

**THE RELATIVE IMPORTANCE OF VARIOUS  
MACRO-ENVIRONMENTAL AND  
ORGANIZATIONAL FACTORS IN  
INFLUENCING BUYING DECISIONS.**

BY

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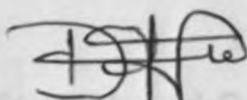
A MANAGEMENT PROJECT SUBMITTED IN PARTIAL FULFILLMENT  
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## DECLARATION

This project is my own original work and has not been presented for a degree in any other university.

Signed: \_\_\_\_\_

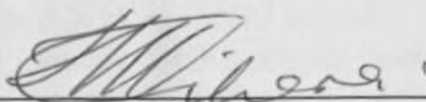


Desmond Onyango Mtula

*"My parents and my friends."*

This Paper has been submitted for examination with my approval as the university supervisor.

Signed: \_\_\_\_\_



Prof. F.N. Kibera.

Date: \_\_\_\_\_

*20<sup>th</sup> September '92*

# DEDICATION

PREFACE		(v)
ACKNOWLEDGEMENTS		(vii)
LIST OF CONTENTS		(viii)
ABBREVIATIONS		(xii)
SYNOPSIS		(xiii)
PART I		1
1.1 INTRODUCTION		1
1.1.1	BACKGROUND	1
1.1.2	STATEMENT OF THE PROBLEM	2
1.1.3	OBJECTIVES OF THE STUDY	4
1.1.4	IMPORTANCE <b>To Fredrick and Cecilia Mtula</b>	7
PART II		8
2.1 LITERATURE REVIEW <b>"My parents and my friends."</b>		8
2.1.1	THE BIRTH OF THE STUDY	9
2.1.2	OBJECTIVES OF ORGANIZATIONAL BEHAVIOUR	7
2.1.2.1	TEAM ORIENTED OBJECTIVES	7
2.1.2.2	NON-TEAM ORIENTED OBJECTIVES	9
2.1.3	BEHAVIOUR ANALYSIS	8
2.1.3.1	BEHAVIOUR ANALYSIS (WORKING ORGANIZATION)	8
2.1.3.2	BEHAVIOUR ANALYSIS	10
2.1.4	THE NEW TEAM	10
2.1.5	THE BEHAVIOUR/ORGANIZATION RELATIONSHIP PROCESS	10
2.1.6	INFLUENCE OF ORGANIZATIONAL BEHAVIOUR RESEARCH	17
2.1.6.1	ENVIRONMENTAL INFLUENCES	13
2.1.6.2	ORGANIZATIONAL INFLUENCES	11
2.1.6.3	GROUP INFLUENCES	11
2.1.6.4	INDIVIDUAL INFLUENCES	13
PART III		21
3.1 RESEARCH DESIGN		21
3.1.1	INTRODUCTION	21
3.1.2	THE PROBLEM OF STUDY	22
3.1.3	QUESTIONS AND HYPOTHESES	22
3.1.4	THE SAMPLE	22
3.1.5	DATA COLLECTION	22

# TABLE OF CONTENTS

	PAGE	
DECLARATION		(i)
DEDICATION		(ii)
TABLE OF CONTENTS		(iii)
ACKNOWLEDGEMENTS		(vi)
ABSTRACT		(vii)
<b><u>CHAPTER ONE</u></b>		
INTRODUCTION		1
1.1	BACKGROUND	1
1.2	STATEMENT OF THE PROBLEM	3
1.3	OBJECTIVES OF THE STUDY	4
1.4	IMPORTANCE OF THE STUDY	4
<b><u>CHAPTER TWO</u></b>		
LITERATURE REVIEW		5
2.1	THE BUYING CENTRE	5
2.2	OBJECTIVES OF ORGANIZATIONAL BUYERS	7
2.2.1	TASK ORIENTED OBJECTIVES	7
2.2.2	NON-TASK OBJECTIVES	9
2.3	BUYING SITUATIONS	9
2.3.1	STRAIGHT REBUYS (ROUTINE PURCHASES)	9
2.3.2	MODIFIED REBUYS	10
2.3.3	THE NEW TASK	10
2.4	THE BUYING/PURCHASING DECISION PROCESS	10
2.5	INFLUENCES ON ORGANIZATIONAL BUYING BEHAVIOUR	13
2.5.1	ENVIRONMENTAL INFLUENCES	13
2.5.2	ORGANIZATIONAL INFLUENCES	16
2.5.3	GROUP INFLUENCES	21
2.5.4	INDIVIDUAL BEHAVIOUR	23
<b><u>CHAPTER THREE</u></b>		
RESEARCH DESIGN		25
3.1	INTRODUCTION	25
3.2	THE POPULATION OF STUDY	25
3.3	SAMPLING AND SAMPLE SIZE	26
3.4	THE RESPONDENTS	26
3.4	RESEARCH INSTRUMENT	27

## CHAPTER FOUR

DATA ANALYSIS AND FINDINGS	28
4.0 INTRODUCTION	28
4.1 MEAN SCORES OF THE ORGANIZATIONAL AND ENVIRONMENTAL FACTORS INFLUENCE ON THE PURCHASE DECISIONS	29
4.1.1 MEAN SCORES OF BUYING CENTRE MEMBERS' INFLUENCE IN ROUTINE PURCHASE DECISIONS	29
4.1.2 MEAN SCORES OF BUYING CENTRE MEMBERS INFLUENCE IN NON-ROUTINE PURCHASE DECISIONS	31
4.1.3 MEAN SCORES OF BUYING CENTRE MEMBERS' INFLUENCE IN MODIFIED REBUYS	33
4.1.4 MEAN SCORES OF PHYSICAL FACTORS' INFLUENCE IN ROUTINE PURCHASE DECISIONS	35
4.1.5 MEAN SCORES OF PHYSICAL FACTORS' INFLUENCE IN MODIFIED REBUYS	36
4.1.6 MEAN SCORES OF PHYSICAL FACTORS' INFLUENCE IN NON-ROUTINE PURCHASE DECISIONS	38
4.1.7 MEAN SCORES OF TECHNOLOGICAL FACTORS' INFLUENCE IN ROUTINE PURCHASE DECISIONS	40
4.1.8 MEAN SCORES OF TECHNOLOGICAL FACTORS' INFLUENCE IN MODIFIED REBUYS	42
4.1.9 MEAN SCORES OF TECHNOLOGICAL FACTORS' INFLUENCE IN NON-ROUTINE PURCHASE DECISIONS	43
4.1.10 MEAN SCORES OF ECONOMIC FACTORS' INFLUENCE IN THE FINAL PURCHASE DECISIONS	45
4.1.11 MEAN SCORES OF SUPPLIER QUALITIES' INFLUENCE IN THE FINAL PURCHASE DECISIONS	47
4.1.12 MEAN SCORES OF SUPPLIER QUALITIES' INFLUENCE IN THE FINAL PURCHASE DECISIONS	49
4.1.13 MEAN SCORES OF CONSUMER CHARACTERISTICS' INFLUENCE IN THE FINAL PURCHASE DECISIONS	51
4.1.14 MEAN SCORES OF CULTURAL FACTORS' INFLUENCE IN THE FINAL PURCHASE DECISIONS	53

## CHAPTER FIVE

SUMMARY AND CONCLUSIONS	55
5.1 SUMMARY AND CONCLUSIONS	55
5.2 LIMITATIONS OF THE STUDY	56
5.3 RECOMMENDATIONS FOR FUTURE RESEARCH	57
APPENDICES	58
BIBLIOGRAPHY	65

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## ABSTRACT

### INTRODUCTION

This study investigated the relative influence of various organizational and macro-environmental influences on the purchase decisions of different categories of selected manufacturing firms within Nairobi.

Purchasing Managers of various firms or those responsible for the purchasing task in various organizations were asked to rank/rate the factors in terms of how much influence they perceived each to have on the organizational purchase decisions.

Data was collected and mean scores then computed for each of the factors in terms of the amount of influence each had in the final purchase decision. An analysis of variance (ANOVA) was then used to determine whether the mean scores of the factors were statistically different or not. The findings of the analysis led the researcher to draw certain conclusions which are:

- Within any organization different factors have a different level of influence.
- As expected, Purchasing department is the department most involved in each purchase. However as purchases become more complex, the Board of Directors and the Accounting Department become more involved in the purchase decision.
- Amongst the macro-environmental variables, the factors which have most influence in the purchase decision are the supplier qualities.

Since different factors have different levels of influence within organizations, for any marketing programme to succeed in an industrial set up, the marketer must direct his/her efforts at the most influential factors.

# Chapter One

## INTRODUCTION

### 1.1 BACKGROUND

Organizational buyer behaviour has certain similarities to consumer buying behaviour, but the needs, decision processes and the behaviour of organizational buyers are quite sufficiently different from consumer buying.<sup>1</sup>

The similarities between the organizational buyer behaviour and the individual buyer behaviour lie in the fact that both aim at satisfying certain objectives and in trying to satisfy these objectives they face various external and internal influences. These influences are unique in the case of both the organizational buyers and individual buyers.

However the organizational buyer behaviour is different from consumer behaviour in several ways. Firstly, organizational buyer behaviour is usually a group decision process. That is, several people playing different roles may be involved<sup>2</sup>. These include the purchasing agent, engineer, production manager, the marketer and the accountant depending on the firm. Such individuals form the buying centre of the organisation. On the other hand it has been established that in general the individual consumer is the ultimate decider of all purchase problems<sup>3</sup>.

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<sup>1</sup> Kinyanjui M., "An Empirical Investigation into the relative influence of buying centre members in the Nairobi manufacturing firm" (An unpublished MBA Project: University of Nairobi, June 1990), P11.

<sup>2</sup> Ibid P11

<sup>3</sup> Walters G.C., Consumer behaviour: Theory and Practice (Homewood Illinois: Richard Irwin Inc., 3rd Edition 1978), P14.



Thus in consumer behaviour, the individual is the unit of analysis while in organizational buying behaviour, the group is most frequently the unit of analysis.

Secondly organizational (Industrial) buying is more technically complex than the household (individual) purchasing.

Thirdly, the objective of the individual buyer is to purchase for consumption (satisfaction) whereas the objective of the industrial buyer is presumably to further the goals of the organisation for which he is purchasing. Thus, the term organizational buyer is used to include those who buy on behalf of commercial, professional, and institutional organizations.

Fourthly, there is a greater interdependence between the buyer and the seller in organizational buying. Buyers are fewer and therefore have a lot of influence (power) over suppliers. As a result suppliers are frequently expected to customize their offerings to individual customer needs.

Fifthly, because of greater need for interaction between the buyer and the seller, personal selling becomes more important in organizational buying.

Lastly, the post purchase process is likely to be more important in organizational buying than in consumer buying because once installations are made subsequent service calls have to follow.

These differences necessitate the application of different industrial marketing strategies from those applied by marketers of consumer products. As Assael has observed "Recognition of these differences and the consequent difference in

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<sup>4</sup> Aubrey W., The Marketing of Industrial Production (London: Hutchnison and Co., 3rd Edition, 1968), P11

<sup>5</sup> Kotler P., Marketing Management: Analysis, Planning Implementation and control (New Jersey: Prentice Hall International Editions, 3rd Edition), P75

marketing strategies have resulted in the development of a body of literature in marketing, particularly since 1970, devoted to the study of organizational buyer behaviour.<sup>6</sup> These differences especially due to the industrial purchasing being a group process and the fact that the group may be influenced by various external and internal factors led the current researcher to conduct this study with a view to determining the relative importance of various macro-environmental and organizational factors in influencing organizational buying decisions.

The scope of the study only covers various macro-environmental factors, (economic, geographical, technological political and legal factors and suppliers) and organizational factors (the departments/functional areas in an organization which are represented in the buying centres: Board of Directors, personnel , purchasing, manufacturing, accounting, finance, marketing, sales and engineering) and how these factors influence industrial purchase decisions.

## 1.2 STATEMENT OF THE PROBLEM

Industrial marketers face a big challenge when marketing their products. This is due to the fact that the buying decision process in organizations is a group process which involves representatives of various functional areas (departments) within the organisation's buying centre and not an individual process. Another reason is that the buying decision process is influenced by a range of macro-environmental factors ( economic , technological , cultural, legal and the physical environmental factors, suppliers , and consumers).

It is thus of paramount importance for the industrial marketer, apart from just identifying these influences, to know the degree to which these factors may influence the final decision to purchase. Needless to say, a manipulation of the

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<sup>6</sup> Assael H. Consumer Behaviour and Marketing Action. Kent Publishing Co. Boston Massachussets 1981 P54 as quoted by Kinyanjui M. "An Empirical Investigation into the relative influence of buying centre members in Nairobi's manufacturing firms" (An unpublished MBA Project: University of Nairobi June, 1990), P11.

major factors in the marketer's favour could mean the success of his/her marketing programme.

### 1.3 OBJECTIVES OF THE STUDY

The objectives of the study were:

1. to determine the relative importance of the various macro-environmental and organizational factors in influencing organizational buying decisions and
2. to determine whether different types of organizations are influenced differently by these factors.

### 1.4 IMPORTANCE OF THE STUDY

This study will be of value to different groups including:

(a) **Marketers**

To develop an effective industrial marketing programme, marketers should have a good knowledge of the factors which influence the decision to purchase because these factors may either reduce, enhance or even hinder the effectiveness of a marketing programme.

(b) **Organizational buyers**

Identification by organizational buyers of certain factors which may influence effective/economical purchasing may enhance the effectiveness in purchasing. This may lead to saving a lot of unnecessary costs and also enhance the quality of the final product.

(c) **Scholars**

The study, it is hoped, will also provide a better understanding of the influences on the purchasing decision (purchasing behaviour) for scholars, particularly those in the field of industrial marketing, and lead them to study other factors not included herein.

## Chapter Two

### LITERATURE REVIEW

#### 2. INTRODUCTION

Organizational purchasing behaviour is usually very complex. This is because the organizational purchase decision is usually a group process involving various people (departmental representatives) who play different roles, are driven by different objectives, are faced by different buying situations and may be influenced by various factors both internal and external to the organization. The organizational purchase decision also involves several distinct stages which must be followed.

This chapter is a review of organizational buying behaviour and includes a discussion of the organizational buying centre (the people involved in making the organizational purchase decisions and their roles), objectives/motives of organizational buyers, various buying situations and the influences on organizational buying behaviour.

#### 2.1 THE BUYING CENTRE

The buying center refers to members of an organization who interact during the buying decision process.<sup>7</sup> The number of people in the buying center depends on<sup>8</sup>:

<sup>7</sup> Webster F.E. Jr. and Wind Y., Organizational Buying Behaviour (New Jersey: Prentice Hall Inc., 1972), P77.

<sup>8</sup> Reeder R., Reeder E., Brierty E., Industrial Marketing: Analysis, Planning and Control (New Jersey: Prentice Hall Inc., 1987), P108.

- (1) The characteristics of the firm (organization orientation and size)
- (2) The type of purchasing situation
- (3) The perceived importance of the product, and
- (4) The available resources for handling the purchase.

The amount of interaction between those involved is dependent upon<sup>9</sup>:

(1) Vertical involvement

This is the number of organizational levels within the hierarchy exerting influence and communicating with the buying center.

(2) Lateral involvement

This is the number of departments, divisions or functional areas in the organization that are involved in the purchase decision.

(3) Extensivity

This is the total number of individuals involved in the communication network of the buying center.

(4) Connectedness

The degree to which the buying center members directly communicate with one another regarding the purchase.

### Roles in the Buying Center

Buying center roles can be divided into primary roles and secondary roles<sup>10</sup>.

(1) Primary Roles

- (a) **Deciders.** These are the organizational members who have formal or informal authority and who actually make the buying decision.
- (b) **Influencers.** These are the individuals inside or outside the organization who influence the decision to purchase (directly or indirectly) by providing information on criteria for evaluating buying alternatives or by establishing product specifications.

<sup>9</sup> Ibid. P.109

<sup>10</sup> Webster F.E. Jr. and Wind Y., Organizational Buying Behaviour (New Jersey: Prentice Hall Inc., 1972), P.8

(c) **Gatekeepers.** These are those individuals or group members who control the flow of information into the buying center. Gatekeepers exert their influence primarily at the stage of identifying buying alternatives because they actively influence the definition of the feasible set of buying alternatives and significantly determine the outcome of the purchase decision<sup>11</sup>.

(2) Secondary Roles

(d) **Users.** These are organizational members who use products and services.

(e) **Buyers.** These are organizational members who have formal authority, in the selection of suppliers and in the implementation of the procedures involved in purchasing.

## 2.2 OBJECTIVES/MOTIVES OF ORGANIZATIONAL BUYERS

Objectives/motives of organizational buyers can be divided into rational motives (Task oriented Objectives) and emotional motives (Non - task objectives)<sup>12</sup>

### 2.2.1 Rational Motives (Task Oriented Objectives)

Profit making organizations usually aim at purchasing at the lowest possible price while maintaining technical service, product quality and certainty of delivery. Non- profit organizations are usually faced with a limited budget. To operate within this budget, it becomes necessary for them to purchase at the lowest possible price. Rational motives center on economic considerations such as price, quality, service, continuity of supply and reciprocity. These considerations are briefly discussed below.

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<sup>11</sup> Kinyanjui M., "An Empirical Investigation into the relative influence of buying centre members in Nairobi Manufacturing Firms" (An Unpublished MBA Project: University of Nairobi, June 1990), P.40

<sup>12</sup> Hutt M.D. and Speh T.W., Industrial Marketing Management (New York: Dryden Press, 1981), P.58

### Price

The professional buyer evaluates a quoted price from many perspectives. Questions asked here include what will be the cost of processing the material or what will be the amount of scrap resulting from the usage of the material. The main aim here should be to minimize costs. A return on investment (ROI) calculation should be used by the buyer in comparing the offerings of competing firms/vendors.

### Quality

An industrial buyer looks for a level of quality that is consistent with defined specifications and intended use. Uniformity and consistency of product quality is very important because such consistency can guarantee uniformity in the end product of the buying organization, reduce the need for careful and costly inspections of each incoming raw material supply, and ensure the purchased material will pass smoothly through the production process.

### Service

Industrial buyers require various services in order to achieve organizational goals. These include technical assistance, spare parts availability, repair capability and training information. Suppliers offering a strong service package are usually preferred to those offering weaker packages.

### Continuity of Supply

An interruption of the flow of materials may bring the production process to a halt. Thus, to guarantee against such happenings like unanticipated strikes in the suppliers plant, purchasing agents are usually reluctant to rely on a single source of supply. Instead they may choose to spread their business among two or more suppliers whenever possible so as to ensure continuity of supply.

### Reciprocity

Buyers and sellers usually have close and enduring relationships in the industrial market. Reciprocal trade possibilities thus emerge. Reciprocity occurs when two or more firms buy from and sell to each other. Reciprocity is legal if it is not enforced through coercive power or if a reciprocal agreement does not substantially reduce competition.

### 2.2.2 Emotional Motives (Non-Task Objectives)

People join organizations to accomplish personal objectives such as greater status, promotions, salary increases and increased job security and social interaction<sup>13</sup>. Major factors that have been found to influence the purchasing decision are social considerations such as friendships, reputation and mutually beneficial interactions.

However, organizations work best when people accomplish personal and organizational objectives simultaneously. However, caution must be taken to avoid over-emphasizing the buyer's personal goals at the expense of the organization's objectives.

## 2.3 BUYING SITUATIONS

Three types of buying situations may be distinguished. These include;

### 2.3.1 Straight Rebuys

These are usually routine purchases, that is items purchased before from the same vendor/ supplier such as supplies like light bulbs, oil grease and paper clips.

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<sup>13</sup> Reeder R., Reeder B. and Brierty E., Industrial Marketing: Analysis Planning and Control. (New Jersey: Prentice Hall Inc., 1987), P.95



### 2.3.2 Modified Rebuys

These are usually purchases of items purchased before but this time from different alternative sources of supply (vendors) under new terms, such as supplies like light bulbs, oil, grease and paper clips.

### 2.3.3 The New Task

This involves the purchase of items not purchased before. It involves more complex decisions than routine and modified rebuys situations. They therefore will involve all stages of the buying decision process. Some items which may be purchased in such situations include capital items such as equipment, production machinery, computers or other goods that have a useful life of more than one year and do not become part of the firm's final product.

Thus it can be said that the complexity of the decision to purchase increases from straight rebuys to modified rebuys to the new task situation.

## 2.4 THE BUYING/PURCHASING DECISION PROCESS

The consumer purchasing decision process is usually described as a series of mental stages that include problem recognition, information search, information evaluation, purchase decision making and post purchase behaviour<sup>14</sup>. The industrial purchasing decision process on the other hand has physical observable phases as opposed to mental stages because several people are usually involved in various ways in each phase<sup>15</sup>. These phases are as depicted in figure 1.

<sup>14</sup> Fisher L., Industrial Marketing (Business Books Ltd., 2nd Edition, 1976) P.76

<sup>15</sup> Kotler P., Principles of Marketing (New Jersey: Prentice Hall Inc., 6th Edition, 1988, P.252

(a) Anticipation or Recognition of a need/problem

The recognition of a need, problem or potential opportunity triggers off the purchase decision. The recognition may originate from within the firm (when products become outmoded, equipment breaks down or existing materials are unsatisfactory in quality) or from outside the firm (when a marketer notices a new potential for improvement in the market). New ideas frequently emerge from consumers/customers.

(b) Description of the characteristics and quality of the needed item

In this phase, buying influences change from departmental heads to engineers and manufacturing personnel. During this phase, the buying influencers also begin to look outside the firm for supplier and product information and for assistance in developing product specifications.

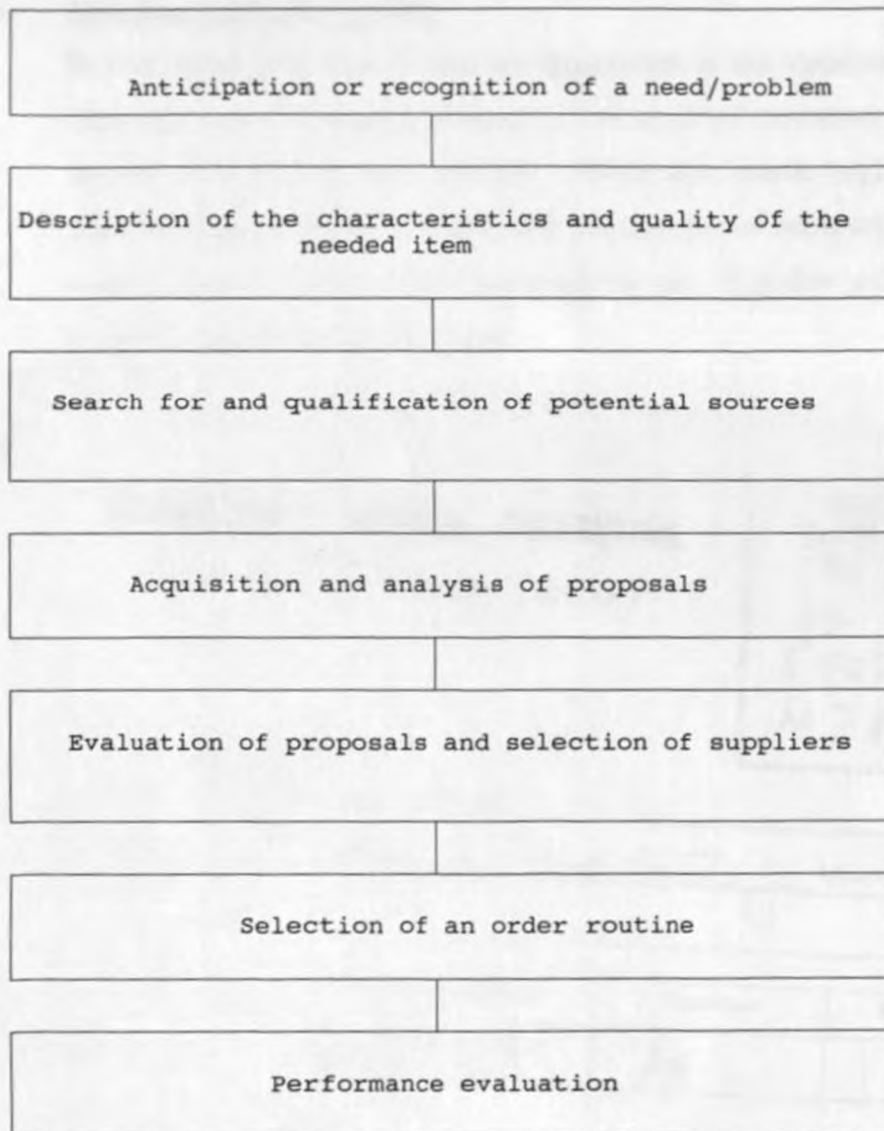
(c) Search for and qualification of potential sources

Here the buying organization begins to search for alternative sources of suppliers. Qualifications sought will vary with the type of buying organization, the specific buying situation and the buying influences involved. At the end of this phase, the decision makers will have determined which suppliers will be considered as potential vendors.

(d) Acquisition and Analysis of Proposals

In the straight rebuy, this phase and the search for and qualification of potential sources may take place simultaneously. However, in more complex situations, the exchange of proposals and counter-proposals takes a longer time. In this stage, after qualified suppliers have been identified, requests for specific proposals are made. Here information availability is very important and time is spent comparing products, services, and costs.

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*Figure 1. The buying/Purchasing Decision process*

(e) *Evaluation of proposals and selection of suppliers*

Various proposals of competing suppliers are weighed and analyzed. In cases, where a firm faces a make or buy decision, proposals are compared to the cost of producing the needed item within the buying firm. If the firm decides it can produce the needed item more economically, the buying process terminates. If the firm is not facing a make or buy decision, one or more offers from competing suppliers are accepted. Further negotiations may continue with selected suppliers on terms, prices, deliveries or other aspects of the supplier's proposal.

(f) **Selection of an order routine**  
In this phase, purchase orders are forwarded to the vendors and status reports to the user departments as to the levels of inventory that will be needed over various time periods. While this phase begins with the placement of an order, the purchase process is not completed until the ordered item is delivered and accepted for use. Supplier effectiveness is thus very important in this phase.

(g) **Performance Feedback and Evaluation**  
This is the final phase of the buying process. Here, a formal or informal review and feedback regarding product performance as well as vendor performance takes place. Here, the user department determines whether the purchased item solved its original problem. If it did not, suppliers who were screened earlier may be given further consideration. Feedback is thus critical.

## 2.5 **INFLUENCES ON ORGANIZATIONAL BUYING BEHAVIOUR**

The complexity of organizational buying behaviour is enhanced by the fact that the decision to purchase may be influenced by various factors both internal and external to the organization. This section reviews the various factors which may influence the organizational decision to purchase, namely, environmental influences, group influences and individual behaviour.

### 2.5.1 **Environmental Influences**

These are external to the firm. The firm usually has little control over these factors. The environment is a source of information which the organizational buyer takes into account in his decision making behaviour.<sup>16</sup> These influences may have a direct or indirect influence on organizational operations and thus the buying task. Seven kinds of

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<sup>16</sup> Webster F.E. Jr. and Wind Y., Organizational Buying Behaviour (New Jersey: Prentice Hall Inc., 1972), P.41

environmental influences or factors which can be identified include physical factors, technological factors, economic factors, political/legal factors, supplier characteristics, consumer characteristics, and cultural factors. A diagrammatic representation of these and other factors which influence organizational buying behaviour are as shown in Figure 2.

(a) ***Physical Environment***

At the most basic level, the physical environment affects the behaviour of organizational members and defines the constraints within which the buying task must be accomplished and the options available to the buying organization<sup>17</sup>.

Factors which may affect the buying decision include the geographical location of the firm, the geographical location of the firm's suppliers, plant and equipment of the firm, and the climatic environment.

(b) ***The Technological Environment***

Technological development and changes in the industrial market may greatly affect both buyers and sellers. A firm's technology usually dictates its' purchases of inputs. Competitors' technology may also dictate a firm's purchases. Where a firm finds itself lagging behind competitors in technological terms, this may force the firm to purchase new plant and machinery to be able to effectively compete with its competitors or to buy even finer inputs (raw materials), again to enable it to compete effectively in the market. Lastly, improved purchasing technology like computer purchasing may completely change a firm's purchase decision process.

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*- not sure*     ?

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<sup>17</sup> Ibid. P.42

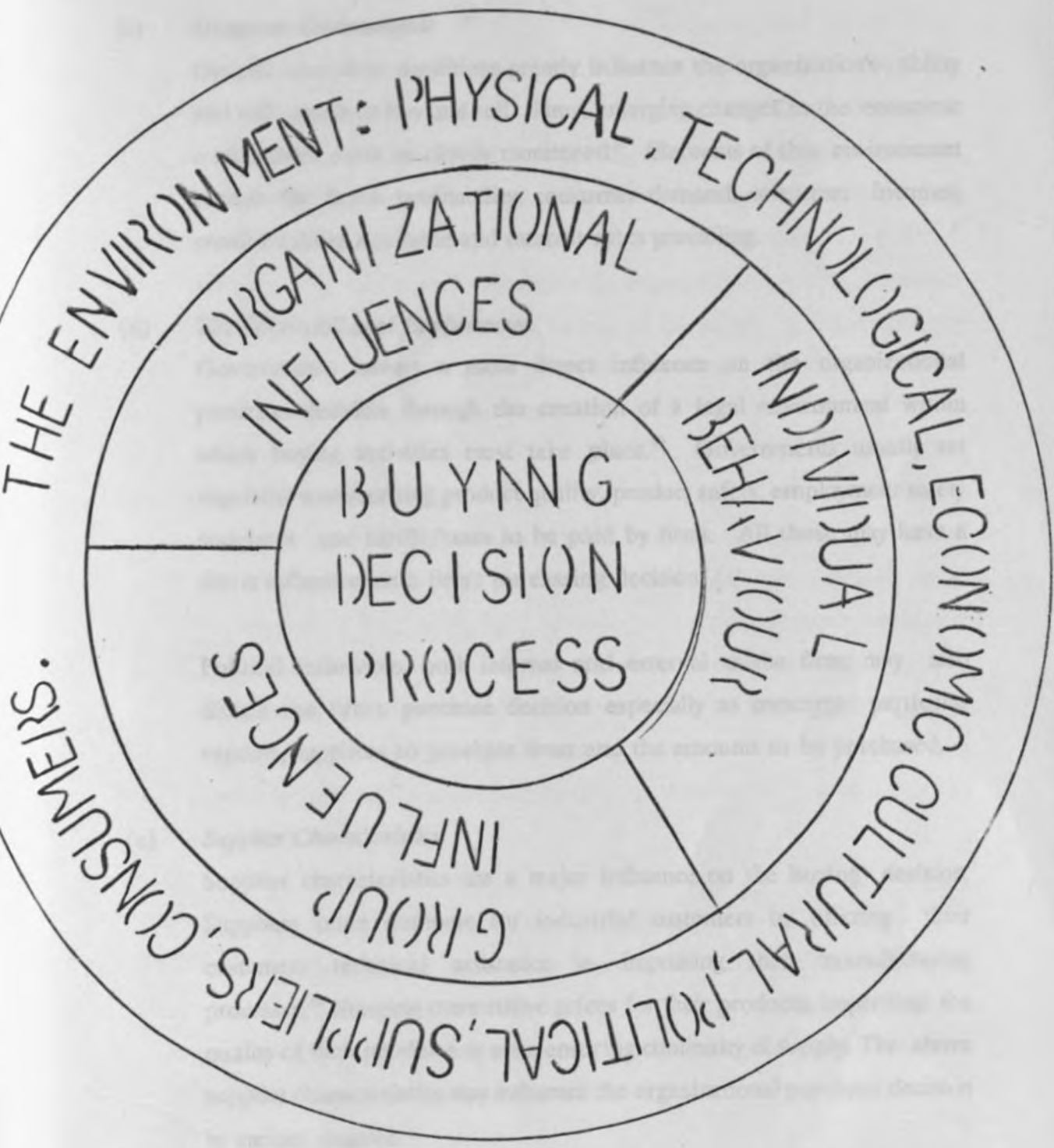


Figure 2: FACTORS INFLUENCING ORGANIZATIONAL BUYING BEHAVIOUR

(c) *Economic Environment*

General economic conditions greatly influence the organization's ability and willingness to buy and sell. Thus, emerging changes in the economic environment must be closely monitored<sup>18</sup>. Elements of this environment include the firm's profitability, consumer demand, consumer incomes, credit facilities available and interest rates prevailing.

(d) *The Political/Legal Environment*

Governments have a more direct influence on the organizational purchase decision through the creation of a legal environment within which buying activities must take place.<sup>19</sup> Governments usually set regulations concerning product quality, product safety, employment safety standards and tariffs/taxes to be paid by firms. All these may have a direct influence on a firm's purchasing decision.

Political influences, both internal and external to the firm, may also dictate the firm's purchase decision especially as concerns particular vendors/suppliers to purchase from and the amounts to be purchased.

(e) *Supplier Characteristics*

Supplier characteristics are a major influence on the buying decision. Suppliers often compete for industrial customers by offering their customers technical assistance in improving their manufacturing processes,<sup>20</sup> charging competitive prices for their products, improving the quality of their products or even ensuring continuity of supply. The above supplier characteristics may influence the organizational purchase decision to various degrees.

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<sup>18</sup> Reeder B., Reeder R. and Brierty E. Industrial Marketing Analysis Planning and Control (New Jersey: Prentice Hall Inc., 1987), P.57

<sup>19</sup> Hutt M., and Speh T., Industrial Marketing Management (New York: Dryden Press, 1981), P.58

<sup>20</sup> Corey R.E., Industrial marketing: Cases and Concepts (New Jersey: Prentice Hall Inc., 3rd Edition, 1983), P.49

(f) **Cultural Environment** Culture usually creates values within a society and generally determine how the people in a society behave. This in turn influences the values of organizational members and thus the organizational buying behaviour. Culture determines how the members of the organizational buying committee react towards each other and other environments.<sup>21</sup> Management values and expectations, organizational values, consumer values, employee values and the values of the people in the community within which an organisation operates may thus greatly influence the purchasing decisions of an organisation.

(g) **Customer characteristics**

Customers usually require products of a certain quality. Organizations may thus be forced to purchase a certain quality of inputs or even invest in new plant and equipment in order to satisfy customer needs and preferences. Male customers may for instance demand certain types of products which may have a direct effect on the purchase decisions of an organisation. Customers of a certain age may also demand products of a certain quality which again may dictate the items to be purchased by the organisation.

### 2.5.2 **Organizational Influences on Buying Behaviour**

Organizational buying behaviour is usually influenced by the objectives of the organisation and constrained by organizational, financial, technological, and human resources. Organizations can thus be said to be systems composed of four sets of interacting variables<sup>22</sup> which are:

- (i) **Tasks.** Functions performed to accomplish organizational objectives.

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<sup>21</sup> Webster F.E. Jr. and Wind Y. Organizational Buying Behaviour (New Jersey: Prentice Hall Inc., 1972) P.41

<sup>22</sup> Ibid P.53



- (ii) Structure. Systems of communication, authority, status, rewards and work flow.
- (iii) Technology. Problem solving inventions used by the firm including plant and equipment.
- (iv) People. The facilitators of the system who coordinate the other variables to ensure organizational productivity.

## BUYING TASKS

Organizations aim to accomplish objectives through performance of certain tasks, one of which is organizational buying. The kinds of buying tasks reflect the nature and purpose of the organisation. Distinctions that can help define buying tasks include<sup>23</sup>:

- (a) Whether the buying decision is routine or requires managerial attention at all stages.
- (b) Whether demand for the product is generated within the organization or by forces outside the organization, and
- (c) Whether the responsibility for purchasing is centralized or decentralized<sup>24</sup>.

Thus, it is important to note that since the buying tasks are defined by organizational objectives and because the buying center is usually composed of different individuals responsible for different subsets of objectives, conflict may arise especially in the definitions of buying tasks within the buying center. The final resolution of buying tasks is thus certain interpersonal factors within the control of the formal organisation.<sup>25</sup>

<sup>23</sup> Ibid P.55

<sup>24</sup> Hutt M. and Speh T., Industrial Marketing Management (New York: Dryden Press, 1981), P.76

<sup>25</sup> Op. cit. P.55

## BUYING STRUCTURE

Five systems within the buying structure may influence the nature of the buying process. These are communication, status, reward and work flow.

(a) **Communication**

Communication performs four functions within the organisation<sup>26</sup>.

(i) **The provision of information**

The provision of information to organizational members facilitates the performance of their duties. The marketer must thus make sure that adequate information is available to all members of the buying center.

(ii) **The instructive function**

Superiors usually instruct subordinates as to the performance of their duties. This function defines the amount of authority/influence carried by individuals in the buying decision which the marketer must clearly identify.

(iii) **The Persuasive function**

Organizational members usually pass messages to other members to try and get them to behave in a certain manner. Marketers must attempt to identify the most persuasive members of organizational buying centers and direct persuasive information to them.

(iv) **The integrative function**

Some messages aim at strengthening the organization or facilitating smooth functioning of the organization. They attempt to facilitate

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<sup>26</sup> Thayer Lee, Communication and Communications System (Homewood, Illinois: Richard Irwin Inc., 1968), PP187-150. As quoted by Webster F.E. Jr. and Wind Y., Organizational Buying Behaviour, (New Jersey: Prentice Hall Inc., 1972), P.56

meaningful interaction between members of the buying center. Such messages are thus essential for ensuring the smooth and coordinated operation of the buying center. The coordination function is usually the responsibility of the purchasing manager, though ensuring that buying center members operate with consistent information, goals and expectations is also the task of the vendor's marketer.

(b) ***Authority***

This is the power to influence the behaviour of others within the organization. The degree to which authority is spread within an organization indicates the level of centralization or decentralization existing within an organization's decision to purchase.

(c) ***Status***

A status can be defined as a position in a hierarchy with respect to other individuals. Each status within an organization is usually associated with certain duties, the performance of which is known as a role. A person occupying a certain status thus performs certain roles.

In the buying decision, status in the organization indicates the stage in the buying process at which an individual becomes involved. Status also defines the number of stages that will come within the authority of an individual. People who are higher up in the hierarchy of an organization are usually involved in more stages of the buying process and thus have a wider range of discretion.

(d) ***Rewards***

Individuals join organizations in anticipation of gaining certain rewards both financial and non-financial. Usually the awarding of these rewards is based upon top management's evaluation of the individual's contribution to the achievement of an organization's objectives.

An individual's performance reflects his perception of the other elements of the organization as they influence the determination of his rewards. Thus to develop a marketing strategy, an analysis should be done on the reward structure of an organization as it affects the individual. This analysis can be used to predict the response of each individual member of the buying center to a marketing effort. Marketers can thus develop strategies for influencing an individual based on the ability of his organization to offer rewards.

(e) **Work Flow**

The work flow in an organization determines the nature of interpersonal interactions within an organization which may influence the attitude of individuals within the organization towards each other.

### **BUYING TECHNOLOGY**

The buying technology employed by an organization also influences the nature of the organizational decision making process. One technological development in organizational purchasing is the application of electronic data processing (EDP) to the procurement function. This application improves the managerial purchasing decision by improving the processing of information<sup>27</sup>.

Computers provide management with the ability to handle routine purchases faster and thus provide time for a more thorough evaluation of possible vendors in more complex buying situations or allow the purchasing agent to devote more time to direct negotiation with potential suppliers<sup>28</sup>.

#### **2.5.3 Group Influences on Organizational Buying**

The organizational buying process involves a set of decisions made or influenced by several individuals. The individuals involved interact with

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<sup>27</sup> Michael J. "Status of computer Development Activity in Purchasing". Journal of Purchasing: (November 1989), P.43

<sup>28</sup> Hutt M. and Speh T., Industrial Marketing Management (New York: Dryden Press, 1981), P.79

The industrial marketer thus must develop strategies to use when dealing with computer assisted buyers like attempting to build a long term contractual relationship with buyers<sup>29</sup>.

### THE BUYING CENTER (PEOPLE)

However, it is important to note that the buyer (the purchasing agent) is These are the people involved in the buying process. A marketer must attempt to identify those people in an organization who have authority and responsibility to make the buying decision. He must also attempt to persuade these as part of his selling task. Isolating buying influencers and identifying salient buying criteria may enable the marketer to develop an effective target marketing strategy.

Purchasing agents are responsible for six organizational functions<sup>30</sup>. These However, the major problem for the marketer usually becomes determining the relative power of the members of the buying center especially those who have the ultimate buying responsibility<sup>30</sup>.

Having identified the key deciders, influencers must also be identified. Though final decision making is usually done by top management, their direct involvement is usually minimal as they rely on the advice of qualified organizational members who in turn are influenced by the judgement of members of their staff. As a result, key influencers may be quite low in the organizational hierarchy. The marketer must thus attempt to get information to identify the composition of the buying center and the impact that each member has on the purchasing decision.

#### 2.5.3 Group Influences on Organizational Buying

The organizational buying process involves a set of decisions made or influenced by several individuals. The individuals involved interact with

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<sup>29</sup> Ibid. P.79

<sup>30</sup> Webster F. Jr. and Wind Y., Organizational Buying Behaviour (New Jersey: Prentice Hall Inc., 1972), P.79

one another continuously. These individuals constitute the buying center, and have distinct roles as discussed here above. An understanding of these roles is necessary for one to understand the nature of interpersonal influences in the buying process.

#### 2.5.4 Individual Behavior and Organizational Roles

However, it is important to note that the buyer (the purchasing agent) is the final decision maker such that when other members of the buying center attempt to assert their influence, their efforts are directed towards him with the intention of influencing the choices made available.

### BUYER'S FUNCTIONS

Purchasing agents are responsible for six organizational functions<sup>31</sup>. These include the negotiation of prices and other terms of sales with vendors, generating alternative solutions to the buying problems, protecting the organizational cost structure especially as it is influenced by the prices paid for the purchased goods and services, ensuring long term sources of supply necessary for organizational functions, maintenance of good relationships with suppliers and the management of the procuring process (establishing re-order points and placing orders with suppliers).

In order to perform these functions effectively buyers attempt to get deeply involved in the purchase decision process. However, this desire for increased status by purchasing agents may upset his relationship with other members of the buying center.

An understanding of the nature of interpersonal relationships in the buying organization is important for the development of a marketing strategy for a firm operating in industrial markets. A marketer must understand the operating

<sup>31</sup> Ibid. P. 82

forces within the buying organizations, identify key decision makers and influencers and develop strategies to attract these influencers to the company's products.

#### 2.5.4 Individual Behaviour and Organizational Buying

The organizational buyer's personality, perceived role set, motivation, cognition and learning are all psychological processes that affect his responses to marketing efforts provided by different marketers. An understanding of these processes is thus very essential for a marketer to develop a successful marketing strategy.

#### **CLASSIFICATION OF INDUSTRIAL GOODS**

Industrial goods may be classified into three categories<sup>32</sup>. These are entering goods, foundation goods, and facilitating goods.

##### (a) *Entering Goods:*

Also called materials and parts<sup>33</sup>, these become part of the finished product. This category may be further subdivided into raw materials and manufactured materials and component parts.

##### **Raw Materials**

These include agricultural products and other natural products which enter the production process of a firm with little or no alteration.

##### **Manufactured Materials and component parts**

Manufactured materials include all raw materials that are subjected to further processing before entering a firm's manufacturing process like

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<sup>32</sup> Hutt M. and Speh T., Industrial Marketing Management (New York: Dryden Press, 1981), P.17

<sup>33</sup> Reeder B., Reeder R. and Brierty G., Industrial Marketing: Analysis, Planning, and Control (New Jersey: Prentice Hall Inc., 1987), P.32

textiles which have to be processed before reaching the clothing manufacturer.

Component parts such as switches are usually installed directly into products with little or no additional changes.

(b) ***Foundation Goods:***

Foundation goods are also called capital items<sup>34</sup>. They are used in the production process and wear out over time. This category includes installations and accessory equipment.

Installations are major investment items like buildings, and fixed equipment like generators and computers. Accessories (accessory equipment) are generally less expensive and lighter equipment and tools.

(c) ***Facilitating goods:***

Facilitating goods are also called supplies and services<sup>35</sup>. They are goods that support the production process but do not become part of the finished product.

Supplies which include items like soap, cleaning compounds, paper clips, typing paper and bulbs, and services like repairs and maintenance, and janitorial services are used by organizations to maintain their day to day operations.

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<sup>34</sup> Ibid P.33

<sup>35</sup> Ibid P.33



## Chapter Three

### RESEARCH DESIGN

#### 3.1 INTRODUCTION

This chapter consists of a description of the population of study, the sampling method and sample size, the research instrument and the respondents.

#### 3.2 THE POPULATION OF STUDY

The population of study comprised all large manufacturing firms in Nairobi. Several yardsticks may be used to categorize firms as either large or small. Number of employees is one of the commonest measures used to categorize firms. By Kenyan standards firms employing more than fifty employees are usually considered large. The Government of Kenya/International Labour Organisation and the United Nations Development programme define a small enterprise as an enterprise consisting of zero to fifty (0-50) employees. This implies that firms employing more than fifty employees can be considered to be large firms.

Another criterion which is used to define a firm's size is the turnover of a firm. In the United States of America a firm with a turnover of under ten million dollars is considered to be small. Another way of defining the size of the business may be the way decisions are made.

Liedholm and Mead also define small scale enterprise subsector as those firms having between ten and fifty workers.

For the purpose of this project, the definition of a large scale enterprise as given by the Central Bureau of Statistics (CBS) will be adopted. According to the Central Bureau of Statistics, firms having more than 50 employees are considered large.

## RESEARCH INSTRUMENT

### 3.3 SAMPLING AND SAMPLE SIZE

The required information was obtained using a structured questionnaire. According to the CBS records manufacturing firms are classified into five categories. The categories are:

- (a) Firms manufacturing food products (SIC 3121 consisting of 55 firms)
- (b) Firms manufacturing fabricated metal products (SIC 3819 consisting of 48 firms)
- (c) Firms manufacturing electrical machinery and apparatus (SIC 3830 consisting of 43 firms)
- (d) Firms involved in printing, publishing and allied industries (SIC 3420 consisting of 40 firms)
- (e) Firms involved in the manufacturing of chemical products (SIC 3528 consisting of 55 firms)

These categories are some of those given by the Industrial Classification (SIC) Code. From the listings of the manufacturing firms belonging to the above categories which were obtained from the Central Bureau of Statistics, twenty firms from each category were selected using systematic sampling procedure with a sampling interval of 1.

### 3.4 THE RESPONDENTS

The respondents were the purchasing managers of the respective organizations. In the absence of the purchasing manager, the senior most person in the purchasing department of the organization was required to fill the questionnaire.

However, in certain organizations where the establishment of purchasing manager did not exist, the person in charge of purchasing was expected to fill the questionnaire.

### 3.5 RESEARCH INSTRUMENT

The required information was obtained using a structured questionnaire consisting of scales which were used to measure the influence of each of the macro-environmental and organizational factors on the final purchase decision. Part 1 of the questionnaire consisted of questions concerned with certain demographic aspects of the organization, like the industry the firm belonged to, the number of employees the organization has, and the number of years the firm has been in operation. Part 2 of the questionnaire contained questions measuring the relative influence of various organizational factors on the decision to purchase. Part 3 of the questionnaire consisted of questions which were used to measure the influence of various macro-environmental factors on the decision to purchase. A drop-and-pick-up later procedure was utilized to administer the questionnaire.

The statement of the hypothesis was

H0:  $M_1 = M_2 = M_3 = M_4 = M_5$ , where

$M_i$  = mean score of each factor in the overall sample.

H1: ... Not all mean scores are equal.

An analysis of variance (ANOVA) was again conducted using the mini tab software package to test whether there were any significant differences between the mean scores of each factor across the five categories of manufacturing firms. The null hypothesis to be tested was that the mean scores of the factors between the different categories were equal.

The statement of the Hypothesis was

H0:  $M_1 = M_2 = M_3 = M_4 = M_5$ , where

$M_i$  = mean score for category  $i$  on each factor.

H1: ... Not all mean scores are equal.

## Chapter Four

### DATA ANALYSIS AND FINDINGS

#### 4.0 INTRODUCTION

This chapter contains summaries and analyses of the research findings. The data was first summarized in terms of the relevant mean scores. An analysis of variance was then conducted using the minitab computer package to test whether there were any significant differences between the mean scores of each factor in the overall sample. The null hypothesis to be tested was that the mean scores of each factor in the overall sample were equal.

The statement of the hypothesis was

Ho:  $M_1 = M_2 = M_3 = M_4 = M_5$ , where

$M_i$  = mean score of each factor in the overall sample.

H1: Not all mean scores are equal.

An analysis of variance (ANOVA) was again conducted using the mini tab computer package to test whether there were any significant differences between the mean scores of each factor across the five categories of manufacturing firms. The null hypothesis to be tested was that the mean scores of the factors between the different categories were equal.

The statement of the Hypothesis was

Ho:  $M_1 = M_2 = M_3 = M_4 = M_5$ , where

$M_i$  = mean score for category  $i$  on each factor.

H1: Not all mean scores are equal.

All tests were conducted at .05 level of significance. The computed F-Value was then compared with the tabulated F-value. Where the computed F- Value was smaller than the Tabulated F- Value then the null hypothesis was not rejected meaning that the mean scores are not statistically different.

#### 4.1 MEAN SCORES OF THE ORGANIZATIONAL AND ENVIRONMENTAL FACTORS INFLUENCE ON THE PURCHASE DECISIONS

##### 4.1.1 Mean scores of buying center members' influence in routine purchase decisions

The pertinent mean scores are summarized in table 1.

Table 1: Mean scores of buying centre members influence in routine purchase decisions.

Department/Group	Mean Score					
	Overall Sample	1	2	3	4	5
Board of Directors	3.06	1.25	3.3	3.08	4.27	3.56
Accounting	3.31	2.38	2.7	2.38	3.67	4.06
Personnel	1.86	1.50	1.4	2.08	2.33	1.88
Production	2.79	3.75	2.0	2.23	2.27	3.25
Purchasing	3.90	4.50	2.0	4.15	4.00	4.19
Marketing	1.97	1.81	1.4	2.08	2.00	2.38
Engineering	2.47	2.44	2.9	2.15	1.87	3.06

As shown by the magnitudes of the mean scores for the overall sample as well as for categories 1,3,4,and 5 purchasing department has the most influence in the making of routine purchase decisions. This may be due to the fact that

suppliers have already been selected and patronized and only re-ordering from the same suppliers is required. Personnel department, on the other hand, has the least amount of influence. This may be because, in general, a personnel department is usually only involved in making decisions on purchases directly related to it.

From the analysis of variance (ANOVA) which was carried out on the overall sample means, the data suggests that the mean scores of the factors are statistically different, since computed  $F=19.606$  and critical value at  $\alpha = 0.05$  with 6 and 463 degrees of freedom is  $F= 2.10$ . The null hypothesis is thus rejected.

The appropriate ANOVA table is shown below.

#### ANALYSIS OF VARIANCE

Source	DF	SS	MS	F
Factor	6	237.249	39.541	19.606
Error	483	974.100	2.017	
TOTAL	489	1211.349		

However from the analysis of variance carried out across the five categories, the data suggests that the mean scores of the factors are not statistically different since computed  $F=1.01$  and critical value at  $\alpha =0.05$  with 4 and 30 degrees of freedom is  $F = 2.69$ . The null hypothesis is thus not rejected. The appropriate ANOVA table is shown below.

#### ANALYSIS OF VARIANCE

SOURCE	DF	SS	MS	F
FACTOR	4	3.593	0.898	1.01
ERROR	30	26.612	0.887	
TOTAL	34	30.204		

#### 4.1.2 Mean scores of buying centre members' influence in non-routine (new) purchase decisions

The mean scores pertaining to non-routine (new) purchase decisions are presented in table 2

Table 2: *Mean scores of buying centre members' influence in non-routine (new) purchase decisions*

Department/Group	Overall Sample	Mean Score Category/Group				
		1	2	3	4	5
Board of Directors	4.1	2.69	4.6	4.15	4.6	4.69
Accounting	3.6	3.88	2.4	3.15	3.73	4.31
Personnel	1.94	1.5	1	2.69	2.53	1.81
Purchasing	3.64	3.94	3	3.85	3.33	3.88
Production	2.83	4	1.6	2.38	2.47	3.13
Marketing	2.09	1.94	1.4	2.23	2.13	2.5
Engineering	2.61	2.81	2.6	1.85	2.4	3.25

As shown in table 2 the mean scores of the overall sample and those of categories 2,3,4, and 5, the Board of Directors is the major influencer of non-routine purchase decisions. This may be because of the magnitude of the expenditure involved in these purchases. The Board of Directors is closely followed in influence by the accounting and then by the purchasing department.

The results of the ANOVA carried out on the overall sample means suggest that the mean scores of the factors are statistically different since the calculated F-value (19.381) is larger than the tabulated F value = 2.10 with 6 and 483 degrees of freedom and  $\alpha=0.05$ . The null hypothesis is thus rejected.

The appropriate ANOVA table is shown below.

**ANALYSIS OF VARIANCE**

SOURCE	DF	SS	MS	F
FACTOR	6	249.535	41.589	19.381
ERROR	483	1036.457	2.146	
TOTAL	489	1285.992		

The results of the ANOVA carried out across the five categories of manufacturers, suggest that the mean scores of the factors are not statistically different since the calculated F- value (0.89) is smaller than the tabulated F- value (2.69) with 4 and 30 degrees of freedom and  $\alpha = 0.05$ . The null hypothesis is thus not rejected.

The appropriate ANOVA table is shown below.

**ANALYSIS OF VARIANCE**

SOURCE	DF	SS	MS	F
FACTOR	4	3.59	0.90	0.89
ERROR	30	30.29	1.01	
TOTAL	34	33.89		

From the mean scores of table 3 the purchasing department seems to be a major influencer of modified rebays because it ranks highest in three out of five categories. However, for the overall sample the accounting department has the highest mean score. Personnel department could be said to be the least influential because its mean scores are the lowest across the board.

The results of the pertinent analysis of variance of the overall sample means suggest that the mean scores of the factors are statistically different. This is because the calculated F- value of 15.020 is larger than the tabulated F- value of 1.10 with 6 and 483 degrees of freedom and  $\alpha = 0.05$ .



#### 4.1.3 Mean scores of buying centre members' influence in modified rebuy purchase decisions.

The pertinent mean scores for the modified rebuy situation are contained in table 3.

Table 3: Mean scores of buying centre members' influence in modified rebuy purchase decisions.

Department/Group	Mean Score Category/Group					
	Overall Sample	1	2	3	4	5
Board of Directors	3.1	1.69	3.3	2.46	4.67	3.44
Accounting	3.44	3.75	2.2	3.15	3.47	4.13
Personnel	2.01	1.63	1.0	2.92	2.80	1.56
Purchasing	3.14	4.25	3.4	3.62	3.67	3.76
Production	2.21	4.00	1.8	2.77	2.93	3.63
Marketing	2.56	1.88	2.5	2.23	2.40	2.19
Engineering	3.74	2.81	2.6	1.85	2.20	3.19

From the mean scores of table 3 the purchasing department seems to be a major influencer of modified rebuys because it ranks highest in three out of five categories. However, for the overall sample the accounting department has the highest mean score. Personnel department could be said to be the least influential because its mean scores are the lowest across the board.

The results of the pertinent analysis of variance of the overall sample means suggest that the mean scores of the factors are statistically different. This is because the calculated F- value of 15.020 is larger than the tabulated F - value of 2.10 with 6 and 483 degrees of freedom and  $\alpha=0.05$ .

The appropriate ANOVA table is shown below.

### ANALYSIS OF VARIANCE

SOURCE	DF	SS	MS	F
FACTOR	6	182.110	30.352	15.020
ERROR	483	986.014	2.021	
TOTAL	489	1158.124		

The results of the analysis of variance carried out on the mean scores across the categories suggest that the mean scores of the factors are not statistically different. This is because the calculated F-value of 0.98 is smaller than the tabulated F - value of 2.69 with 4 and 30 degrees of freedom and  $\alpha = 0.05$ . The null hypothesis is thus not rejected.

The ANOVA table is shown below.

### ANALYSIS OF VARIANCE

SOURCE	DF	SS	MS	F
FACTOR	4	2.775	0.694	0.88
ERROR	30	23.603	0.787	
TOTAL	34	26.387		

#### 4.1.4 Mean scores of physical factors influence on routine purchase decisions.

The mean scores for the influence of physical factors on routine purchase decisions are depicted in table 4.

Table 4: *Mean scores of physical factors influence on routine purchase decisions.*

Physical Factor	Mean Score					
	Overall Sample	1	2	3	4	5
Geographical location of a firm	3.29	2	3.9	2.92	4.13	3.69
Geographical location of a firm's suppliers	3.31	2.25	3.6	3.38	3.07	4.38
Plant and equipment of a firm	3.24	3.06	3.4	3.31	2.04	4.06
The physical environment of a firm (climate and vegetation)	1.77	1.19	2.2	2.23	1.93	1.56

The mean scores on table 4 reveal that for the overall sample as well as for categories 3 and 5 the geographical location of a firm's suppliers is the most important factor.

However, for categories 2 and 4, the geographical location of a firm is the most important factor. Further, for category 1 organizations, plant and equipment of a firm is the most influential factor. Finally, the factor of climate and vegetation does not appear to have a lot of influence since its mean scores are the smallest.

The relevant analysis of variance (ANOVA) results suggest that the means of the factors are statistically different in the overall sample since the computed F-value of 17.495 is larger than the tabulated F-value of 2.60 with 3 and 276 degrees of freedom and  $\alpha = 0.05$ . The null hypothesis is thus rejected.

The appropriate ANOVA table is shown below.

ANALYSIS OF VARIANCE				
SOURCE	DF	SS	MS	F
FACTOR	3	121.554	40.518	17.495
ERROR	276	693.214	2.316	
TOTAL	279	760.768		

The results of the analysis of variance carried out on the mean scores of the categories suggest that the mean scores of the factors are not statistically different since the computed F-value of 1.28 is smaller than the tabulated F-value of 3.86 with 4 and 15 degrees of freedom and  $\alpha = 0.05$ . The null hypothesis is thus not rejected.

The relevant ANOVA table is shown below.

ANALYSIS OF VARIANCE				
SOURCE	DF	SS	MS	F
FACTOR	4	4.051	1.013	1.28
ERROR	15	11.876	0.792	
TOTAL	19	15.927		

**4.1.5 Mean scores of physical factors influence in modified rebuy purchase decisions**

The mean scores for the influence of physical factors in modified rebuy purchase decisions are depicted in table 5.

ANALYSIS OF VARIANCE				
SOURCE	DF	SS	MS	F
FACTOR	3	44.125	14.708	24.128
ERROR	276	569.386	2.063	
TOTAL	279	738.771		

Table 5: Mean scores of physical factors influence in modified rebuy purchase decisions

Physical Factor	Mean Score Category/Group					
	Overall Sample	1	2	3	4	5
Geographical location of a firm	3.33	2.56	3.5	3.00	4.67	3.56
Geographical location of a firm's suppliers	3.53	2.81	3.9	3.08	3.93	4.00
Plant and equipment of a firm	3.3	3.13	3.4	3.46	2.93	3.63
The physical environment of a firm (climate and vegetation)	1.69	1.13	1.8	2.15	1.73	1.75

From the sizes of the mean scores as shown in table 5, geographical location a firm's suppliers is the most influential factor for the overall sample and for firms in categories 2 and 5. This may be because these firms would prefer to be in close proximity to their suppliers to save on transportation costs and ensure continuity of supply. For firms in categories 1 and 3 the most influential factor is plant and equipment of the firm. Finally for firms in category 4 geographical location of the firm is the most important factor.

The analysis of variance carried out on the mean scores of the factors in the overall sample shows that the mean scores are statistically different since the computed F-value of 24.128 is larger than the tabulated F-value of 2.60 with 3 and 276 degrees of freedom and  $\alpha = 0.05$ . The null hypothesis is thus rejected.

The relevant ANOVA table is shown below.

#### ANALYSIS OF VARIANCE

SOURCE	DF	SS	MS	F
FACTOR	3	149.325	49.775	24.128
ERROR	276	569.386	2.063	
TOTAL	279	718.771		

The corresponding ANOVA carried out on the mean scores of the categories of manufacturers, shows that the mean scores are not statistically different since the computed F-value of 0.88 is smaller than the critical value of F-value of 3.06 with 4 and 15 degrees of freedom and  $\alpha = 0.05$  as depicted by the ANOVA table below.

#### ANALYSIS OF VARIANCE

SOURCE	DF	SS	MS	F
FACTOR	4	2.135	0.534	0.58
ERROR	15	13.753	0.917	
TOTAL	19	15.888		

#### 4.1.6 Mean scores of physical factors influence in non-routine purchase decisions

The mean scores of physical factors influence in non-routine (new) purchase decisions are presented in table 6 below.

Table 6: *Mean scores of physical factors influence non routine purchase decisions.*

Physical Factor	Mean Score Category/Group					
	Overall Sample	1	2	3	4	5
Geographical location of a firm	3.23	2.06	3.2	3.15	4.27	3.50
Geographical location of a of a firm's suppliers	3.16	2.19	2.8	3.46	3.33	3.94
Plant and equipment of a firm	3.6	3.75	4.1	3.62	2.47	4.19
The physical environment of a firm (climate and vegetation)	1.91	1.50	2.2	2.31	2.07	1.699

The results of table 6 reveal that plant and equipment of a firm is the most influential factor in all categories except for category 4 firms when non-routine purchase decisions are made. This is because non-routine purchases usually involve the purchase of machinery and equipment and a lot of consideration has to be made taking into consideration a firm's existing plant and equipment. Issues like technological compatibility of new machinery and the existing machinery must undoubtedly be considered here. However, the geographical location of the firm is the most influential factor for firms in category 4. Physical factors have the least influence in non-routine purchase decisions.

The analysis of variance carried out on the overall sample scores shows that the mean scores are statistically different. This is because the computed F - value of 14.199 is larger than the tabulated F- value of 2.60 with 3 and 273 degrees of freedom and  $\alpha = 0.05$  as shown by the ANOVA table below. The null hypothesis is thus rejected.

ANALYSIS OF VARIANCE						
SOURCE	DF	SS	MS	F	Mean Score Category/Group	
FACTOR	3	99.068	33.023	14.199		
ERROR	276	641.900	2.326			
TOTAL	279	740.968				

The results of the analysis of variance carried out across the categories suggest that the mean scores of the factors are not statistically different. This is because the calculated F-value of 0.63 is smaller than the tabulated F-value of 3.0 with 4 and 15 degrees of freedom and  $\alpha = 0.05$ . The null hypothesis is thus not rejected.

The relevant ANOVA table is shown below.

**ANALYSIS OF VARIANCE**

SOURCE	DF	SS	MS	F
FACTOR	4	2.096	0.524	0.63
ERROR	15	12.412	0.827	
TOTAL	19	14.508		

**4.1.7 Mean scores of technological factors' influence in routine purchase decisions.**

The mean scores of technological factors' influence in routine purchase decisions are presented in table 7 below.

Table 7: *Mean scores of technological factors' influence in routine purchase decisions.*

Technological Factor	Mean Score Category/Group					
	Overall Sample	1	2	3	4	5
Technology of a firm	4.4	4.56	3.5	4.23	4.80	4.56
Technology of a firm's competitors	3.36	3.50	4.1	3.31	2.20	3.88
Technology of a firm's consumers	2.95	2.19	3.9	2.46	3.07	3.38

It is evident from the table that the technology of the firm is the most influential factor except for firms in category 2 when routine purchase decisions are being made. This may be because the supplies which are bought must be compatible with the firms technology. For firms in category 2 technology of a firm's competitors is the most important factor. This is an unusual result.



The relevant ANOVA carried out on the overall sample scores shows that the mean scores are statistically different since the computed F- value of 12.828 is larger than the tabulated F- value of 3.00 with 2 and 207 degrees of freedom and  $\alpha = 0.05$ . The null hypothesis is thus rejected.

The appropriate ANOVA table is shown below.

**ANALYSIS OF VARIANCE**

SOURCE	DF	SS	MS	F
FACTOR	2	52.410	26.205	12.828
ERROR	207	422.871	2.043	
TOTAL	209	475.281		

The results of the ANOVA carried out across the categories show that the mean scores are not statistically different since the computed F-value of 0.28 is smaller than the tabulated F-value of 3.48 with 4 and 10 degrees of freedom and  $\alpha = 0.05$  as shown in the ANOVA table below.

The null hypothesis is thus not rejected.

**ANALYSIS OF VARIANCE**

SOURCE	DF	SS	MS	F
FACTOR	4	0.993	0.248	0.28
ERROR	10	8.778	0.878	
TOTAL	14	9.771		

4.1.8 Mean scores of technological factors influence in modified rebuy purchase decisions.

The mean scores of technological factors' influence in modified rebuy purchase decisions are presented in table 8 below.

Table 8: *Mean scores of technological factors influence in modified rebuy purchase decisions*

Technological Factor	Overall Sample	Mean Score Category/Group				
		1	2	3	4	5
Technology of a firm	4.46	4.75	3.5	4.31	4.67	4.69
Technology of a firm's competitors	3.44	4.06	3.8	3.31	1.93	4.13
Technology of a firm's consumers	2.8	2.06	3.8	2.46	2.80	3.19

It is clear from table 8 that the technology of a firm has the most influence in all categories except category 4 when modified rebuy decisions are made. This may be due to the fact that supplies purchased must conform to the firm's technology.

The analysis of variance on the overall sample scores shows that the mean scores are statistically different. This is because the computed F- value of 21.280 is larger than the tabulated F - value of 3.00 with 2 and 207 degrees of freedom and  $\alpha = 0.05$ . The null hypothesis is thus rejected.

The relevant ANOVA table is shown below.

**ANALYSIS OF VARIANCE**

SOURCE	DF	SS	MS	F
FACTOR	2	78.981	39.490	21.280
ERROR	207	384.143	1.856	
TOTAL	209	463.124		

From the analysis of variance it is not discernible that the mean scores of the factors are not statistically different across the categories. This is so because the computed F-value of 0.31 is smaller than the tabulated F-value of 3.48 with 4 and 10 degrees of freedom and  $\alpha = 0.05$ . The null hypothesis is thus not rejected.

The relevant ANOVA table is shown below.

**ANALYSIS OF VARIANCE**

SOURCE	DF	SS	MS	F
FACTOR	4	1.33	0.33	0.31
ERROR	10	10.75	1.07	
TOTAL	14	12.07		

**4.1.9 Mean scores of technological factors' influence in non-routine purchase decisions.**

The mean scores of technological factors influence in routine purchase decisions are presented in table 9 below.

Table 9: Mean scores of technological factors influence in routine purchase decisions

Technological Factor	Overall Sample	Mean Score Category/Group				
		1	2	3	4	5
Technology of a firm	4.47	4.89	4.1	4.08	4.40	4.69
Technology of a firm's competitors	3.33	3.69	3.9	2.77	2.13	4.19
Technology of a firm's consumers	2.67	1.88	3.8	2.23	2.67	3.13

Table 9 shows that technology of a firm is the most influential technological factor when non-routine purchase decisions are being made.

This is because the firm has to seriously consider its current technology before purchasing capital items. Decisions here have to be made whether to maintain the current technology it utilizes or change the technology (modernize the technology). In general, technology is always changing and progressive firms must keep up with the changing technology. However the firm also has to consider the technology of its competitors if it is effectively to compete in terms of both quality and quantity of output.

The results of the analysis of variance of the scores of the overall sample suggests that the mean scores are statistically different. This is because the computed F-value of 15.214 is larger than the tabulated F-value of 3 with 2 and 207 degrees of freedom and  $\alpha = 0.05$ . The null hypothesis is thus not accepted.

The relevant ANOVA table is shown below.

ANALYSIS OF VARIANCE			
SOURCE	DF	SS	MS
FACTOR	2	68.010	34.005
ERROR	207	462.657	2.235
TOTAL	209	530.667	

From the analysis of variance results, it is clear that the mean scores of the factors are not statistically different across the categories since the calculated F-value of 0.62 is smaller than the tabulated F-value of 3.48 with 4 and 10 degrees of freedom and  $\alpha = 0.05$ . The null hypothesis is thus not rejected.

The appropriate ANOVA table is shown below.

ANALYSIS OF VARIANCE			
SOURCE	DF	SS	MS
FACTOR	4	2.56	0.46
ERROR	10	10.53	1.05
TOTAL	14	13.09	

#### 4.1.10 Mean scores of economic factors' influence in the final purchase decisions.

The mean scores of economic factors' influence in the final purchase decisions are presented in table 10 below.

Table 10: Mean scores of economic factors influence in the final purchase decisions

Economic Factor	Overall sample	Mean Score Category/Group				
		1	2	3	4	5
A firm's Profitability	4.51	4.94	3.8	4.85	4.00	4.75
Consumer Demand for a firm's products	4.54	4.89	4.3	4.85	3.67	4.94
Consumer Income Levels	3.12	2.81	2.9	3.46	2.53	3.88
Credit Facilities	3.4	3.50	3.1	2.92	3.47	3.81
Interest Rates	3.27	3.56	2.8	3.15	2.93	3.69
Competitor's Prices	3.64	4.00	4.1	3.69	2.00	4.50
Competitor's product Quality	3.86	4.19	4.2	3.54	2.80	4.56

From table 10 it is evident that the two major influences on the final decision to purchase are the profitability of a firm and consumer demand for a firm's products. This is due to the fact that purchasing firms have to look for the best quality products at the best prices so as to maintain a predetermined level of profitability. Firms also have to consider the consumer demand and for their products as an increase in demand would automatically mean that amounts of commodities/inputs purchased also have to be increased correspondingly to satisfy the increased demand for the firm's products.

However, two other economic factors which follow closely in terms of the relative amount of influence are competitors' product quality and prices. To be able to compete effectively in any market a firm has to keep at par or ahead of competitors so as to attract as many customers as possible.

The analysis of variance results reveal that the mean scores of the factors in the overall sample are not all equal. This is because the computed F- value of 12.237 is larger than the tabulated F- value of 2.10 with 6 and 483 degrees of freedom and  $\alpha = 0.05$ . The null hypothesis is thus not accepted.

The appropriate ANOVA table is shown below.

**ANALYSIS OF VARIANCE**

SOURCE	DF	SS	MS	F
FACTOR	6	130.563	21.761	12.237
ERROR	483	858.914	1.778	
TOTAL	489	989.478		

The analysis of variance results reveal that the mean scores of factors are not all equal across the categories. This is because the computed F-value of 3.22 is larger than the tabulated F-value of 2.69 with 4 and 30 degrees of freedom and  $\alpha = 0.05$ . The null hypothesis is thus not accepted.

The appropriate ANOVA table is shown below.

**ANALYSIS OF VARIANCE**

SOURCE	DF	SS	MS	F
FACTOR	4	6.058	1.515	3.22
ERROR	30	14.105	0.470	
TOTAL	34	20.163		

**4.1.11 Mean scores of political/legal factors' influence in the final purchase decisions.**

The results of the analysis of variance of the scores of the factors in the overall sample. The mean scores of political/legal factors' influence in the final purchase decisions are presented in table 11 below. The tabulated F-value of 2.21 with 4 and 30 degrees of freedom and  $\alpha = 0.05$ . The null hypothesis is thus not accepted.

Table 11: Mean scores of political legal factors influence in the final purchase decisions.

Political/Legal factor	Overall sample	Mean Score Category/Group				
		1	2	3	4	5
Government Regulations concerning product quality	4.23	4.69	4.3	3.54	3.87	4.63
Government regulations concerning product safety	3.83	4.63	3.3	3.38	3.73	3.81
Government regulations concerning employees safety	3.84	4.63	3.6	4.00	3.33	3.56
External Political Influence (Favouring certain suppliers)	1.69	1.50	1.9	1.46	1.93	1.69
Internal Political Influence (favouring certain suppliers)	1.76	1.50	1.6	1.38	2.07	2.13
Government tariffs (taxes)	4.26	4.89	3.8	4.77	3.27	4.44

It is evident from the results of table 11 above that the two most influential factors on a firm's decision to purchase are government taxes and government regulations concerning product quality. This may be due to the fact that government taxes usually have an effect on the prices of both raw materials and final products. Also ranking high in influence are government regulations concerning product safety and employees safety. Political influence (internal and external) has the least influence on the final purchase decisions.

The results of the analysis of variance of the scores of the factors in the overall sample suggest that the mean scores are statistically different. This is because the computed F- value of 16.822 is larger than the tabulated F-value of 2.21 with 5 and 414 degrees of freedom and  $\alpha = 0.05$ . The null hypothesis is thus not accepted.



The relevant ANOVA table is shown below.

**ANALYSIS OF VARIANCE**

SOURCE	DF	SS	MS	F
FACTOR	5	659.840	131.968	16.822
ERROR	414	3247.900	7.845	
TOTAL	419	3907.740		

The results of analysis of variance suggest that the mean scores of the factors are not statistically different across the categories. This is because the calculated F-value of 0.25 is smaller than the tabulated F-value of 2.76 with 4 and 25 degrees of freedom and  $\alpha=0.05$ . The null hypothesis is thus not rejected.

The appropriate ANOVA table is shown below.

**ANALYSIS OF VARIANCE**

SOURCE	DF	SS	MS	F
FACTOR	4	1.62	0.40	0.25
ERROR	25	40.01	1.60	
TOTAL	29	41.62		

**4.1.12 Mean scores of supplier qualities influence in the final purchase decisions.**

The pertinent mean scores are summarized in Table 12.

**ANALYSIS OF VARIANCE**

SOURCE	DF	SS	MS	F
FACTOR	4	15.731	3.933	2.525
ERROR	365	344.843	0.945	
TOTAL	369	360.574		

The analysis of variance results suggest that the mean scores of the factors are

Table 12: Mean scores of supplier qualities influence in the final purchase decisions

Supplier Qualities	Mean Score Category/Group					
	Overall sample	1	2	3	4	5
Supplier Prices	4.67	4.94	4.8	4.38	4.53	4.69
Supplier Reliability	4.54	4.81	4.7	4.46	4.13	4.63
Supplier Quality	4.51	4.81	4.0	4.46	4.13	4.94
Supplier Services	4.19	4.31	3.9	4.15	4.07	4.38
Supplier continuity	4.2	4.56	4.1	4.08	4.07	4.13

From table 12 it is evident that all factors that are supplier related are very influential in the making of purchase decisions. Supplier prices must be acceptable, the suppliers themselves must be reliable and supplier quality must be in line with the requirements of the manufacturer. The supplier must also offer pre-and post-purchase services and finally the supplier must continually be able to supply the buyer with the required commodities.

The results of the analysis of variance suggests that the mean scores are statistically different in the overall sample. This is because the computed F - value of 3.935 is larger than the tabulated F- value of 2.37 with 4 and 345 degrees of freedom and  $\alpha = 0.05$ . The null hypothesis is thus not accepted.

The relevant ANOVA table is shown below.

#### ANALYSIS OF VARIANCE

SOURCE	DF	SS	MS	F
FACTOR	4	15.731	3.933	3.935
ERROR	345	344.843	1.000	
TOTAL	349	360.574		

The analysis of variance results suggest that the mean scores of the factors are

not statistically different across the categories because the calculated F-value of 2.63 is smaller than the tabulated F-value of 2.87 with 4 and 20 degrees of freedom and  $\alpha = 0.05$ . The null hypothesis is thus not rejected.

The appropriate ANOVA table is shown below.

**ANALYSIS OF VARIANCE**

SOURCE	DF	SS	MS	F
FACTOR	4	0.8497	0.2124	2.63
ERROR	20	1.6157	0.0808	
TOTAL	24	2.4654		

**4.1.13 Mean scores of consumer characteristics' influence in the final Purchase decisions.**

The mean scores of consumer characteristics' influence in the final purchase decisions are presented in table 13 below.

*Table 13: Mean scores of consumer characteristics' influence in the final purchase decisions.*

Consumer Characteristic	Mean Score Category/Group					
	Overall sample	1	2	3	4	5
Consumer Taste	3.99	3.75	4.3	3.92	3.87	4.19
Consumer Demand	4.54	4.69	3.6	4.85	4.60	4.69
Consumer age	1.8	1.38	2.0	1.54	2.33	1.81
Consumer sex	1.49	1.06	1.5	1.23	2.07	1.56
Consumer Income	2.76	2.31	2.9	2.08	3.00	3.44

It is evident from table 13 that consumer demand is the most influential consumer characteristic followed by consumer taste and consumer income. This is very much in line with notion of marketing concept which asserts that the consumer is sovereign. The product has to be in line with consumer demand, consumer taste and consumer income.

Thus the industrial goods purchased must be able to produce goods which conform to consumers' demand, tastes and can be afforded by consumers.

The results of the analysis of variance of the scores of the factors in the overall sample suggest that the mean scores are statistically different. This is because the computed F-value of 84.719 is larger than the tabulated F-value of 2.37 with 4 and 345 degrees of freedom and  $\alpha = 0.05$ . The null hypothesis is thus not accepted.

The relevant ANOVA table is shown below.

#### ANALYSIS OF VARIANCE

SOURCE	DF	SS	MS	F
FACTOR	4	497.046	124.261	84.719
ERROR	345	506.029	1.467	
TOTAL	349	1003.074		

The relevant analysis of variance suggests that the mean scores are not statistically different across the categories. This is because the computed F-value of 0.16 is smaller than the tabulated F-value of 2.87 with 4 and 20 degrees of freedom and  $\alpha = 0.05$ . The null hypothesis is thus not rejected.

The ANOVA table is shown below.

#### ANALYSIS OF VARIANCE

SOURCE	DF	SS	MS	F
FACTOR	4	1.16	0.29	0.16
ERROR	20	37.18	1.86	
TOTAL	24	38.34		

#### 4.1.14 Mean scores of cultural factors influence in the final purchase decisions

The mean scores of cultural factors' influence in the final purchase decisions are presented in table 14 below.

Table 14: Mean scores of cultural factors influence in the final purchase decisions.

Cultural Factor	Mean Score Category/ Group					
	Overall sample	1	2	3	4	5
Management Values	4.16	3.69	3.4	4.31	4.6	4.56
Organizational Values	3.81	4.19	2.1	4.46	3.33	4.44
Consumer Values	3.58	3.69	3.7	3.62	3.6	4.13
Employee Values	2.76	2.63	2.2	2.69	2.87	3.19
Community Values	2.66	2.94	1.7	2.62	2.87	2.81

The results of table 4 show that of the cultural factors, management values influence the decision to purchase most followed by organizational values and consumer values. Managers can thus either make economical purchases or uneconomical purchases depending on their values. Products purchased by organizations also reflect organizational and community values.

The results of the analysis of variance suggest that the mean scores of the factors in the overall sample are not equal. This is because the computed F- value of 18.126 is larger than the tabulated F- value of 2.37 with 4 and 345 degrees of freedom and

$\alpha = 0.05$ . The null hypothesis is thus not accepted.

The appropriate ANOVA table is shown below.

**ANALYSIS OF VARIANCE**

SOURCE	DF	SS	MS	F
FACTOR	4	136.840	34.210	18.126
ERROR	345	651.129	1.887	
TOTAL	349	787.969		

The results of the analysis of variance carried out on the scores across the categories reveal that the mean scores of the factors are not statistically different since the computed F-value of .67 is smaller than the tabulated F-value of 2.87 with 4 and 20 degrees of freedom and  $\alpha = 0.05$ . The null hypothesis is thus not rejected.

The appropriate ANOVA table is presented below.

**ANALYSIS OF VARIANCE**

SOURCE	DF	SS	MS	F
FACTOR	4	4.048	1.012	1.67
ERROR	20	12.153	0.608	
TOTAL	24	16.201		

It can be clearly seen from the mean scores presented in chapter 4 that various factors have different levels of influence on the decision to purchase. It is thus the task of the industrial marketer to identify which factors have the most influence and attempt to manipulate these factors to work in his favour.

## Chapter Five

### 5.1 SUMMARY, CONCLUSIONS AND IMPLICATIONS OF RESEARCH FINDINGS

(a) Summary: there actually exists certain factors which are major influencers

The research objectives of the study reported here were to determine the relative importance of the various macro-environmental and organizational factors influencing organizational buying decisions and also to determine if different types of manufacturers are influenced differently by these factors. The literature review as given in chapter ~~four~~<sup>two</sup> indicated that the factors which in theory should influence purchase decisions are environmental factors, organizational factors, group influences and individual behaviour.

#### LIMITATIONS OF THE STUDY

A research design which entailed obtaining pertinent data from respondents in manufacturing organizations representing different SIC categories was used. The data were summarized into mean scores which were later subjected to analyses of variance. The conclusions are discussed next.

(b) Conclusions: on the average of time the study was confined to Nairobi.

From the findings in chapter four it can be concluded that different macro-environmental and organizational factors have different levels of importance in influencing organizational buying decisions. However it is also evident that the factors scoring highly in terms of the amounts of influence did so in most categories while those that scored lowly also did so in most of the categories suggesting that the factors influence decisions the same way in different

organizations. The major influencers here included the firms' technology, consumer demand for a firm's products, government tariffs, government regulations concerning product quality, supplier qualities (prices, reliability, quality, services and continuity), consumer demand, management values and organizational values respectively.

(c) Implications:

The findings of this study have significant implications for industrial marketers. They suggest that there actually exists certain factors which are major influencers of the decisions to purchase which the marketers should pay attention to if they hope to develop effective marketing programmes. The industrial marketer must attempt to make the factors work in his favour and thus enhance the chances of an organization purchasing his firm's product. As for buyers, the identification of the major factors which may influence effective or economical purchasing may enhance effectiveness in purchasing. This may lead to saving of lot of unnecessary costs and also enhance the quality of the final product.

## 5.2 LIMITATIONS OF THE STUDY

The following factors greatly limited the study:

The time available to conduct the study was quite short. If more time was available the study would have been extended to non-manufacturing organizations. Further more owing to the shortage of time the study was confined to Nairobi.

In some cases respondents were very uncooperative. Thus out of one hundred questionnaires which were distributed the response rate was 80% for category one, 50% for category two, 65% for category three, 75% for category four, and 80% for category five.



### 5.3 RECOMMENDATIONS FOR FUTURE RESEARCH

The following are some recommendations for future research:

Since this study was restricted only to Nairobi future research should incorporate firms from other large towns in Kenya.

The study was also restricted to selected manufacturing firms. Future research should be extended to include other types of organizations.

Finally, the study was restricted to a few macro-environmental and organizational factors. Thus future research should be extended to include other factors like individual behaviour and how it influences the purchase decision, and other macro-environmental factors not covered by this study.

## *Appendix 1*

### **Specimen letter to Respondents**

Dear Sir/Madam,

I am a graduate student in the Faculty of Commerce, University of Nairobi. I am currently engaged in a study to determine the extent to which various factors influence organizational purchase decisions. This is in partial fulfillment of the degree of Master of Business and Administration.

I, therefore, kindly request you to assist me by completing the attached questionnaire to the best of your knowledge.

The information sought is for academic purposes only and will be treated as strictly confidential. The name of your firm will, therefore, not be mentioned anywhere in the report.

Your co-operation will be highly appreciated.

Yours Faithfully

**Mtula D.O.**

M.B.A. II Student.

**Prof.F.N. Kibera**

Supervisor.

## Appendix 2

### QUESTIONNAIRE FOR THE RELATIVE IMPORTANCE OF VARIOUS MACRO - ENVIRONMENTAL AND ORGANIZATIONAL FACTORS INFLUENCING BUYING DECISIONS

Always      Sometimes      Never

1. To which industry does your firm belong?
 

Manufacture of food products	( )	
Manufacture of fabricated metal products	( )	
Manufacture of electrical machinery, apparatus and appliances	( )	
Printing, publishing & allied industries	( )	
Manufacture of chemical products	( )	
  
2. How many employees does your firm employ?
 

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3. Number of years firm has been in operation
 

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*Tick as appropriate*

1 - 5 Years	( )	
6 - 11 Years	( )	Least
12 - 20 Years	( )	Preference
Over 20 Years	( )	
  
4. Is your firm
 

Locally owned	( )	
Foreign owned	( )	
Partly local, partly foreign owned	( )	
  
5. Does your firm have a single person or a multiple person buying center (i.e those personnel involved in making the purchase decision).

Tick as appropriate

Single Person Yes ( ) No ( )  
 Multiple Person Yes ( ) No ( )

6. Are the following represented in the existing multi-person centre for routine purchases (purchases of things purchased before, which are regularly purchased from the same vendor such as supplies like light bulbs, oil, grease, paper clips)

Tick as appropriate

	Always	Sometimes	Never
Board of Directors	( )	( )	( )
Accounting Dept.	( )	( )	( )
Personnel Dept.	( )	( )	( )
Purchasing Dept.	( )	( )	( )
Production Dept.	( )	( )	( )
Marketing Dept.	( )	( )	( )
Engineering Dept.	( )	( )	( )

Specify any other department that is represented the buying centre and is not mentioned above

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7. Of the above areas mentioned in question 6 above, indicate the amount of influence each has in the making of routine purchase decisions (tick as appropriate).

	Most Influence				Least Influence
	5	4	3	2	1
Board of Directors	( )	( )	( )	( )	( )
Accounting Dept.	( )	( )	( )	( )	( )
Personnel Dept.	( )	( )	( )	( )	( )
Purchasing Dept.	( )	( )	( )	( )	( )
Production Dept.	( )	( )	( )	( )	( )
Marketing Dept.	( )	( )	( )	( )	( )
Engineering Dept.	( )	( )	( )	( )	( )

8. Are the following represented in the existing multi-person centre for non routine (new) purchases of things not purchased before (capital

items such as equipment, production machinery, computers or other goods that have a useful life of more than one year and do not become part of the firm's final product).

Board of Directors

Tick as appropriate

Personnel Dept.

Purchasing Dept.

	Always	Sometimes	Never
Board of Directors	( )	( )	( )
Accounting Dept.	( )	( )	( )
Personnel Dept.	( )	( )	( )
Purchasing Dept.	( )	( )	( )
Production Dept.	( )	( )	( )
Marketing Dept.	( )	( )	( )
Engineering Dept.	( )	( )	( )

Specify any other department that is represented in the buying centre and is not mentioned above.

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9. Of the areas mentioned in question 8 above, indicate the amount of influence each has in the making of non-routine (new) purchase decisions.

Most Influence

Least Influence

Tick as appropriate

Board of Directors

Accounting Dept.

Personnel Dept.

Production Dept.

	Most Influence		Least Influence		
	5	4	3	2	1
Board of Directors	( )	( )	( )	( )	( )
Accounting Dept.	( )	( )	( )	( )	( )
Personnel Dept.	( )	( )	( )	( )	( )
Purchasing Dept.	( )	( )	( )	( )	( )
Production Dept.	( )	( )	( )	( )	( )
Marketing Dept.	( )	( )	( )	( )	( )
Engineering Dept.	( )	( )	( )	( )	( )

10. Are the following represented in the existing multi-person centre for routine purchases of supplies such as oil, grease, paper clips, light bulbs but from new suppliers with new terms (cases involving a change in suppliers).

Tick as Appropriate

	Always	Sometimes	Never
Board of Directors	( )	( )	( )
Accounting Dept.	( )	( )	( )
Personnel Dept.	( )	( )	( )
Purchasing Dept.	( )	( )	( )
Production Dept.	( )	( )	( )
Marketing Dept.	( )	( )	( )
Engineering Dept.	( )	( )	( )

Specify any other department that is represented in the buying centre and is not mentioned above.

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11. Of the areas mentioned in question ten above, indicate the amount of influence each has in the making of modified rebuys (routine purchases of supplies such as oil, light bulbs, grease, paper clips).

	Most Influence			Least Influence	
	5	4	3	2	1
Board of Directors	( )	( )	( )	( )	( )
Accounting Dept.	( )	( )	( )	( )	( )
Personnel Dept.	( )	( )	( )	( )	( )
Production Dept.	( )	( )	( )	( )	( )
Marketing Dept.	( )	( )	( )	( )	( )
Engineering Dept.	( )	( )	( )	( )	( )

12. Of the following physical factors, indicate the amount of influence each has when the purchase decision is being made.

	Most Influence			Least Influence	
	5	4	3	2	1
Geographical Location of your firm	( )	( )	( )	( )	( )
Geographical Location of your suppliers	( )	( )	( )	( )	( )
Plant and equipment of your firm	( )	( )	( )	( )	( )
The physical environment of the firm (climate and (vegetation)	( )	( )	( )	( )	( )

13. For the following technological factors, indicate the amount of importance attached to each/ relative influence of each when the purchase decision is being made.

	Most Influence					Least Influence				
	5	4	3	2	1	5	4	3	2	1
Technology of your firm	( )	( )	( )	( )	( )	( )	( )	( )	( )	( )
Technology of your competitors	( )	( )	( )	( )	( )	( )	( )	( )	( )	( )
Technology of your consumers	( )	( )	( )	( )	( )	( )	( )	( )	( )	( )

14. Of the following economic factors, indicate the amount of influence/ importance attached to each when the final purchase decision is being made.

	Most Important					Least Important				
	5	4	3	2	1	5	4	3	2	1
Your firm's profitability	( )	( )	( )	( )	( )	( )	( )	( )	( )	( )
Consumer demand for your products	( )	( )	( )	( )	( )	( )	( )	( )	( )	( )
Consumer Income Levels	( )	( )	( )	( )	( )	( )	( )	( )	( )	( )
Credit facilities	( )	( )	( )	( )	( )	( )	( )	( )	( )	( )
Interest rates	( )	( )	( )	( )	( )	( )	( )	( )	( )	( )
Competitors prices	( )	( )	( )	( )	( )	( )	( )	( )	( )	( )
Competitors product Quality	( )	( )	( )	( )	( )	( )	( )	( )	( )	( )

15. Of the following political/legal factors indicate the amount of the importance you attach to them when making the final purchase decision.

	Most Important					Least Important				
	5	4	3	2	1	5	4	3	2	1
Government regulations concerning product quality	( )	( )	( )	( )	( )	( )	( )	( )	( )	( )
Government regulations concerning product safety	( )	( )	( )	( )	( )	( )	( )	( )	( )	( )
Government regulations concerning employees safety	( )	( )	( )	( )	( )	( )	( )	( )	( )	( )

External political influence  
 (favouring certain vendors) ( ) ( ) ( ) ( ) ( )  
 Internal political influence  
 (favouring certain vendors) ( ) ( ) ( ) ( ) ( )  
 Government tariffs (taxes) ( ) ( ) ( ) ( ) ( )

16. Of the following supplier qualities indicate the amount of importance you attach to each when the final purchase decision is being made.

	Most Important			Least Important	
	5	4	3	2	1
Supplier Prices	( )	( )	( )	( )	( )
Supplier Reliability	( )	( )	( )	( )	( )
Supplier quality	( )	( )	( )	( )	( )
Supplier services	( )	( )	( )	( )	( )
Supplier continuity	( )	( )	( )	( )	( )

17. Of the following consumer characteristics indicate the amount of importance attached to each when the final purchase decision is made.

	Most Important			Least Important	
	5	4	3	2	1
Consumer taste	( )	( )	( )	( )	( )
Consumer demand	( )	( )	( )	( )	( )
Consumer age/sex	( )	( )	( )	( )	( )

18. Of the following cultural factors indicate the amount of influence each has on the final decision to purchase.

	Most Influence			Least Influence	
	5	4	3	2	1
Management Values	( )	( )	( )	( )	( )
Organizational Values	( )	( )	( )	( )	( )
Consumer Values	( )	( )	( )	( )	( )
Employee Values	( )	( )	( )	( )	( )
Community Values	( )	( )	( )	( )	( )

Thank you for your cooperation.

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 MTULA D.O.  
 M.B.A II STUDENT

.....  
 PROF. F.N. KIBERA  
 SUPERVISOR



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