terms of new venture survival, product development, and company growth (Coleman and Robb, 2009; Rob and Robinson, 2014; Justo et al., 2015).

Gender stereotypes are widely seen in society. The gender stereotype effect (GSE) shows that people are expected to perform better when characteristics required for a task are congruent with gender stereotypes about their social group. Ambitious, daring and risky behaviors are usually linked to masculinity and male entrepreneurial behaviors. The well known belief is that women are more emotional than men (Shields, 2002; Ahl, 2004; McAdam and Marlow, 2012; Brush et al., 2018). Both in organizations and in work relationships, masculinity is still defined in terms of control, performance and instrumental intentions and men are perceived as agents while femininity is associated with ‘soft qualities’ such as attitudes of collaboration and support, and women are expected as communal (Fournier and Smith, 2006; Harrison et al, 2018).

These gender stereotypes embedded in the individual and collective unconscious - especially stereotype-based expectations of inferiority - shape the definition of the identity and are usually responsible for the absence of gender diversity in leadership roles, since it can impact not only who people see as “fitting” for leadership roles, but also a person’s willingness to lead (Hoyt & Murphy, 2016). Besides, when women ascend to high level leadership roles, they often attract exaggerated attention and negative bias (Oakley, 2000): they are usually penalized more severely (Hom, Roberson and Ellis, 2008) and people often examine trivial aspects about them – such as physical appearance or home life – rather than their merits at workplace (Parker et al., 2017).

Studies in gender, negotiation and prices suggest that women are less likely to initiate negotiations than men, and that they generally negotiate less than men and obtain lower value during negotiations (Small, Gelfand, Babcock, and Gettman, 2007; Bowles and Flynn, 2010; Hong and van der Wijst, 2013). Empirical studies indicate that women and men do behave differently in competitive situations, where women tend to trust and cooperate more initially, but are less willing to forgive any breach of trust (Rubin and Brown, 1975). The literature also suggests that women tend to settle for lower prices and profits in behavioral experiments

(Babcock and Laschever, 2003). According to Cron et al. (2009), women owners generally employ “more compassionate pricing” than men, even when offering the same product/service.

Thus, we can argue that gender stereotypes do influence price choices and strategies, as these decisions are linked, in part, to a person's 'relationship orientation'. This orientation has to do with the emphasis a person places on 'connecting with others' (Cron et al., 2009). It is related to the willingness to consider the needs, opinions and desires of others when making decisions. Directly linked to fear of negative evaluation and customer empathy. Women are generally more oriented towards this type of orientation (Gelfand et al., 2006).

Previous studies highlighted relational resources are often important in starting a business, as they provide insights in customer needs, access to social capital and customer approval (Delmar and Shane, 2004).

Uzuegbunam and Uzuegbunam (2018) bring a new gender perspective to entrepreneurship by describing the relational mechanisms used by women: relational payments (pre-or-post-payments) and relational contracts, in the form of unwitnessed oral purchase contracts.

Frankel (2007) argues that “all women are naturally leaders, and that certain unique female characteristics are what make the big difference in the new concept of leadership that companies are currently seeking”. Gelfand et al., (2001) also point out that “women’s natural talents, which include an appetite for networking and negotiation, emotional sensitivity and empathy, the ability to juggle various tasks or the ease of verbal communication, are particularly suited to the global society of the 21st century”: women have a more democratic and liberal leadership than men (Perreault, 2008).

However, even with several studies showing their efficiency and leadership skills, women are still the minority in leadership positions and often report difficulties in professional 5 growth (Thebaud, 2015). The ‘Glass ceiling’ phenomenon (Morrison and Von Glinow, 1990) indicates that there is an invisible barrier that makes it difficult for women to rise to leadership positions, since there are prejudices and discrimination against women as leaders and potential leaders, which interferes with their ability to achieve authority and influence within companies (Giddens, 2005).

Women who become entrepreneurs are willing to transgress gender rules and they tend to do well in the entrepreneurial market, but the majority of new female-owned businesses are on female gender needs and occupations, and most of them are in low-skilled or low-paid sectors (Muller and Arum, 2004). However, there are reasons to believe that female entrepreneurship is an industry of the future, as studies have shown that women’s businesses are more durable, more stable and grow less dramatically (Motion, 1994; Ahl and Nelson, 2015).

Thus, factors such as salary disparity (World Economic Forum, 2015), occupational segregation (Causer and Park, 2009) and the triple working day - in some cases - (Thébaud, 2015) joined with all the constraints arising from these inequalities, constitute the main difficulties faced by women in the organizational space (Williams et al, 2012; Webb et al., 2009). The public/private divide between work and home also appears as a barrier to realistic goals in relation to many women's aspirations, achievements and preferred alternatives to paid work under current labor constructs (Ahl and Nelson, 2015).

2.3 Price strategy of small firms

Price is one of the most relevant variables used as strategy by firms.¹ In the literature, we can mention the use of price as strategy to avoid the entrance of new competitors. However, when we think on the markets of small firms, like those with informal firms, one type is feasible: perfect competition - one market which the influence of individual firms on price is reduced if the markets conditions are fully satisfied (Milgrom and Roberts, 1982).

Independent from geographic place (Nagle and Hogan, 2006), which interfere on competition, perfect market competition depends on some characteristics: products are identical, firms cannot influence the market price (price takers), market share has no influence on prices, perfect information for sellers and buyers, perfect mobility of capital and labor, and firms can enter or exit the market without cost.

Small informal firms do not have identical products: selling strategy (verbal eloquence from seller, for example) is important, geographic place matters and the information (for instance, the information about price among buyers) cannot help on mobility of capital and labor. Thus, it is possible that the competition strategy between small firms is different, taking advantage of these gaps.

Into this perspective, the marketing literature investigated and established possibilities for price competition independent of the market where the firm is (Nagle and Hogan, 2006; Hinterhuber and Liozu, 2012a, 2012b, 2014, 2017), which can help on our investigation. Firms follow three traditional methods to determine their final selling price:

1. Cost-based pricing: cost-plus pricing strategy is the most classic and simple way to set price – you calculate the total cost of production and add a fixed margin to create retail price of each unit. This strategy works better for products than services, because then production costs are clearer. It is recommended to associate this method with others, using a cost-plus pricing scheme only to ensure that the company makes at least that margin in profit.
2. Competition-based pricing: competitive pricing is a simple and practical method, done through the analysis of competitors' prices and the establishment of a price a little lower or a little higher than theirs. In general, it presents low risks. However, it is superficial and can mean the loss of good opportunities.
3. Customer value-based pricing: the value-based pricing strategy is completely customer centric. It defines the pricing of the service or product according to the added value to the target audience and their purchasing power. So, this is a method that may be more effective for innovative products or products that are way ahead of competitors. This method requires well-defined actors and continuous studies related to them, demand and market. If well executed, it can maximize profits and also strengthen brand name, build better customer relationships, and ultimately improve the bottom line. Thus, value-based pricing is the only win-win scenario for the company and the customer.

2.4 Testable hypothesis

Hypothesis 1: Female leaders produce different performance than male leaders in firms located in the informal sector

Hypothesis 2: Female leaders work by diversifying their pricing strategies (they do not bet on a single pricing strategy) to reduce risk in relation to male leaders in firms located in the informal sector.

3. DATA AND METHODOLOGY

3.1 Data

To carry out the empirical analysis, we used the ECINF (Pesquisa de Economia Informal Urbana) database, which consists of a repeated cross-section of small companies collected by IBGE (Instituto Brasileiro de Geografia e Estatística) in 2003.

The survey was designed to be nationally representative. In this survey, companies are directly asked whether they are registered and whether each of their workers has a formal contract through three questionnaires.

The research consists of a probabilistic sample of households, which was obtained in two stages of selection, with stratification of primary units (urban sectors) and selection with probability. It had as secondary units, households with self-employed residents or as employers with up to five employees. These households were then stratified by group activity and selected with equiprobability in each stratum. This sampling plan was applied independently for each federation unit.

The urban sectors were stratified first by their geographical condition to guarantee representation. The second stage of stratification process was carried out within each geographic stratum and considered the average household income of each sector. To determine sample size for each research area the total number of owners of productive units in the informal sector was established as a dimensioning variable, with a sampling error of 5% - and 6% for the North region.

Then, in the selected sectors, a listing operation was carried out to identify the households that were part of the research universe. The households to be interviewed were selected in order to maintain proportionality between the different activity groups identified in each sector.

3.2 Variables

Dependent variables: Our dependent variables are time, revenue, and the price strategy of informal firms. Firm Revenue is revenue of the month in Reais (Brazilian Real) divided by the number of hours worked per month. Firm Time is defined as the number of hours worked per month. For price strategy we create three separate variables, based on dummies equal to 1 when the firm present this characteristic and equal to zero otherwise. Hence, competition-based pricing when firms establish prices based on the price from competition; cost-based pricing for firms that establish prices based on cost plus fixed margin; and customer value-based pricing when firms establish prices based on negotiation with clients.

Independent variable: The paper's analysis center on one independent variable Female leaderships). Female leadership is a dummy equal to 1 when a woman is owner from an informal firm and zero otherwise.

Control variables - We introduce controls at the level of the firm and for characteristics of the owner. At firm level, we include dummies for whether the firm present any difficulties - lack of clients, lack of credit, low profitability, lack of water or energy, tax problems, lack of skill workers, workers big turnover, lack of raw material, strong competition, lack of infrastructure, lack of capital, lack of management training, lack of other non-mentioned things. At owners' level, we include dummies to determine their schooling - illiterate, reads and writes, some primary education, graduated primary school, some secondary school, graduate secondary school, some college education, graduate college, and ignored schooling.

3.3 Methodology

The main challenge of the study is estimating the causal effects of female leadership on the existence “time” of informal firms (existence), their performance (revenue), and price strategy chosen (competition based-pricing, cost-based pricing, and customer value-based pricing) because of problems of endogeneity that can exist: omitted variable bias, simultaneity, and measurement error (Antonakis et al., 2010).

To overcome the endogeneity problem, we chose the instrumental variable (IV) as methodology. We believe that our main problem here is a bias from omitted variable. In the IV approach, we seek to estimate the causal effect of a treatment on an outcome by identifying a third variable - the instrument - that influences the treatment but is unrelated to the outcome except for its effect through the treatment (Sajons, 2020; Semadeni et al., 2014). To estimate the causal effect, we use the variation in the treatment variable that is due to the exogenous instrument (Angrist and Pischke, 2009). Specifically, a two-stage approach is often applied in the instrumental variable design: in the first stage, researchers regress the endogenous treatment variable on the instrument and a vector of (exogenous) covariates. In the second stage, the resulting fitted values of the treatment variable - which have become exogenous because they were created by the exogenous instrument (Cunningham, 2021) - are then used to estimate the causal effect of the treatment on the outcome.

We explore the acquired experience through similar or other jobs of main activity chosen (non-skill experience) as a source of exogenous variation (instrument) to estimate the effect on female leadership on time, revenue, and the price strategy. We believe that non-skill experience is determining to women have their self-business in informal economy. We do not have an exact measure of non-skill experience. However, it is possible to observe this measure and their variation though “age of individual”. By controlling of formal education (skill experience), we believe that the age of individual is a good proxy to capture this kind of experience. An elevated age indicates that a woman passed through different experience jobs as we showed. Additionally, following an argument similar those developed by Hanushek et. al (2015), the “age” can be exogenous because the initial measure started to be determined before the individual entered in the labor market.

We expected the positive correlation between the female leadership and the age of owner - our proxy of non-skill experience. Indeed, the acquired ability by learning by doing permits that the women research the leadership post (entrepreneur).

Formally, the first-stage linear regression is as follows:

$$1(\textit{Female leadership})_i = \alpha_0 + \alpha_1 \textit{Age}_i + \phi' X_i + \alpha_2 1(\textit{Sector})_i + \alpha_3 1(\textit{State})_i + \varepsilon_i$$

where $1(\textit{Female leadership})_i$ is a dummy variable with value equal to one if the owner of informal firm I is a woman and zero otherwise; \textit{Age}_i is the age of firm's owner I; X_i is a set of firm and characteristics of owner controls. The controls for the informal firms' characteristics are useful to ensure that the informal in the second-stage is not capturing other characteristics of the informal firm that can be responsible for worse performance. These controls of informal firms' characteristics are: firms without difficult, lack of clients, lack of credit, low profitability, lack of water or energy, tax problems, lack of skill workers, workers big turnover, lack of raw material, strong competition, lack of infrastructure, lack of capital, lack of management training, and lack of other non-mentioned things. The controls for the owner characteristics are about their formal education and they are important because we are using the age of the owner as proxy of experience, so these controls are used aiming to isolate the experience effect (the experience of life). These controls for characteristics of owners are their schooling: illiterate, reads and writes, some primary education, graduated primary school, some secondary school, graduate secondary school, some college education, graduate college, and ignored schooling. $1(\textit{Sector})_i$ is a dummy variable with value equal to one if the firm belongs to the sector I and this variable aims to capture some regional characteristics that can impact performance. $1(\textit{State})_i$ is a dummy variable with value equal to one if the firm is in the specific state (there are 27 states in Brazil plus DC) and these variables also aim to capture some regional characteristic that can impact performance. ε_i is the error term.

The second-stage linear regression is as follows:

$$P_i = \beta_0 + \widehat{\beta}_1 1(\textit{Female leadership})_i + \phi' X_i + \beta_2 1(\textit{Sector})_i + \beta_3 1(\textit{State})_i + \varkappa_i$$

where P_i is existence of informal firms (time), their performance of informal firm, and price strategy i ; and \varkappa_i is the error term. We believe that the age of female owner is not correlated with non-observable characteristics of owner that should explain these P_i variables of informal firms ($\text{COV}(\textit{Age}_i, \varkappa_i) = 0$).

The parameter of interest is $\widehat{\beta}_1$. Given that $1(\textit{Female leadership})_i$ is a binary variable, if we apply TSLS directly to equation 2, we make no distinction between discrete, continuous or some mixture for $1(\textit{Female leadership})_i$ variable. Thus, we opt to follow the methodology established by Wooldridge (2002), control function, to show our results. Following this methodology, we estimate equation (1) as Probit model as follows:

$$P(\textit{Female leadership}_i = 1 \setminus \textit{Age}_i, \phi' X_i, 1(\textit{Sector})_i, 1(\textit{State})_i) = \varphi(\alpha_0 + \alpha_1 \textit{Age}_i + \phi' X_i + \alpha_2 1(\textit{Sector})_i + \alpha_3 1(\textit{State})_i)$$

where φ is the cumulative normal distribution function, and save their predict value (Predict of Leadership woman). In the sequence, we instrumented $1(\textit{Female leadership})_i$ in equation 2 (linear) by this predict value and to obtain the main results on TSLS.

4 RESULTS AND DISCUSSION

Table 1 shows our main results. By looking the results of equation [1], the age of owner increases the probability of women becoming leaders (coefficient:0.003) and the p-

value=0.000. In the sequence, on the medium lines, it is possible to see that the predict of female leadership explains very well the choice of the informal sector of economy. This point is mentioned in literature (Boyd, 2005; Williams and Round, 2009; Ramani et al., 2013; Sappleton 2014; Sharafizad, 2017).

Finally, in the second-stage results, it is possible to see that there is no significant difference of leadership on informal firm time (coefficient 1028.22; p-value=0.191). However, female leadership produces a better performance compared with male leadership (column 2). Female leadership produces more 275.12 Reais (the Brazilian currency) per hour than male leadership (p-value= 0.008). Results also indicate that women are better in the following conditions: when they are illiterate, when they read and write without schooling, when having some primary education, graduate primary school or have some secondary schooling. Females perform better when firms present no difficulties, have lack of clients, or lack of infrastructure. They also do costumer value-based pricing better. The literature mentioned that women tend to settle lower performance (Babcock and Laschever, 2003). Our result shows that it may not be the case, validating hypothesis 1 for informal firms: female leadership produces different performance and is better than male leadership.

On the other hand, by looking at price strategies in the informal sector, female leadership does not use a single price strategy. She uses less price based on competition (coefficient: -3.57; p-value=0.046) and more price based on cost (coefficient:3.23; p-value=0.047) and price valued by costumer (result from negotiation between the parts; coefficient 4.01; p-value=0.034). The literature mentioned that women generally negotiate less than men and obtain lower value during negotiations (Small et al., 2007) and more compassionate pricing (Cron et a., 2009). Our result shows that it may not be the case, given that women choose different strategies of prices. Thus, it is possible to valid our second hypothesis: female leaders choose diversification of price strategies to reduce the risk involved

This study is interested in informal market because it has increased a lot in the past years and it can transform a country's economic dynamic. Besides, the Brazilian entrepreneurship rate hit a record in the last 14 years. We also concentrate on gender diversity. First because it is a dimension of diversity that represents a universally relevant problem. Furthermore, the emphasis on gender-based leadership differentials is dramatic and extensive (Coleman, 2000; Park, 1996; Oakley, 2000; Jennings and Brush, 2013; Ahl and Nelson, 2015; Brush et al., 2018; Flabbi et al., 2019), and therefore there is still a significant need to understand the conditions under which these dynamics associated with gender-based status occur and can be mitigated.

This work has implications for the study of gender in organizations more broadly, as we observe informal companies led by women, and the strategies adopted by them and their implications on firm performance. We look at the pricing strategy chosen by female leaders to understand if this strategy is somehow related to the level of experience that this leader has.

Price, and especially price visibility, is what determines how a product/service is competitively positioned in the market. So, price decisions are a fundamental form of management in organizations with long-term implications and competitive advantage. The present research demonstrates effects of gender on pricing strategy that are counterintuitive and fundamentally important to understanding gender effects on negotiation and firm performance. Women are

	Dependent variables				
	Informal Firm Time	Informal Firm Revenue	Pricing strategy preference in the informal sector		
			Competition-based pricing	Cost-based pricing	Customer value-based pricing
[1]	[2]	[3]	[4]	[5]	
<i>SECOND-STAGE</i>					
<i>IV</i>					
Leadership woman? (Yes/No)	1028.22 (785.47)	275.12*** (103.89)	-3.57** (1.79)	3.23** (1.63)	4.01** (1.89)
p-value	0.191	0.008	0.046	0.047	0.034
Constant	50.92** (22.51)	13.97** (5.91)	0.278** (0.129)	-0.033 (0.065)	0.42*** (0.13)
p-value	0.024	0.018	0.032	0.612	0.002
<i>FIRST-STAGE for Informal (Yes/No)</i>					
Predict of Leadership woman	0.43*** (0.12)	0.43*** (0.12)	0.436** (0.128)	0.436** (0.128)	0.436** (0.128)
p-value	0.001	0.001	0.001	0.001	0.001
F-Statistics	F(1,67463) 11.47***	F(1,67463) 11.47***	F(1,67463) 11.47***	F(1,67463) 11.47***	F(1,67463) 11.47***
<i>PROBIT: Leadership woman (Yes/No)</i>					
Age of owner	0.003*** (0.0004)	0.003*** (0.0004)	0.003*** (0.0004)	0.003*** (0.0004)	0.003*** (0.0004)
p-value	0.000	0.000	0.000	0.000	0.000
Owner's schooling?	Yes	Yes	Yes	Yes	Yes
Firms' characteristics?	Yes	Yes	Yes	Yes	Yes
State dummies?	Yes	Yes	Yes	Yes	Yes
Sector dummies?	Yes	Yes	Yes	Yes	Yes
Observations	67,525	67,525	67,525	67,525	67,525

Note: Standard errors are presented in parentheses and are clustered at the regional level; t-statistic: *, **, and *** indicate statistical significance at the 10%, 5%, and 1% levels, respectively. **Covariates:** a) Owner's schooling: illiterate, reads and writes, some elementary education, graduated elementary school, some high school, graduate high school, some college education, and graduate college; b) Firms' characteristics: firms without difficult, lack of clients, lack of credit, low profitability, lack of water or energy, tax problems, lack of skill workers, lack of raw material, strong competition, lack of infrastructure, lack of capital, lack of management training, and lack of other non-mentioned things.

naturally oriented towards a 'relationship orientation' and we observe that identifying customer perceptions and feelings about value and anticipating opportunities in value creation are important factors in the companies' success.

CONCLUSION

The results represent an important contribution because they illustrate that the social context plays a key role in influencing whether a woman will decide to become a business owner/leader, and whether she will work in the informal sector of the economy – by choice, or by consequence. This research has further implications outside academia, because it illustrates how women are not simply trapped by a choice between fulfilling the feminine stereotype. Women can and do assert themselves effectively when encountering leadership positions, competitive markets and pricing decisions.

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