

**i.**  
**ORGANISATIONAL BUYING DECISION-MAKING  
PROCESS IN NIGERIA A CASE STUDY OF  
ORGANIZATIONS  
IN TARABA STATE**

**BY**

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**CERTIFICATION**

This is to certify that this thesis titled "Organisational Buying Decision Making Process in Nigeria": A case study of Buying organizations in Taraba State was carried out by Zuwaira Talatu Kishimi, Department of Management Technology, Federal University of Technology, Yola and has been approved by Examiners.

Having met the stipulated requirement, the research project has been accepted by the school.

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### **APPROVAL PAGE**

This thesis by KISHIMI, Zuwaira Talatu has met the requirement for the award of Master Degree in Business

Administration (MBA) of the Federal University of Technology,  
Yola and is approved for its contributions to knowledge.

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## **DEDICATION**

This research work is dedicated to almighty Allah and to my lovely children.

Barr. Zainab Isa (Nee Kishimi)

Alhaji Abubakar Sadiq Kishimi

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## **ABSTRACT**

This project work is a case study designed to gain insight into the organizational buying decision-making in Nigeria with particular reference to private sector buying. The research further aims to know whether the findings agree with what is already available in the literature. The findings shows that private sector buying in Nigeria differ a great deal from public sector. Buying decision-making process in the private sector takes place in a multistage way involving many participants as members of the organizational buying centres, while public sector buying in Nigeria have been found to be more complex than private sector because it is based on a highly bureaucratized structure. This project is designed in such a way that the primary and secondary data were collected through survey research techniques. The findings in this project have led to the identification of five critical decision points in the private sector buying process in Nigeria. These critical points include, purchase initiation, management meeting, invitation of quotations, negotiation and approval to supply. Furthermore the findings show that the size of the expenditure determines the stages and the people that will be involved in a purchase decision process. Therefore the higher the expenditure, the more the stages involve in the decision process.

The findings further express the importance of task and non-task factors in influencing purchase decisions. Task factors identified are price, quality, delivery, location and favourable past experienced while Nontask factors include personal relationship with the supplier, inducement, marketing communication, club membership or political party affiliations. Task factors were found to be highly instrumental in most purchase decision taken by private organizations in Nigeria.

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## **CHAPTER ONE**

### **INTRODUCTION**

#### **1.1 BACKGROUND OF THE STUDY**

Organizational buying behaviour may be defined as "a decision-making process by which formal organizations established the need for purchase products, services and identify, evaluate and choose among alternative brands and suppliers" (Webster and Wind 1972). Buying therefore, is a fundamental activity in all formal organizations or business organization. All formal organizations purchase goods and services for the discharge of their functions and for the purpose of internal administration (Hambagda, 1982). Basic activities like transportation, which typify all formal organization, require many purchase products and services. For instance, the public sector in Nigeria buys a wide range of goods and services and depending on the type of product, organization size and value, buying decisions range from extremely complicated to the simple re-order situation. Government department ministry and agencies buy items from pins and paper to highly sophisticated equipment such as battleships, war planes, satellites etc. service-type purchases include, research project, developmental contracts and consultancy services of various kinds. Manufacturing firms on the other hand buy raw materials, components and equipment, office supply furniture, electricity, telephone services etc. for many manufacturing firms, the cost of material can represent as high as 60 percent of the selling price of their outputs.

The third categories of organizational buyers are the intermediate market institutions otherwise called the resellers. These include wholesaler,

retailers, merchants etc; they buy products, equipment and materials for resale and for use in the conduct of their affairs.

In some ways, organizations or business markets are similar to consumer market and both involve people who assume buying roles and make purchase decisions to satisfy needs. Business organizational markets have several characteristics that contrast sharply with consumer markets. The main differences are in market structure, demand, the nature of buying unit, types of decisions and the decisions process. The organizational market usually deals with far few buyers, larger buyers than the consumer marketers. Organizational markets tend to be more geographically concentrated than consumer markets. In addition, organizational demand for many industrial products, is a derive demand, it ultimately comes from the demand for consumer goods. For example, shoe manufacturers buy leather because consumers buy shoes. Many organizational markets have inelastic demand i.e. total demand for a product is not much affected by price changes, especially in a short run. For instance, shoe manufactures are not going to buy much leather if the price of leather falls, or are they going to buy much less leather if the price rises?, unless they can find satisfactory substitutes. Finally organizational markets have more fluctuating demand. The demand for many industrial goods and services tend to change more and more quickly than the demand for consumer goods and services. A small percentage increase in consumer demand can cause large increase in industrial demand.

As compared to consumer purchase an organizational purchase often involves more buyer and more professional purchasing. The more

complex the purchase, the more likely that several persons would participate in the decision making process. Organizational buyers usually face more complex buying decision than the consumer buyers. Purchase often involve large sum of money, complex technical and economic consideration, and interactions among many people at many levels of the buyer organization. The buying processes tend to be more formalized than the consumer buying process. Another angle to organizational buying is that it involves determination of the need to purchase the products or services, lateral and vertical negotiations, information search activities, evaluation of alternative purchasing actions and establishment of necessary relationship with suppliers.

In a short recap therefore, organizational buying is a complex process of decision-making and communication, which takes place over time and which involves interaction among participating members of the organization and the establishment of relationship with other firms and institutions. It is influenced by economic, behavioral and organizational factors. The term "decision-making" includes information search and processing activities, choice processes and development of criteria to be used in choosing among alternatives.

## **1.2 STATEMENT OF THE PROBLEM**

Studies into the contemporary trend in organizational buying behaviour have been conducted. Such literatures exist most especially as regard to organizational buying behaviour of developed economic and will be review in succeeding chapter of this work. The researcher feels that there is still a need to undertake further study in the area because of the

dynamic nature of things and the business environment especially of the developing nation such as Nigeria. Another thing that prompted this study is the fact that most studies on organizational buying behaviour have been conducted in foreign developed business environment and this make it difficult for the findings to be adopted here because environmental factor plays a very important role in buying behaviour. Thus limitation of the state of knowledge on organizational buying behaviours in Nigeria and my dear State Taraba informed the researcher's idea to delve into this subject matter. The researcher therefore took a critical look at these problems and makes some suggestions and recommendations that will be useful to the State and the country as a whole.

### **1.3 OBJECTIVE OF THE STUDY**

The purpose of this study was to generate useful managerial information on the buying practices of organizations in Nigeria. However the main objective of the study were

- ii. To identify the composition of the buying centre within the private sector buying decision processes.
- iii. To identify the stages involved in private sector buying decision-making process in Nigeria
- iv. To identify the nature of factors affecting buying decisions.

### **1.4 RESEARCH QUESTIONS**

Based on the research objectives the following research questions were formulated.

- i. What stages or procedures are involved in a buying decision process?
- ii. Who are involved in the buying process?



iii. What are the major factors that influence your purchase decision?

### **1.5 SIGNIFICANCE OF THE STUDY**

Since the activities of buying and selling is very fundamental most especially to private organization, seller need to understand buying organization need, resources, policies and buying procedure. Thus it is important to generate useful managerial information that will give an insight to organization buying decision making. It will also serve as a basis on which other related work as regard to buying procedure and decision making of business organization in Nigeria can be obtained.

### **1.6 SCOPE OF THE STUDY**

This research work covers five (5) formal organizations situation within Jalingo city capital of Taraba State. The organization include Guaranty Trust Bank, Taraba State Motel, Eloheem Suit Hotel, Green beach resort and Saleem table water company on the basis of there buying decision making. The scope is also to cover the objectives of this project. It will also be limited to private sector buying process in Nigeria with special interest on the purchase procedures of fine formal organization in Taraba State.

### **1.7 LIMITATION OF THE STUDY.**

This study will be limited to private sector buying process in Nigeria with special interest on the purchasing procedures of five mention formal organization in Jalingo, Taraba State. These organizations include. The Guaranty Trust bank plc, Taraba State Motel, Eloheem suit, Green beach resort and Salem table Water Company.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

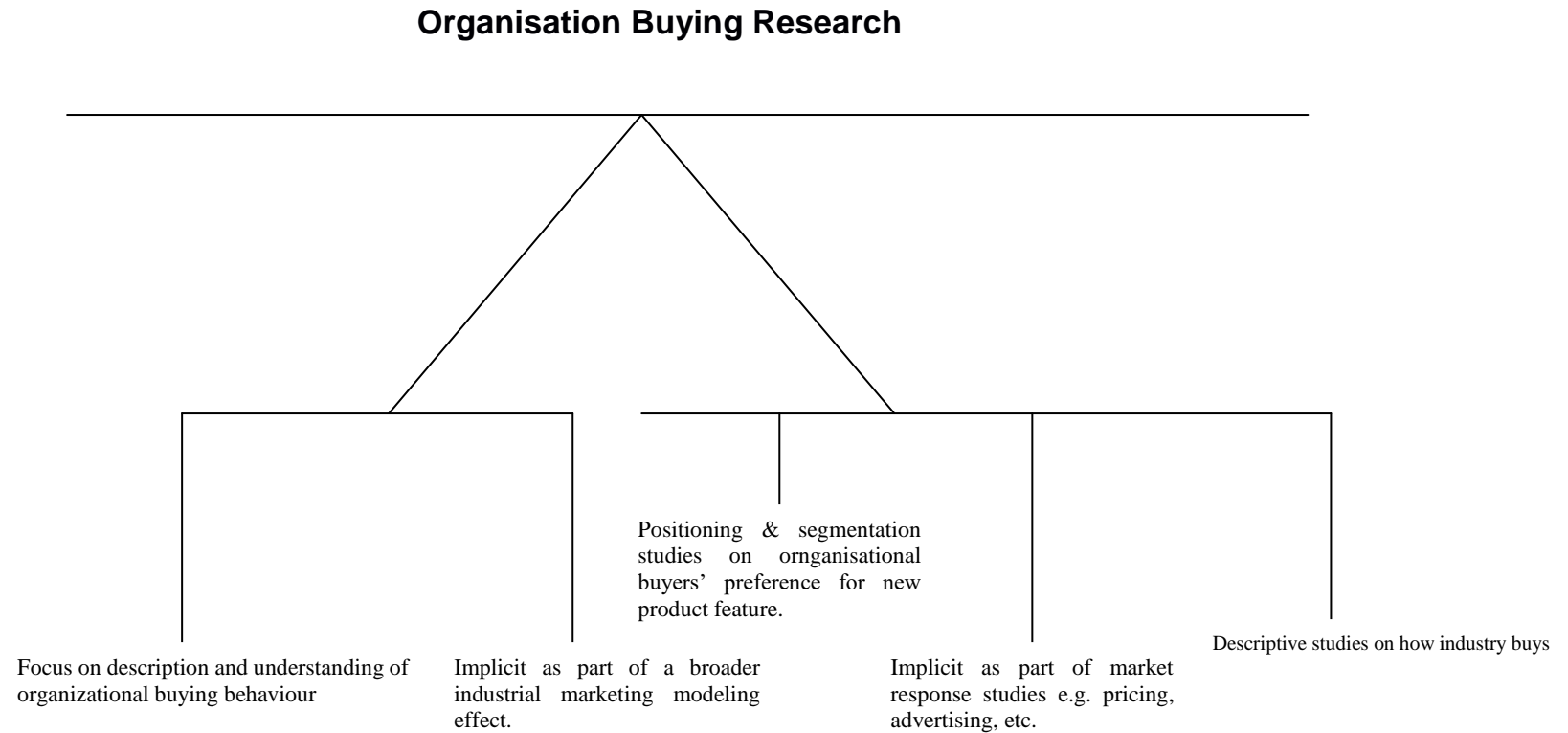
#### **2.1 INTRODUCTION**

Organizational buying behaviour is an umbrella term, which covers purchasing activities in all type of organizations. These organizations are buying basically to satisfy organizational goals, which are associated with consumer and family buying; such organizations may exist to manufacture goods, to resell or to provide service. They may have a commercial or social goal and they may be privately, publicly or state owned. This chapter therefore will dwell on the review of past study on organizational buying behaviour and model of organizational buying behavior build by renowned scholars will be examined.

#### **2.2 THE STUDY OF ORGANISATIONAL BUYING BEHAVIOUR**

Bulk of research in to organizational buying behaviour have concentrated on three main areas:- They process of industrial buying behavior and the factor which affect choice of suppliers; the impact of individual elements of they marketing mix on industrial market, and organizational structures necessary for companies to implement the marketing mix. Wind and Thomas (1980) classified the various academic and industry - based research on organizational buying behavior in to five (5) categories as summarized in Figure one below:

Figure 1 Below.



**Fig. 1:** CLASSIFICATION OF ORGANIZATIONAL BUYING RESEARCH EFFORTS BY ORIENTATION AND SCOPE.

An analysis of the focal points for explaining and predicting organizational buying behavior suggest that the composition of the decision making unit of a buying organization otherwise known as they "buying center" and its process are influenced by five set of factors e.g. The purchase novelty, perceived risk, personal or interpersonal, organizational factors, firms and competitors marketing strategies and the environmental factors or forces.

Even though the above findings had shed some light; they have come under severe criticisms for tending to isolate studies of the industrial buying process from the studies of industrial marketing. Frederick E.W. (1992). Various scholars agree that the real difference between industrial and consumers marketing is that industrial marketing is characterized by buyer-seller inter dependence and separation of industrial buying from the marketing process is therefore unrealistic.

Sonoma, Bagozzi and Zaltman (1978) proposed an alternative approach, The "Dyadic paradigm", this approach assumed that the basic unit of social activities is the dyad and dyadic (two-person, two-organization, buyer-seller) unit and the smallest irreducible unit. The interaction approach to the study of industrial buying behavior has been proposed by IMP project group in the past. The interaction approach examined the overall continuing relationship between buyer and seller companies, the exercise of power and conflict or cooperation, which occurs between them and the individual episodes, which make up the relationship. More specifically four variables are identified as descriptors and influence of the interactions between buying and selling companies.

- i. Those describing the parties involved both as organizations and as individual

- ii. Those describing the elements and process of interactions.
- iii. Those describing the environment within which the interaction takes place.
- iv. Those describing the atmosphere affecting interactions

### **2.3 ORGANISATIONAL BUYING BEHAVIOUR AND MARKETING STRATEGY**

The marketing concept holds that achieving organizational goals depends on determining the needs and wants of target markets and delivering the desired satisfactions more affectively and efficiently than competitors. This concept is a relatively recent business philosophy. The marketing concept has been stated in colourful way such as "find a need and fill it" "make what you can sell instead of trying to sell what you can make" etc. Decision in planning the marketing strategy involved essentially two areas. The first area relates to the choice of appropriate market(s) to serve and the second is connected with the determination of organizational marketing mix. The former implies choice of customers, competitive political, technical and socio-economic environments elected to serve. To achieve this, a thorough knowledge of the organizational customers buying strategies and tactics are pertinent "without a knowledge of market, the buying unit that comprise it, and the working condition of and the objectives sought by the purchaser in their operations, the marketing manager finds himself force to make decisions and formulate programmes in a sort of informational twilight of assumed facts and conditions that can only result in useless error and loss" (Frank V.C 1995). Thus if the marketing manager is to be able to predict customers response to marketing effort and thereby reducing uncertainty about his alternative marketing strategies, it is essential for him to

understand the way customers make buying decisions, the composition and how buying centres are composed and their factors of lateral relationships and the kind of influences that come to bear on the process.

## 2.4 BUYING SITUATION

The organizational buyer faces many decisions in making a purchase. The number of decisions depends on the type of buying situation. Robinson and others distinguish three types of buying situations.

- a. *Straight Rebuy*:- This is a buying situation in which the purchasing department reorders on a routine basis (e.g. office supplies, bulk chemical etc). The buyer chooses from suppliers on an "approved list". These suppliers make an effort to maintain product and service quality. They often propose automatic reordering systems so that the purchasing agent will save reordering time.
- b. *Modified Rebuys*: This is a buying situation in which the buyer wants to modify product specification, prices, delivery requirement or other terms. The modify rebuy usually involves additional decision participants on both side.
- c. *New Task*: The new task is a buying situation in which a purchaser buys a product or service for the first time (e.g. office building, new security system etc). The greater the cost or risk, the larger the number of decision participants and the greater their information gathering and therefore the longer the time of decision completion.

## **2.5 FOCAL POINTS IN ORGANISATIONAL BUYING BEHAVIOUR RESEARCH**

Studies in to organizational buying behaviour have focused on four areas. The buying centre, the buying process, the factors influencing the buying centre and the processes.

## **2.6 THE BUYING CENTRE**

The concept of an organizational buying centre as the relevant unit for analysis of organizational buying behaviour has been acknowledge by marketing scholars and practitioners alike. The buyer or the purchasing agent is only one of several people who influence and decide on the purchase of products or services in formal organizations. The multiple buying influence is a common practices in organizations and is well documented in the literature (Hambagla 1982).

The buying centre is composed of "all those individual and groups who participate in the purchasing decision making process, who share some common goals and the risk arising from the decision". The buying centre includes all members of the organization who play any of the seven roles in the purchase decision (Philip Kotler 2002). The seven roles include the initiators, users, influencers, deciders, approvers, buyers and Gate keepers.

Hill and Hillier (1977) have emphases from their literature on organizational buying behaviour that the composition of the buying centre is likely to change quite significantly from one stage to the next in the problem solving process. Users, senior management and Engineers may be included in the buying centre involving problem recognition and product specification stages. Engineers, purchasing and middle management may be included; the buying centre involved in the search and evaluation of alternative suppliers and so on.

Thus there is occurrence of multiple centres with different individuals and department joining and departing the centres.

John P.W. et al (1998), suggested that the people influencing the buying decision may be divided in two. Those who are members of the buying centre" and by definition, have a direct contact with the purchase decision and those who are within the organisation but outside the buying centre i.e. have only indirect contact with the purchase decisions.

Webster and Wind (1972) argue that the buying centre must be understood in terms of both task and non-task factors. This is because the organizational buyer's motivation has both task and non-task dimensions. The task related motives relate to the specific buying problem to be solved and involve the general criteria of buying the right quality, the right quantity at the right price for delivery at the right time from the right sources". Non-task related motives might often be more important although there is frequently a rather direct relationship between task and non task motives. Non-task variables may include personal preferences for dealing with a particular salesman or some social favour or gift available from supplier.

Calder (1978) proposes structural role analysis approach to studying the buying centre. The approach is composed of three elements. One set of elements is the particular persons who make up the organisation or some subsystem of it (e.g. buying). The second set is the positions that people occupy in the organization and the third set is concerned with tasks that constitute the operational unit of any workflow through the organization.



Another approach based on organization theory has been proposed by Spekman (1978). Spekman believe that conceptualizations such as that provided by Webster and wind, (1972) do not accommodate method of ascertaining the individual membership of the buying centre nor its decision making potential. His approach is based on "a micro-sociological approach contingency perspective". The approach seeks to understand the interrelationships within and among subsystems as well as between the organizations and its environment. It also seeks to define the patterns of relationship but most essentially the approach call for an examination of how the buying centre interacts with its environment and from the results determine the organizations decision making potential.

## **2.7 STAGES IN THE BUYING DECISION MAKING PROCESS**

The most common understanding of the term industrial buying process usually refers to the overall corporate process, which have been subdivided in to a number of sequential stages by most researches in the industrial marketing area. The stages have varied from descriptions of a procedural and mechanistic nature to those, which have attempted to include an understanding of the behavioural process involved. The mechanistic approach for the subdivision of the industrial buying process have included; for example the use of simple 3.5 approaches i.e. specify (the product), select (the supplier), and sign (the authorization).

Webster (1965) has subdivided the process into four stages in each of which the marketing executive can influence the final purchase these stages are; problem recognition, assignment of buying responsibility, the search for product information, and for appropriate vendor selection criteria and the choice process.

The most often quoted and used classification is the Robinson buy phase. Robinson and associates have identified eight stages of industrial buying process and called them buy phases and the model refer to as the buygrid framework. The eight different sequential stages or buy-phases are as follows:

- I. Problem recognition
- II. General need description
- III. Product specification
- IV. Supplier search
- v. Supplier selection
- VI. Order routine specification
- vii. Performance review

No matter what the arguments in favour of anyone classification, however the contention that the relative importance of phases will vary from one purchase to another which decision are made and hence the stages in the buying decision process will be influenced by organizational structure and the business environment is not in dispute (Hambagda, 1982). Thus it suggested that the buying stages presented by different researchers should be used as a framework and where possible organizational marketers should model their customers individually.

## **2.8 FACTORS AFFECTING ORGANIZATIONAL BUYING BEHAVIOUR**

Organisational buyers respond to many influences when they made their decisions. When supplier offerings are similar, business buyers can satisfy the purchasing requirement with any supplier and they place more weight on personal treatment they receive. Where supplier

offerings differ substantially, business buyers are more accountable for their choices and pay more attention to economic factors. Philip Kotler opined that organizational buyers respond to four major influences. These include the environmental, organizational, interpersonal and individual.

### **2.8.1 ENVIRONMENTAL FACTORS**

Organizational buyers pay close attention to current and expected economic factors such as the level of production, investment, consumer spending and the interest rate. In a recession, period, for instance business buyers reduce their investment in plant, equipment and inventories. Business marketer can do little to stimulate total demand in this environment, they can only high harder to increase or maintain their share of demand. Business buyers actively monitor technological, political regulatory and competitive developments.

### **2.8.2 ORGANISATIONAL FACTORS**

Every organization has specific purchasing objective, policies, procedures, organizational structure and systems. Many companies are marketing their brands and specific products to fit the millennial theme of looking back as well as forward. Thus organizational or business marketers are to be aware of organizational trend such as: centralized purchasing, purchasing department upgrading, internet purchasing longterm contract, cross functional roles etc in the purchasing area.

### **2.8.3 INTERPERSONAL FACTORS**

Buying centers usually include several participants with differing interest, authority status, empathy and persuasiveness. The business marketer is not likely to know what kind of group dynamics take place

during the buying decision process, however whatever information he or she can discover about personalities and interpersonal factors would be useful.

#### **2.8.4 INDIVIDUAL FACTORS**

Each buyer carries personal motivations, perceptions and preferences as influenced by the buyer's age, income, education, job position, personality, attitudes toward risk and culture. Buyer definitely exhibits different buying styles. There are "keep-it-simple" buyers, "own-expert" buyer, "want-the-best" buyers and "want-every thing done" buyers some highly educated buyers are computer expert who conduct rigorous analyses of competitive proposals before choosing a supplier.

### **2.9 COMPREHENSIVE MODELS OF ORGANISATIONAL BUYING BEHAVIOUR**

The dynamic nature of organizations and their business environment together with the complex interactions, which takes place between individuals, involved in the industrial buying process, calls for the need of comprehensive models into the study of organization buying behaviour. The task is so enormous that research has tended to concentrate on the development of partial models as a result of studying such specific areas as lateral relationships, personality and reciprocal buying agreements. The value of such a narrow approach can only be fully realized when partial models are considered in the context of an overall framework. However, relatively few holistic models have actually been proposed though they all have their limitations, they can highlight the most critical areas of suppliers of any industrial product. It is only when such a conceptual framework has been developed that it is really possible to identify and integrate meaningful

areas of research. Complex models of organizational buyer behaviour such as those proposed by Robinson, Faris and Wind (1967), Webster (1969) and later Webster and Wind (1972) Sheth (1973), Nielsen (1973) have attempted to provide a framework for classifying and explaining the myriad of the factors influencing organizational buying behaviour. Although the research studies and models developed have been in the context of industrial buying behaviour, it is argued that they can be readily generalised to all formal organizations.

## **2.10 THE BUYGRID MODEL**

One of the most widely acclaimed models of organizational buying behaviour is the buy-grid model proposed by Robinson and Faris (1967). This was based upon the results of a two year research programme in three different companies in the United States and suggested that the industrial buying process can be described by a series of sequential purchasing stages which they termed "buy-phases". Robinsons and Faris introduced the concept of buy-classes (new task, modified and straight rebuy) to complete the grid matrix and to take into account the fact that some of the stages might occasionally be omitted. This was because they had found on their research that the only significant difference in buying behaviour is related to the degree of experience or familiarity with the items to be purchased.

### **2.10.2 ADVANTAGES OF BUYGRID FRAMEWORK**

The buygrid framework has a number of merits. It suggests that there are critical points in the buying process that the process is incremental and it also suggests that the composition of the buying centre and its behaviour will be related to the problems the purchase presents to the customer organization.

### 2.10.3 DISADVANTAGE OF BUYGRID FRAMEWORK

These models have a number of shortcomings. The phase tends to imply static rather than dynamic situations and are procedural or activity oriented rather than decision oriented. It does not explicitly help to explain the interactions, which take place between the various functional areas, and it is possible to challenge the definitions use for the buy class as they tend to ignore the reasons for purchase and proposed usage of the purchase items (Hill and Hillier, 1977). Nevertheless, the model has provided a valuable contribution to industrial marketing research.

**Table 1: FOR THE BUYGRID ANALYTIC FRAME WORK  
FOR INDUSTRIAL BUYING SITUATIONS**

		BUY CLASSES		
		New Task	Modified Rebuy	Straight Rebuy
BUY PHASES	Anticipation or recognition of problem (need)	Yes	May be	No
	General need description	Yes	May be	No
	Product specification	Yes	Yes	Yes
	Supplier search	Yes	May be	No
	Proposal solicitation	Yes	May be	No
	Supplier selection	Yes	May no	No
	Order-routine specification	Yes	May be	No
	Performance review	Yes	Yes	Yes

**Source:** Adapted from Patrick J. Robinson, Charles W. Faris and Yoram wind, industrial buying and creative marketing (Boston Allyn and Bacon, 1967) p.14.

## **2.11 THE WIND FRAMEWORK FOR THE ANALYSIS OF INDUSTRIAL BUYER'S BEHAVIOUR**

Wind (1967) proposed a model which at the time provided one the really promising steps toward the development and under-standing of organizational buying behaviour. Unlike the buygrid model, wind focuses on the industrial buyers and introduces the concept of the buying center. It also recognized the indirect influence of peripheral groups and organizational, environment and competitive factors.

More specifically, the model is built around five premises:

- a. The buyer's own characteristics, especially his psychological mechanism and behaviour characteristics, which serve as the major mediating processors between the input to which he is subject and lies output (response).
- b. Interpersonal influences of other organizational members.
- c. Organizational variables, the effect of these variables on the behavioural of the organizational members has been widely recognized by behavioural scientists but almost entirely neglected by marketing experts.
- d. Inputs from the various sources of supply
- e. Environmental variables, which are of two types
  - i. General variables affecting the value system of the people of a given society.
  - ii. General business conditions

Figure two gives a general breakdown of this framework for analysis of industrial Buyers behaviour. Some of the difficulties encountered in the buy-grid model were overcome in a framework proposed by wind. It does however, have a number of limitation when viewed in the context of more recently acquired knowledge. The decision-making process is

for example far too simplified and is not specifically attributable to any corporate or individual buying process. More over, the model does not differentiate between task and non-tasks factors, which are very essential, and there is no attempt to breakdown the buying centre to show any interactions between subunits.



Fig 2

## THE WIND FRAMEWORK FOR THE ANALYSIS OF INDUSTRIAL BUYERS BEHAVIOUR

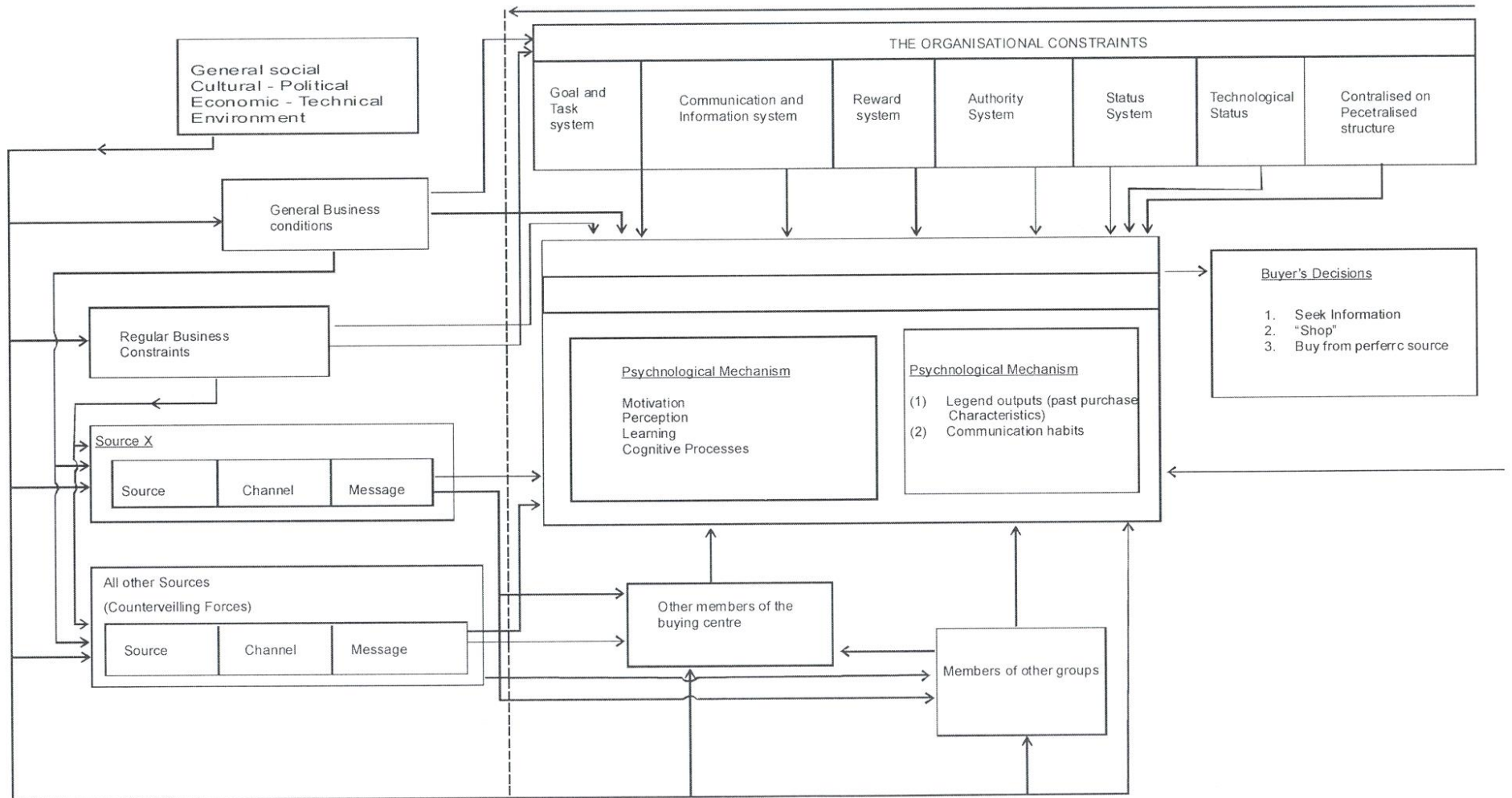


Fig. 2: A PROPOSED FRAMEWORK FOR THE ANALYSIS OF THE VARIOUS DETERMINANTS OF THE BUYER'S BEHAVIOUR  
(Source: Robinson, Favis and wind, Industrial Buying and Creative marketing p. 154)

## 2.12 WEBSTER AND WIND MODEL

Webster published his model of buyer behaviour in 1965 when he proposed four procedural stages these being, problem recognition, organizational assignments of buying responsibility, and authority, search procedure for identifying product offering and establishing selection criteria and choice procedures for evaluating and selecting among alternatives. Websters ideas were further refined and developed in conjunction with wind and formed the basis for a model of organizational buyer behaviour which was published in 1972. The model provides some indication of the way in which buying decisions emerge from combinations of individual and group-decision processes each of which can be influenced by individual group, organizational and environmental factors. Although the model has made valuable contribution to the theory of organizational buyer behaviour, it still tends to provide a static representation of a dynamic situation (Hill and Hillier, 1977).

Webster and Wind (1972). However indicate that the buying process will involve several people who are in turn influenced by others by the character of their own organizations and by each individual, own character and personality.

The model provides some indication of the difficulties involved in attempting to portray the complex nature of organizational buying behaviour. It could perhaps be of more operational value if it provided some indication of the decision process, the nature or critical factors influencing each buying decision and the way in which individuals are involved. Although the model does include both task and non task factor Webster and wind recognize that it is seldom possible to identify a given set of variables as exclusively task and non-task for they are far

more likely to consist of a combination of both with one being predominant.

Although the model only provides the basic skeleton of organizational buying behaviour, it does at least indicate some of the more salient areas to concentrate upon for further research (Hill and Hillier, 1977).

Fig 3

Gives the general layout of the Webster and Wind model of organizational buying behaviour.

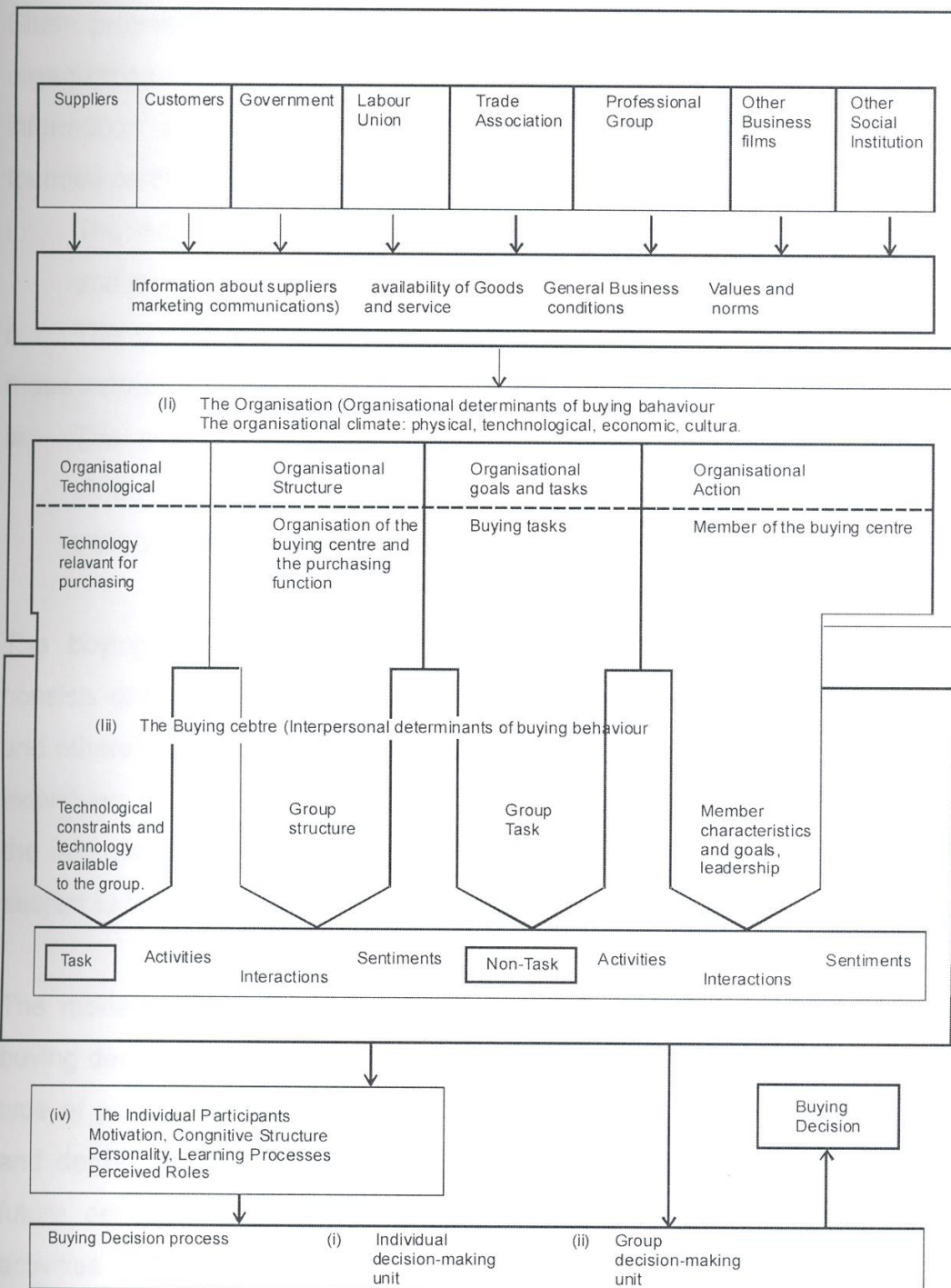


Fig. 3: THE WEBSTER & WIND MODEL FOR UNDERSTANDING BUYING BEHAVIOUR

### 2.13 THE SHETH MODEL

Sheth proposed what has become one of the most influential models of organization buying behaviour to be published in the 1970s focusing on information sources rather than environmental factors, the model is founded on three distinct categories.

- i. The individual involved in the purchase decision-making process and their psychological make-ups.
- ii. The condition, which lead to, or necessity joint decisions among these individual.
- iii. The process of joint decision-making will the inevitable conflict among the decision-makers and its resolution by resorting to a variety of tactics.

The buying centre although not explicitly defined, does exist and consists of four functional groups; (purchasing agents, engineers, users and others). It is acknowledged that the actions and expectations of the individuals in the groups are influenced by previous experience and that the information they receive as a result of any active research will be subject to their own perceptual distortion.

The model suggest six factors which determine whether a particular buying decision will be joint or autonomous; these being, perceived risk, type of purchase, time pressure, company orientation, company size and degree of decentralization also indicates that information for any future decision is being continually and that the information gathering activities associated with any buying decision process are continuous. Another feature of the model is the acknowledgement of the fact that certain decisions may be determined by ad-hoc situational factors, which may not involve any systematic decision-making process. Conflict resulting from joint decisions is indicated to be resolved in one or

more of four ways; problem solving; persuasion, bargaining and politicking.

#### 2.13.1 **OBSERVATIONS ABOUT SHEL T MODEL**

The sheth model has provided a useful framework for understanding the interactions between many of the variables involved in organizational buying behaviour. However, the model is inadequate in its treatment of the relationship between buyer and seller (wind and Thomas 1980). Some of the observations include:

- I. It assumes that contact will take place between buyer and seller through the process of active search and ignores seller-initiated contacts
- II. It neither considers the relationship that exist before the specific purchase decision nor does it indicate the relationships which can be developed between buyer and seller over a period of time.
- III. It neglect reciprocity and cooperative buying this ranges from the formal type "you buy from me and I will buy from you" to the more informal type springing from luncheons dates gifts and other sales promotional activities.

Fig 4

Shows the systematic layout of the shell operational model

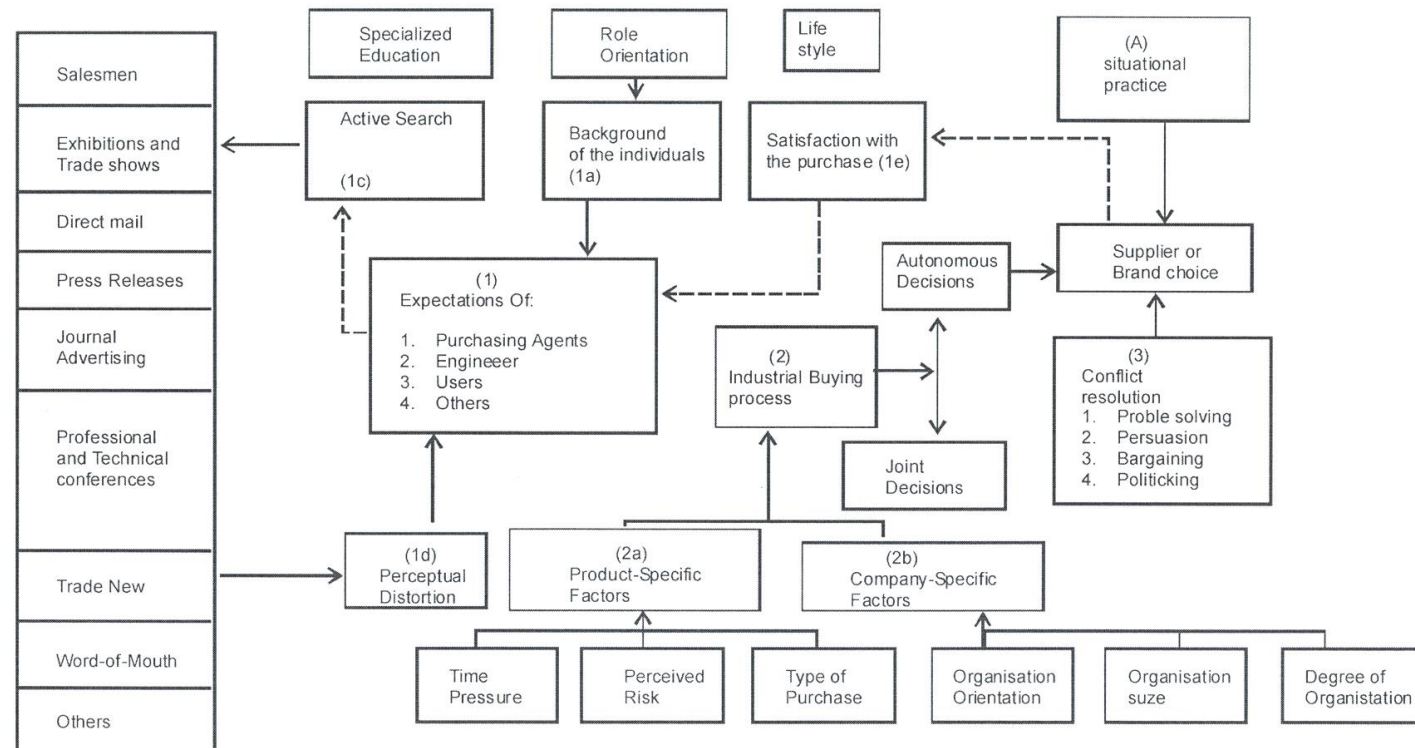


Fig. 4: ALL INTERGATIVE MODEL OF INDUSTRIAL BUYING BEHAVIOUR  
(Source: Journal of Marketing Vol. 37, October, 1973).



## 2.14 THE INTERACTION MODEL

The interaction model was proposed by the IMP project group (1982) and contains four elements:

- I. The interaction process
- II. The participants involved in the interaction process
- III. The environment within which the interaction process takes place
- IV. The atmosphere affecting and affected by the interaction.

### 2.14.1 THE INTERACTION PROCESS

The interaction process is analyzed at two levels. The first is concerned with the individual episodes that are involved in the exchange which takes place between the parties and is influenced by four variables; the product or service exchanged, the degree to which technical, economic or organizational questions dominate the exchange, the quantity of money involved and the level of mutual trust that exist between the two parties. It is argued that the nature of the product or service involved, such as the degree of uncertainty that exists as to appropriateness of the product for the buyers need and the requirements or recourse of their opposite number will affect that relationship significantly.

The second element of the interaction process is the relationship that develops as a result of exchange of product or service, information, money or understanding. The exchange of information and social visit between the two parties before or after the first order is placed can lead to build-up of inter-organizational contact patterns and role relationships such that the two parties inter lock. Such exchanges or contact pattern can consist of individuals and groups of people filling different roles, operating in different functional departments and may transmit message of technical, commercial or reputation nature. These relationships may



eventually lead to adaptation to each other either in terms of the products/service, financial arrangement, information routines or social relations. Thus, the seller might modify his product delivery, price information, routine or even the organization itself while the buyer adapt his product requirement, his production methods, the price he is prepared to accept, its information needs or stock policies to accommodate the selling organization.

#### **2.14.2 THE INTERACTING PARTIES**

The relationship between the organizations will also depend on the characters of the two organizations. Organizational relationship of this nature implies tying the product technology of the seller to the application technology of the buyer. The compatibility of the technical basis of the two organizations therefore will have a primary determining *effect* on the relationship. Secondly, the organizational size, structure and strategy of the parties are important to the relationship sine these will influence the relative power of the parties, the number and categories of people involve, the procedure of exchange, the communication from media used, the formalization of the interaction and the substance of what is exchanged. Individuals from either party manage relationships. The varied personalities, experience and institutions of each party's representatives will mean different approaches to the social exchange. In addition, the role function and caliber of the key powers involved in the interaction will affect the future of the relationship.

#### **2.14.3 THE INTERACTION ENVIRONMENT**

The environmental factors which influence the buyers-seller interactions and relationships comparing five elements; the first is the market structure

and includes the concentration of both buyers and sellers; the stability or rate of exchange of the market and its constituent members; the extent to which the market can be viewed as strictly national or need to be thought of as international. The second aspect concerns the degree of dynamism within a relationship, which can lead to a better forecast of the need of the buy on one hand, and the danger of relying on few relationships on the other hand. Thirdly, the internationalization of either party, which may lead to extending the relationships of subsidiaries and the added problems that, this may bring about. The fourth factors is the position of either party in the manufacturing channel from the primary producer to the final consumer and therefore the level of dependence of party on either forward or backward demand for their products. Finally the social system within which the interaction occurs. The attitudes and perceptions of the buyer to goods from a particular country; general business regulations such as exchange rates and trade regulations, language etc can be a constrain or instrumental to the development of interaction and relationships particularly in international context.

#### **2.14.4 THE ATMOSPHERE**

The atmosphere is a product of the relationship and may be described in terms of the power-dependence relationship which exist between the company, the state of conflict or cooperation and overall closeness or distance of the relationship as well as by the companies mutual expectations (IMP 1982). The extent to which the relationship can be close or distant depends on two factors; the economic benefits which is accrued to each party from the relationship and the perceived power of the two parties.

The development of the interaction model of industrial buying behaviour described above is a giant step toward realistic approach to industrial buying behaviour research. The model provides a valid framework within which the interaction process and the establishment of relationship between firms can be analyzed. It has also relieved itself of the criticisms of the traditional approach which places emphasis on unit prospective and single transaction thereby failing to emphasize the relationships within which transaction occur. Hambagda, (1982) in his analysis of the interaction model said that the model has a great implication on marketing strategy and purchasing method. It implies a reorientation in industrial marketing research and a re-evaluation of purchasing practices.

#### **2.14.5 OBSERVATIONS OF THE INTERACTION MODEL**

In spite of the advantages of interaction model, some observation as regards its limitation and problems are made, these include:

- i. The concentration of research on industrial firms and the environment of research even within industrial firms. Not all purchases may require such a relationship consequently; there is a danger that the interaction approach may over emphasizes the "harmony" between buyer and seller which could lead to a lessened awareness of competitive market force. Furthermore, its reaction against the traditional approach based on a single transaction has de-emphasized the actual purchase in the relationship.
- ii. With the generalization of the model across organizations for instance, "the buyer for the public service may never under any circumstances place his business in the expectation of favours to come; his contracts must never be arranged in such a way that will attract any future benefit other than a simple part of the contract

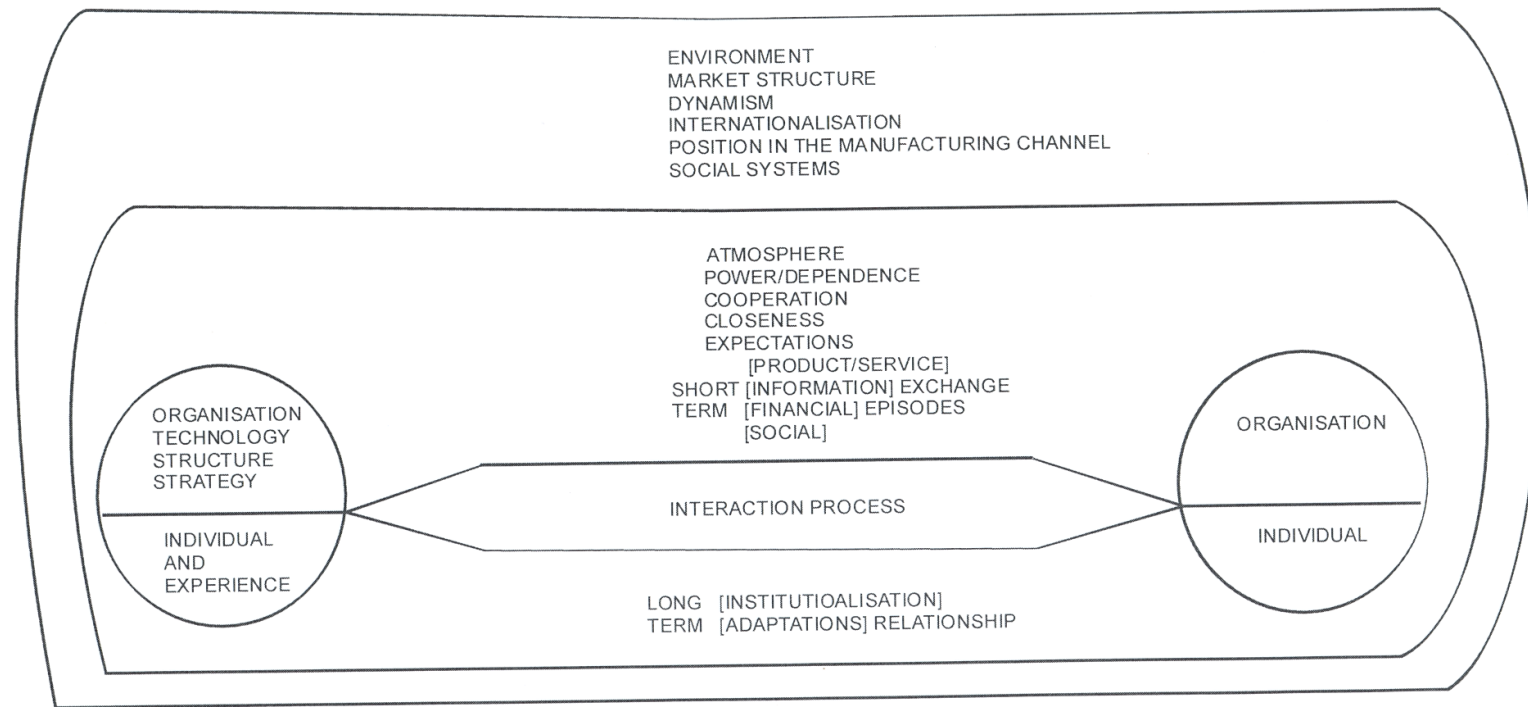
open to performance by all (Sampson, 1970) yet public sector constitute about the largest market in every country (Hambagda, 1982).

- iii. The third observation is on the environment within which the research has been conducted the question is what happens in environments where the conditions favourable to establishing such relationships do not occur? It will appear conspicuously that the interaction model is incomplete and a method of integrating this approach into the existing knowledge on organizational buying behaviour seems desirable.

Fig 5

Shows the inter connectivity in the interaction process

Fig. 5: An Illustration of the Interaction model



Source: Hakasson (ed): International Marketing and Purchasing of Industrial goods: An interaction approach

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 RESEARCH DESIGN**

The research study is design to conduct a survey research on the organizational buying behaviour of private sectors. This a term employer used to refer to a number of steps to be taken for purposes of data collection, ordering any analyzing data, even before they are collected. The major purpose is to leas the researcher logically and accordingly to the rules of scientific methods. The researcher is most concern on how to extract from the data, a few properties that will adequately desire the underlisting structural process understudy.

#### **3.2 POPULATION OF THE STUDY**

The population of this study covers the entire staff of the selected private organization in Taraba State. The staff will be categorized into two. That is the senior category and the junior category.

#### **3.3 SAMPLE SIZE OF THE STUDY**

The sample area in the conduct of this study is Guaranty Trust Bank, Eloheem Suit, Green Beach Resort, Taraba Motel, and Salem Table Water Company, Jalingo. The researcher selected these five organizations as sample because they are fair representation of all organization and companies that operate for profit. Apart from that, they are well recognize organization in Taraba State, and also operating bureaucratically and successfully, so therefore, it is the researcher's view that finishing of this study will be complementary to finishing of other facts that need to be focuses on in order to solve the existing problem.

### **3.4 SAMPLING TECHNIQUES**

In the data collecting process, the researcher is going to use random sampling techniques in order to erase bias and to ensure that all organization have an equal and independent chance of being, selected in the sample. The techniques is used because it is costly and time consuming and also different to reach the entire population.

### **3.5 METHOD OF DATA COLLECTION**

The method of data collection adopted in this research work was based on focused interview; the reason was that the researcher wanted to have a personal interaction with the personality concern. Secondly the use of questionnaire may give room for defaulting replies and some times the language used in a questionnaire may be unclear to some respondents and therefore elicit wrong responses: Discussions were employed to enhance the effectiveness of the interview. All the interviews were conducted by the researcher, during the exercise both past and current purchases were considered while personal interviews were used as source of primary data, and secondary data were collected using pre existing records.

### **3.6 INSTRUMENTS OF DATA COLLECTION**

The data were collected by way of questions and answer arising from personal interaction between the researcher and the respondents (personality involved). The researcher asks his lay down question while the respondents' response to them and the response were noted by the researcher. Discussion was use as a way making the interview more effective and genuine.

### **3.7 VALIDATION OF INSTRUMENT**

The instruments use is valid in that the used of others such as questionnaire has found to give room for defaulting replies and some time the language used may be unclear to respondents and therefore will result to wrong responses. Having personal contact and discussion with the respondent will give room for clarification in an event where the respondents do not comprehend the questions ask and the researcher will be able to ascertained with some degree of accuracy whether the respondents responses are true or not.

### **3.8 TECHNIQUES FOR DATA ANALYSIS**

The technique or strategy that were adopted by the researcher to enable him analyze the acquire data in a simplifier form is the description analysis. This involves the use of words to describe the accuracy or nature of events that has been obtained by the researcher. It enables an understanding of phenomena being investigated, and facilitates accurate comparisms.



## **CHAPTER FOUR**

### **DATA PRESENTATION AND ANALYSIS**

#### **4.1 DATA PRESENTATION**

This section of this thesis presents and analyses the data collection through personal interviewer with the staff and customers of five selected organization located in Jalingo, Taraba State Capital.

#### **4.2 ANALYSIS OF DATA**

As highlighted in the proceeding chapter one, among the three major objectives of the research work is to identify the decision stages in the private sector buying process in Nigeria. An analysis of purchasing procedures of five product categories in five buying organization has resulted in the identification of five critical decision points in the private sector buying process. These include: Purchase initiation, management meeting, and invitation of quotation, negotiation and approval of supply.

**A. PURCHASE INITIATION:** Purchase initiation is the first stage in the process of buying. More often than not, the user department initiates the idea to buy. The identification of a need trigger the organisation to proffer solutions to the felt need. In most of the cases studied, the user department is responsible for this first stage in the process of purchasing.

#### **B. MANAGEMENT MEETING**

From the cases studied, it was observe that at the end of each year the management receives estimates from all its subsidiaries for deliberations. It is from such a meeting that approvals were

given to purchase or not to purchase. At this stage a definite decision is taken to set in motion the purchase process. There is a far greater flexibility in even when purchase need or situation arise that was not initially considered can be acted upon easily anytime during the financial year. The needs for purchased items are defined sufficiently by the management.

### **C. INVITATION OF QUOTATIONS**

Management approval to buy is closely followed by the invitations of quotation from prospective suppliers. In all cases studies, the buying organizations do maintained regular suppliers. The reason for such attitudes varies from one organisation to another they may have both task and non task connotations. Some of these reasons include quality of the products, price, quick delivery, credit sales and host of other factors.

The organizations studied invite more quotations in order to be able to choose the best out of many. After the most favourable of the quotation commend, the initial choice of one quotation over other is informed by many factors as highlighted in the proceeding paragraph.

### **D. NEGOTIATIONS**

This is a basic characteristic in all organizational buying process but only differs by degrees from one organisation to another. In purchases requiring high capital outlay, negotiations take longer time. During negotiations the price, quality, delivery and other terms of selling are discussed exhaustively. Items to be purchase can be reviewed either upward in number or downward.

Negotiations also entail evaluation of documents submitted by the prospective supplier. Under the case studied, negotiation is performed by the user department or in a complex buys decisions; special committee form by the management to takes decision based on the recommendations of user department.

#### **E. APPROVAL TO SUPPLY**

After a rigorous negotiation, comes the approval or right to supply. The stage entails that the supplier has been endorsed by the buying organisation to supply the goods. In some of the organizations studied the approval is conveyed by the purchasing officers while in some by the director of the company.

##### **4.3.1 BUYING CENTRE IN THE PRIVATE SECTOR**

The decision-making centres, the purchasing processes, their composition and as they relate to one another in making purchasing decision, was the second objective of this research work. In the private sector, the buying centre is not a fixed or a formally identified unit within the buying organisation. Different persons for different purchases assume the buying role. The size and make up of the buy centre vary for different product and for different buying situations. For some routine purchases, one person-say a purchasing agent may assume all the buying centre roles and be the only person involved in the buying decision but for complex purchase buying centre include more people.

Analysis have shown that for the purchase of laundry machine in Taraba State motel, the buying centre included more people in these case, members of the buying centre were top management at the hotels head others included the manager, accountant, purchasing officer, user department and store keeper. The purchasing decisions are

made within these lines of authority.

The people involved in the purchasing decision process in Guaranty Trust Bank are the top management, purchasing committee (all at the head office). At the branch office, the branch manager, user department accountant and storekeeper are involved, the persons deliberate exhaustively on a purchasing decision before any necessary steps is taken.

The above decision processes or rather composition of the buying centre of the two organisations above contrast sharply with what is obtain in Eloheem Suit, Green Beach Resort and Salem Table Water. These organizations are solely owned by individuals and this sole proprietorship has tremendous impact on the buying centre composition. In these cases, the buying centre involved few people and purchasing is less complicated. Most cases, the proprietor is the sole purchaser of goods and services. For instance, Green Beach resort has the managing director, chief executive officer, user department all of which made up the member of buying centre with varying degree of involvement. For example the user department performs the role of reporting a need and give specification, the rest is done by the managing director. Where complex purchases are involved, the attention of the chief executive officer will be required.

Salem Table Water company have the sale department, production management and the managing director, storekeeper, Accountant as the composition of their buying centre but most often it is the production manager that does most of the purchases with the directive of the managing director.

And lastly, the case of Eloheem Suit Hotel, the analysis indicates that board of Directors performed primarily the task of buying. The user department and the general manager are involved but only superficially. Most of the people that play a significant role in the decision to buy are those related to the proprietor e.g. sons and brothers.

It is imperative to note that even in the most complex purchase decisions little time is taken to arrive at a decision to buy in the private sector than in the public sector. This is because of bureaucratic bottlenecks associated with the public sector. Managing Director or chief executive officer, or its chairman do buying contracts once he has been convinced that he has the necessary information to make the evaluations and those purchases are in the interest of the company. By and large, the complexity of purchasing decisions is more related to the value of the purchase than anything else.

#### **4.3.2 INFORMATION SOURCE USE BY THE BUYING ORGANISATION**

Three most important sources of information have been identified in this work that include; the seller, the buyer and government. Organizations intending to sell, send their product, price list brochures etc to the buying organisation for their perusal some use media advertisements e.g. Television and Radio, newsprint to communicate to the public their product or services they offer others supplier and their agent call on buying departments regularly dropping their business card. This study shows that some organisations make concerted efforts to obtain information about supplier. This strategy is often used when complex purchasing decisions are involved.

#### 4.3.3 FACTORS AFFECTING PURCHASING

The last objective of this study was to identify the nature of factors affecting buying decisions. There are factors that influenced the private sector buying. This factor is also applicable to public sector. An examination of these factors is made below:

- I. **Task Factors:** most commonly used task factors include price, quality, and reliability of delivery as well as good performance. It was obvious from the discussions and interviews held that these task factors have great influence over purchasing decisions in the private sector. And the cases studied show common opinions on the above task factors as key influencers of purchasing decisions. A credit sale was also considered as a factor by one of organizations studied.
- II. **Non Task Factors:** Non task factors such as personal relationships, memberships of clubs, political party affiliations etc influences organizational purchase decision. But non of the organizations studied admitted the influence of non task factors in their decision. This stand by the organizations may not be unconnected with the fact that some organizations do not want to agree with the influence of personal factors in their corporate decision-making.
- III. **Firm's marketing strategies:** A firm marketing strategies was found to have great influence on the decision to buy in some organization. Three of the case studied has shown that the buyer

organisation come to know about some supplier and manufacturers via their marketing strategies such as promotion advertisement etc.

- IV. **Registration:** Suppliers or corporate bodies in Nigeria must satisfy registration condition before a contract can be awarded to them thus preconditioned for the award of contract is the evidence of registration with the corporate affairs commission or relevant authority. Buying organization also consider this factor in awarding their contract.
- v. **Purchase Situations:** The purchase situation is divided into three (3) groups the straight rebuy which is a routine purchase situation where a purchase officer may be the only person involved in buying the modified rebuy the number of people are limited because it deal with the modification of the terms of award of the contract. And lastly the new buy which involve more people and stages to arrive at a purchase decision.

#### 4.4 **RELEVANCE OF THE RESEARCH FINDINGS TO ORGANISATION BUYING BEHAVIOUR IN NIGERIA**

The research findings have shown that the trend in organizational buying behaviour have not witness any meaningful change yet. The basic principles of buying are still maintained and practiced except in few cases where some aspects have been neglected. For instance, A situation where a single person does all the purchases of an organisation Secondly the research work have therefore affords both marketers and organizational buyer in Taraba State and indeed Nigeria an opportunity to have information on how purchases are initiated and actualized, processes and people involved in the Nigerian private sector.

The research findings do have some implication for private sector buying in Nigeria. The practice of involving non professionals in buying decisions as found in some cases studied could have a negative affect on the corporate buying decision making. A professional buyer will put first those factors considered as task-related in arriving at the decision to buy. He will also scrutinize quotations and come up with the best in the interest of his organisation. Many sellers exist in a market, offering various goods and services with difference in price, quality, performance etc it is therefore left for the buying organisation to match their resources with the marketing officer.

Another thing for private sector buying in Nigeria is that non-task factors must not be considered as they are of little or no significance to the buying organisation finally one major obstacle identified in the course of this work, was a glaring neglect of record keeping of the past purchases by various organizations thus there is the need for buying organisation to keep records of their purchases if they want to remain afloat in the midst of competition.

#### **4.5 MARKETING IMPLICATIONS OF THE RESEARCH FINDINGS**

It is very important and necessary that marketers study organizational buyers since they constitute the largest proportion of customers. For a successful selling to private sector in Nigeria it is important for marketers to adhere strictly to rules and regulations governing selling that is, with respect to registration and contract procedures. Any violation of this set down rules may lead to loss of credibility on the side of the marketers.



Secondly it is equally important for marketers to understand that many people participate in a buying decision making in the private as well as public sectors. It is therefore the task of marketers to identify the members of the buying centre so that they could develop a marketing strategy that will win them the right to make a supply.

Thirdly, private sector buying like its public sector counterpart involves a number of stages each of these stages should be studied carefully by the marketers, the people involved in each stages should be known. For example two out of the cases studied depicted numerous stages while the remaining three exhibited very limited stages. Those that showed numerous stages were organizations owned by more than one individual. Others were organizations solely owned by one person.

The fourth marketing implication of this study is that purchasing decisions are influenced by a number of factors some task and others non-task related. Thus marketers must recognize these factors, prioritize them and combine them comfortably with a view to getting a reasonable market share.

It is therefore pertinent for marketers to involve a good marketing intelligence system and marketing communications, this way a firm could be able to capture a sizeable market share even in the modern competitive market.

## **CHAPTER FIVE**

### **SUMMARY, CONCLUSION AND RECOMMENDATION**

#### **5.1 SUMMARY:-**

Buying is a core and basic activities In all formal organizations be it private sector or public. Thus the continuous existence of these organisation most especially the private sector enterprise depend ultimately on these activities (i.e. Buying) as they are there to maximize profit.

This research work was an exploratory one undertaken to assess the organizational buying behaviour and also to provide an insights into organizational buying behaviour with particular reference to private sector buying. The project was divided into five chapters in which each chapter is treated differently. However, they are inter-related.

Chapter one forms the background of the study touching briefly on the concept of organizational buying decision making and its importance. The basis for this study, objectives and scope are also part of this chapter.

Chapter two dwelt extensively on the review of related literature on organizational buying decision making, the processes, factors affecting purchase decisions and also comprehensive models of organisation buying behaviour are considered.

Chapter three was devoted ultimately to the Research methodology focusing on areas such as data collected, method of data collection, sampled respondents, selection of products of study, participating departments etc.

Chapter four was concerned with the presentation and analysis of data collected. The analysis included critical decision points in the private sector buying process and lastly chapter five which is drive as a result of the analysis, constitute the last segment of this research work and it contain the summary, conclusion and recommendation provided.

## **5.2 CONCLUSION**

In conclusion to this study, the research has shown that the basic principles of organizational buying decision are still maintained in practice with little changes. The disparity between the private sector buying and public sector buying is that the former prevails under a profit maximization motives while the latter is under a non-profit motive and it is seen that this differences provided a gab between the purchasing behaviour of private and public organizational buying.

Furthermore, it was evident that private sector purchases and decision-making borrow a great deal from the various model reviewed however few cases of non-task factor, single person doing the purchasing and lack of using professional in the buying decisions are observed as the disparities from the ideal situations.

## **5.3 RECOMMENDATIONS:**

Recommendations of this study will be on the two major actors involve in the buying or purchasing process. These actors include the sellers or suppliers and the buyers.

### **5.3.1 TO SELLERS OR SUPPLIERS**

Sellers or suppliers are to be conversant with all the intricacies that are involved in organizational buying so that they can fashion out an attractive marketing strategy to beat competitors.

Suppliers should adopt an effective marketing communication system with their customers to avail the customers with the goods and services they can offer and where or how they sell them.

Customer's satisfaction should be the watchwords of sellers as this will motivate repeated purchases and build a broad customer clientele.

Suppliers are to satisfy all conditions necessary to afford him secure a contract by way of registering with the relevant authorities.

### **5.3.2 TO BUYING ORGANISATIONS OR BUYERS**

Buying organizations should have a purchasing department, which helps in the procurement of goods and services required by the organisation.

Professional buying should be encouraged by way of incorporating professionals in buying decision-making process.

Non-task factors should not be allowed to exert a marked influence on corporate purchase decisions rather task factor should be considered.

Organisations should keep up to date records of purchase or inventory as this will serve a useful reference document for future purchases and research work.

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## **APPENDIX A**

### **GUIDING INTERVIEW QUESTIONS**

1. Who decide the primary need for items you purchase?
2. What procedures were followed in new modify rebuy and straight rebuy situation?
3. How many people/department were involved in a purchase decision?
4. Who determine the quality, type of material etc. of items to be purchase?
5. Who identified potential supplier?
6. Who evaluate the materials offered by suppliers to make sure they conform to specification?
7. Who is responsible for negotiation of prices, delivery and other terms of supply?
8. Which firms/suppliers were asked for quotations?
9. Why were they chosen?
10. Did any one go to see the suppliers before asking them to quote or tender?
11. Have you purchase from any of the firms/supply before?
12. How did you know that these firms/supply manufacture/supply items you required?
13. On what grounds was the final supplier chosen?
14. Who made the choice?
15. Who notified the supplier of the final decision?
16. Who keep contact with the supplier before delivery was effected?
17. Is choice of supplier made by a committee if  
yes? (a) Who were committees' members?  
(b) Who choose them?

(c) On what grounds were the chosen?

18. How long does it take to deliberate and finally arrive at buying an item?
19. What are the factors that affect your purchasing decision?
20. How does high price of product affect your buying habit?
21. What is your professional training?

## **APPENDIX B**

### **TARABA STATE MOTEL**

One past purchasing procedure was studied for the purchase of laundry machines by the hotel. The main stages in the process were:

1. The basic requirements of the hotels compiled at the end of each year. Various units therefore submit estimates of their requirements for the following year commencing on 1<sup>st</sup> January, to their head manager.
2. Estimates were submitted to the head managers December every year for approval, and the various unit of the hotel were informed of the approved estimates early in January of the following year.
3. After financial authority for the procurement of laundry machines was obtained by the hotel, the management convened a meeting to chart a way of procuring the machines alongside other requirements of the hotel.
4. At the end of the management meeting it was arrived that quotations be invited from prospective suppliers. The composition of the management comprised the manager, accountant, purchasing officer, user department and two other members.
5. The purchasing officer therefore invited quotations from suppliers who may be willing to take the offer. Similarly specifications were given including the time of delivery.
6. Three quotation were received. The management reconvened to study the presentations. Reckitt and Colman (Nigeria) Limited was chosen to supply the items based on past performance, ability to deliver on schedule, financial ability, price and ability to meet specifications.



7. The purchasing officer communicated the decision of the management to the supplier. Similarly, the supplier was invited to sign the contract agreement before the purchasing officer. Local Purchasing Order (LPO) was raised.
8. Ten days later, the purchased laundry machines were delivered to the store where they were checked by the storekeeper in company of the purchasing officer against the contract agreement.
9. The storekeeper issued goods received to the supplier, the control officer again checked and signed, that items were brought in correct quantity and in good condition.
10. On receipt and verification of supplies against specifications, a store receipt Voucher (SRV) was issued to the contractor, a copy of which was sent to the accounts department to prepare payment vouchers.

## **APPENDIX C**

### **GUARANTY TRUST BANK PLC**

One past purchasing procedure was studied for the purchase of computer accessories by the Jalingo branch of the Bank and the main stages in the purchasing process were.

1. The head office invites all its branches nationwide at the end of each year to submit their requirements for the next business year. All requirements were submitted in December and approval granted in January.
2. Before submitting its requirements to the head office, the branch invited quotations from suppliers and subsequently market surveyed the prices independently. Against the background of quality, pricing, deliverability and past experience a supplier, A supplier is chosen and its quotation forwarded to the head office for approval.
3. The head office has a committee, which exhaustively deliberated on several submissions from all branches including the intended purchase of the computer accessories. The committee comprised of representatives from the Administration, finance, inspectorate departments and stores. The committee sent out invitation of quotations.
4. Several quotations were received and the committee sat again to deliberate on the presentations. Comparisons were made based on the quotation sent from the branch and the one obtained by the head office committee. After due consideration, the committee resolved and approved that the earlier quotations received from the branch be considered against others. However, if no the other hand, one of the quotations obtained by the head office stands out more favorable the items will be purchase by the head office and send to the branch and its account is debited.

5. Approval was passed to the branch to purchase the items based on the quotation earlier obtained. However, the committee reduced the quantities of the items to be purchase.
6. On receiving the approval, a short meeting was convened including the branch manager, accountant and storekeeper. A supplier company was informed to supply the items with a slight reduction in quantity to purchase.
7. The contract agreement was signed between the Bank and the supplier (through the bank accountant).
8. The purchased computer accessories were delivered to the stores officer. The supplies were verified by the users to ascertain that they meet the specifications of the bank.
9. The stores officer endorsed the delivery notes and sent to the finance department to effect payment.
10. The supplier had an account with the bank. Therefore his account was simply credited. Where he does not have an account with the bank he is issued a draft. Finally the supplier returned payment received to the finance department.

## **APPENDIX D**

### **GREEN BEACH RESORT**

One past purchasing procedure was studied for the purchase of photocopying machines by the Green Beach Resort, and the main stages in the purchase process were:

1. Hitherto, all photocopying of the hotels documents was done outside. And this had incurred the hotel a lot of expenses. The hotel's secretary therefore offered a suggestion to the Director, that some photocopying machines are purchased for the office.
2. The Director studied carefully the submission and consulted the Managing Director (MD), who supervises the activities of all the subsidiaries of club zero one outfit.
3. The Managing Director instructed the Director of the Resort to bring forward the estimated cost of the items to be purchased.
4. Consequently, a regular supplier to the resort was consulted by the Director and requested to forward a quotation for the purchase of five photocopying machines. Specifications were given to the supplier. However, some bargaining took place at this stage between the Director and supplier before finally the quotation was received.
5. The quotation was passed on the Managing Director for his consideration and subsequent approval.
6. The Managing Director gave approval to the Director to purchase the items in accordance with the quotation earlier received from the supplying company.
7. The decision to supply was communicated to the supplier by the Director and the supply was duly made. The Director received the items and was subsequently issued to the user departments.
8. The Payment voucher was raised by the accountant and the supplier signed and collected a cheque.

## **APPENDIX E**

### **ELOHEEN SUIT**

One past purchasing procedure was studied for purchase of air conditioners for the hotel rooms. The main stages in the procurement process were:

1. A requirement for seventeen air conditioners was compiled by the General Manager and submitted along with other items to form part of the annual requirements of the hotel.
2. The planned purchase was submitted to the Board of Directors for scrutiny and approval. The board of Directors encompassed the chairman and two Directors.
3. The board members scrutinized the submission but approved the purchase of thirteen air conditioners as against seventeen requested earlier. The Director Admin. And Finance was assigned the task of purchasing the items through direct purchase.
4. The items were delivered by the selling company and were received by the Director Admin. and finance. The items were checked to ensure that they conform to specification.
5. Subsequently, the air conditioners were taken to the store and were received by the storekeeper. The storekeeper issued the stores issue vouchers (SIV) to the supplier.
6. The selling company finally produced the store issue voucher to the accounts department for payment.

## **APPENDIX F**

### **SALEEM TABLE WATER LTD**

One past purchasing procedure was studied for the purchase of raw materials and the main stages in the procurement process were:

1. The board of Directors met in January to chart a trajectory within which to operate for the quarter (January - March). The Managing Director stressed for the packaging lather issue, amongst others was deliberated and endorsed by all members. The money involved was also discussed.
2. The Managing Director communicated to the company's production manager the decision of the Board. The production is responsible for all kinds of request by the company. He also communicates to the supplier company and received the price of the items.
3. The goods were shipped from Lagos to Jalingo by the supplier in Lagos. The supplier phoned the buying organisation that the goods were on transit. From ordering to the time the goods arrived in Jalingo it took one.