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## **ORGANIZATIONAL BUYING BEHAVIOR IN NON- WESTERN CONTEXTS**

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### **Abstract**

This study developed a model to explain organizational buying behavior (OBB) in a non-Western context. The model is based on a partly re-conceptualized taxonomy of organizational actors involved in the process of organizational buying. An exploratory evaluation of the model was conducted in Oman, in the Arabian Gulf. The evaluators came from diverse industries and different organizational levels and functions. The role of evaluators involved one or more of the following: making decisions regarding organizational buying, advising on organizational buying, and being a direct user of a recent organizational purchase. The preliminary empirical findings generally support the model structure and the relationship between its elements. It is argued that collectivist and high power distance cultural value orientations shape a distinctive profile of OBB. The reported study is the first phase of a larger research project whose objective is the development and validation of an overarching cross-cultural model of OBB.

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### **Key Words**

Organizational buying behavior; Arabian Gulf; power distance; collectivism.

## **INTRODUCTION**

An understanding of organizational buying behavior is a fundamental prerequisite for success in industrial and institutional markets (Webster & Wind, 1972). However, as emphasized by Johnston and Lewin (1996), achieving such an understanding is challenging due to the nature of the organizational buying process, which tends to be multi-objective, multi-departmental, and multi-person. What is more, success in an increasingly globalized business environment demands competencies which go beyond business-to-business skills acquired solely in the home country (Hewett, Money, & Sharma, 2006). There is a need for a new set of capabilities rooted in a combination of first-hand international practice and evidence-based academic guidance. The purpose of this paper is to contribute to the literature on international OBB by developing and empirically exploring a model of in-house communication during organizational purchase decisions in a non-Western context. The reported study constitutes the first phase of a larger research project whose objective is the development and validation of an overarching cross-cultural model of OBB. This model is predicted to capture OBB in non-Western business contexts broadly characterized by collectivist and high power distance cultural value orientations: Asia, Latin America, Middle East, and Russia. However, it is expected that, as the empirical data from various countries and world regions is collected and processed, several versions of the model will emerge. An anticipated factor that can drive model modification is related to differences in uncertainty avoidance between countries in East and Southeast Asia. This paper is focused on a version of the model resulting from an exploratory study in the Arabian Gulf.

## **THEORY**

### **Organizational Buying Behavior**

Conceptually, the field of OBB finds its origin in the seminal work of Robinson, Faris, and Wind (1967); Webster and Wind (1972); and Sheth (1973), who developed the first models of OBB. A few decades later, Johnston and Lewin (1996) reviewed and systematized earlier empirical findings and theoretical perspectives in the field. The result of their work was an integrated representation of OBB which incorporated variables and constructs of the three original models. The elements of the integrated model (Johnston & Lewin, 1996) include the following:

- purchase characteristics;
- organizational characteristics;
- group characteristics;
- participants characteristics;
- processes or stages of OBB;
- seller characteristics;
- environmental characteristics;

- conflict/negotiation;
- communication networks;
- decision rules;
- role of stress.

Traditionally, empirical attention has been directed to the first four groups of variables; i.e., purchase characteristics, organizational characteristics, group characteristics, and participants' characteristics (Johnston and Lewin, 1996). More recently, researchers turned their focus to exploring the processes of OBB (Makkonen, Olkkonen, & Halinen, 2012; Thompson, Mitchell, & Knox, 1998) and OBB-related decision making (Barclay & Bunn, 2006; Moon & Tikoo, 2002). Curiously, however, and despite the widely acknowledged effects of globalization on international trade, scant research efforts have been made to investigate the effects of national cultures on OBB (Steward, Morgan, Crosby, Kumar, 2010). This presents a significant gap in our understanding, because national cultures – together with political, economic, technological, and legal factors – are an essential component of environmental characteristics, which shape OBB.

### **Non-Western Cultural Contexts: The Arabian Gulf**

It can be argued that, with a few exceptions, non-Western business contexts roughly correspond to the areas of the world commonly known as emerging markets. One such region comprises the countries-members of the Gulf Cooperation Council (GCC) – the Kingdom of Bahrain, State of Kuwait, Sultanate of Oman, State of Qatar, Kingdom of Saudi Arabia, and the United Arab Emirates. These countries constitute a lucrative market for a range of industries including oil and gas, civil engineering, and telecommunications. To exemplify, Plan Abu-Dhabi 2030 consists of multiple infrastructure projects of a total worth of more than \$400 billion US (Davidson, 2009). Among the factors determining the business success of international organizational vendors is the ability to comprehend correctly the buying behavior of their customers in the Gulf. Due to significant cultural distance (Shenkar, 2001), attaining such an understanding may be particularly challenging for organizational vendors from outside of the Arabian Gulf. Therefore, there are compelling reasons to investigate OBB in this part of the world.

Hofstede (2001) and Hofstede, Hofstede, and Minkov (2010) proposed that Arabic cultures are collectivistic, high in power distance, high in uncertainty avoidance, and moderate in masculinity/femininity. The organizational consequences of collectivism include preference for in-group cooperation, psychological need for affiliation, and emphasis on the interests and purposes of the in-group, rather than the pursuit of individual goals. High power distance is reflected in more hierarchical and centralized decision making, respect for and unquestionable submission to organizational superiors, and a general attitude of conformity and compliance. In high power distance societies, managers tend to avoid direct guidance from their superiors, yet they seek to anticipate their wishes (Smith, Achoui, & Harb,

2007). High uncertainty avoidance is related to fear of failure, risk aversion and avoidance, belief that the initiative of the subordinates must be kept under control, a strong need for consensus, and evasion of conflict. A moderate score on the masculinity index is associated with values such as concern for the weak, benevolence, and importance placed on interpersonal relationships. Recent empirical work found some support for Hofstede's postulations. For example, Smith et al. (2007) revealed that Arab managers display a pattern of high reliance on formal rules, unwritten rules, and their co-workers. At the same time, these managers rely less strongly on their own experience and training or on their superiors.

A preliminary exploration of the OBB model for the Arabian Gulf was carried out in the Sultanate of Oman. Oman can reasonably be taken to be a typical representative of the Arabian Gulf countries (Moideenkutty and Schmidt, 2011; Neal, 2010). Similar to its neighbors, Oman is an affluent, oil-rich country which strategically pursues the course toward modernization and economic growth and development while carefully guarding its cultural and belief systems (Peterson, 2004).

## MODEL DEVELOPMENT

Originally, Webster and Wind (1972) proposed five roles, or organizational actors, involved in the process of organizational buying:

- *Deciders* have the authority to select among alternative purchases (materials, equipment, services, etc.);
- *Influencers* influence purchasing decisions directly and/or indirectly by providing information on alternatives and criteria;
- *Buyers* have formal authority and responsibility for dealing with vendors;
- *Users* are organizational members who are expected to use the purchase;
- *Gatekeepers* control the information flow.

Sheth (1973) noted that all of these organizational actors may have dissimilar expectations, determined by the background of individuals, perceptual distortions, information sources, and satisfaction with past purchases.

It is worthwhile noting that the above taxonomy originated in the Anglo culture. It is reasoned, therefore, that this taxonomy might not be suitable for describing OBB in a different cultural environment and should not be imported into non-Western contexts in its original form. It has been demonstrated (Hofstede, 2001; Hofstede *et al.*, 2010) that the Anglo cultural environment is characterized by individualism and intermediate to low power distance. In contrast, the world regions of interest for the present research are collectivistic and score high in power distance. Therefore, the following partial re-conceptualization of organizational actors is suggested.

- *Deciders* have the final authority to approve a purchase (materials, equipment, services, etc.). They exercise this authority by endorsing,

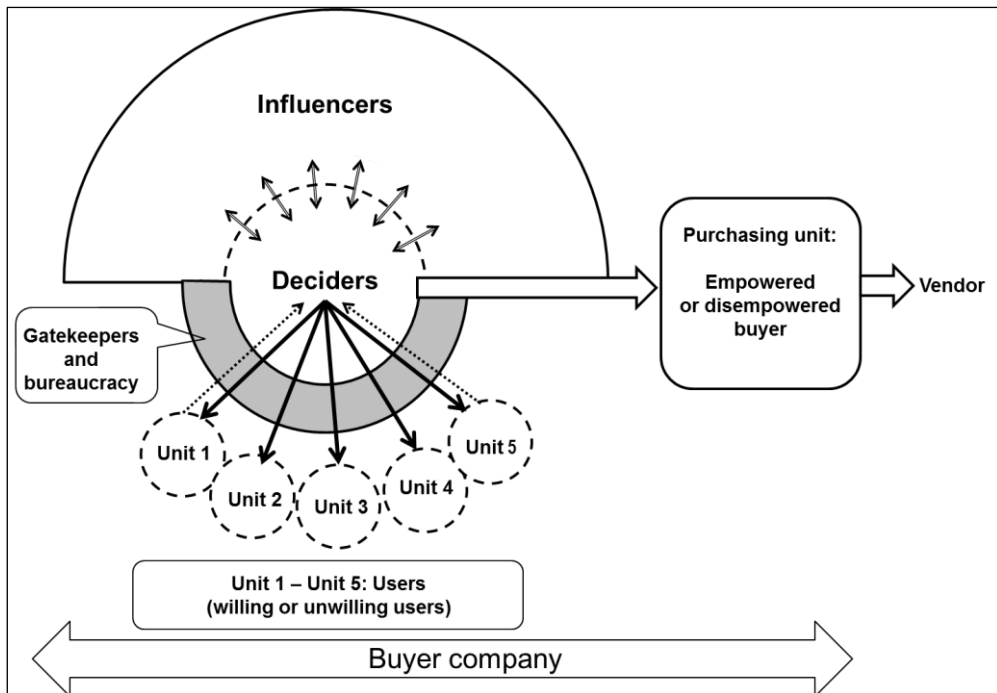
revoking, or changing the decisions made by the buyer. Importantly, the deciders proactively seek input from influencers prior to endorsing a purchase decision.

- *Influencers* are powerful internal and external stakeholders, who are members of professional, personal, and hereditary networks.
- *Empowered buyers* have formal authority and responsibility for a purchasing decision and enjoy the support of deciders and influencers.
- *Disempowered buyers* have formal authority and responsibility for a purchasing decision. However, they lack the support of deciders and influencers and try to avoid accountability for the purchasing decision. To achieve this, the disempowered buyers may exploit the inconsistencies of the organizational policies and regulations and contradictions between unwritten and formal rules.
- *Willing users* are those organizational members who are expected to use the purchase and who know that it will be suitable for their task and skill level.
- *Unwilling users* are those organizational members who are expected to use the purchase but believe that it may not be suitable for their task and/or skill level. Such beliefs can be elicited by a situation in which a purchase is made for any reason except operational requirements; for instance, a purchase contract was a consequence of pressure from a powerful stakeholder or a corollary of a need for personal relationship maintenance.
- *Gatekeepers* control the information stream through preliminary inspection, selection, and presentation of information on options as well as by framing the principles for evaluation of options. Gatekeepers are an integral part of hierarchical structures and bureaucratic barriers in organizations.

The above-defined organizational actors constitute the elements of the proposed model (Figure 1). The elements of the model are organized within a relational structure denoted by arrows and are identifiable through internal communication flow in the buyer firm. In the center of the figure, a circular shape shows *deciders*. An area above *deciders* denotes *influencers*. These are separated from *deciders* by a dashed line, which means there are no barriers to communication; bi-directional arrows symbolize an intensive communication exchange between *deciders* and *influencers*. Below *deciders* is a shaded semicircle – *gatekeepers and bureaucracy* – which separates *deciders* from (future) users of a purchased product. *Users* are represented by five circles (Units 1–5) drawn with dashed lines. The dashed lines signify that there are no communication barriers for interaction and a lot of informal communication takes place between the members of the units. The primary direction of communication, however, is between *deciders* and *users*. This is shown by a thick unidirectional arrow representing downward communication: *deciders* inform *users* of what product the organization intends to purchase. Some users may attempt to give feedback or make suggestions to *deciders* regarding the planned purchase. This is depicted by two dotted arrows (from Unit 1 and Unit 5 to *deciders*). In making these

attempts, *users* have to cross the barriers of *gatekeepers and bureaucracy* (the shaded semicircle). However, the chances for these attempts to succeed are low (dotted arrows). A wide unidirectional arrow links *deciders* with the *purchasing unit* – an *empowered or disempowered buyer*.

**Figure 1:** The model of organizational buying behavior in non-Western contexts



## METHOD

To conduct an exploratory evaluation of the model, 18 participants from various organizations in the Muscat metropolitan area were asked to review the model. A judgmental sampling approach was used to recruit participants who came from a variety of industries including oil and gas pharmaceuticals, education, banking and investment, catering, hospitals, information technology, telecommunication, and utilities. The participants worked in different organizational levels and functions including a chief executive officer, a senior buyer, purchase officers, a procurement specialist for capital projects, a member of the procurement committee, a supply chain analyst, a financial accountant, an accountant officer, a finance officer, heads of departments, a senior geophysicist, a catering director, and an acting catering officer. In terms of OBB, the participants were involved in one or more of the following: making decisions in organizational buying, advising on organizational buying, and being a direct user of a recent organizational

purchase. Table 1 provides a further description of the participants included in this study.

The participants were presented with a graphic depiction of the model and a detailed description of the interrelationship between its elements. They were asked to examine the model and comment on its elements and structure. Within four weeks, the participants presented a short (250-500 words) written report containing their analysis and critical assessment of the model. The reports were scrutinized to detect any important observations about the model structure and the relationship between the elements of the model.

**Table 1:** Profile of participants

Items	Frequency
<b>Gender</b>	5
- Male	13
- Female	
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<b>Years of professional experience</b>	<i>M</i> (8.06)
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<b>Company size (number of employees)</b>	<i>M</i> (3344)
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<b>Job level</b>	
- Operative	11
- Supervisor	3
- Middle manager	1
- Top manager	3
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<b>Role in organizational buying:</b>	
- makes decisions in organizational buying	4
- advises on organizational buying	10
- is a direct user of a recent organizational purchase	9
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## FINDINGS AND DISCUSSION

The participants' evaluations of the model largely supported its theoretically derived structure and the relationship between its elements. For example, one head of department confirmed that the model

*"...shows what exactly is happening in the buying process."*  
 Similarly, a supply chain analyst said that the model's structure

*“is closely similar to the communication process applied in our organization when purchasing materials.”*

Some participants specifically identified the influencers (the ministry, the owner, the department of finance), the deciders (the CEO), and the gatekeepers (departmental directors) and explicated the dynamics of the buying process. A middle manager from an oil and gas company described:

*“The CEO represents the deciders and is influenced by the owner of the company. Below the CEO there are several directors of different departments and they separate the CEO from the end users. Some users have the opportunity to talk to the CEO, but it rarely happens. The directors act as a barrier between the CEO and the end users, and they [the directors] inform the users of different services that the company would like to purchase.”*

Bureaucracy was identified as a substantial barrier in the process of organizational buying. A finance officer, who was a direct user of a recent organizational purchase, made the following observatio:

*“If an employee (the end user) needs a computer he cannot just go straight to the deciders and inform them about his needs. He has to inform his manager who, once he approves, will inform the next person, who has to approve the request, and this is repeated over and over through the layers of bureaucracy. Not to mention that the approval might stop for days, weeks, or even months at one of the bureaucracy levels for no reason. This makes the end user so disappointed about the request, not to mention, if he gets what he requested, he might not get what he is looking for due to lack of communication with the decider”.*

One consequence of this is that some end users may be unwilling to use the purchased product. A top manager explained:

*“When the items are delivered, they are given to end users and they have to use them. Some end users might resist the change or don’t like what was supplied.”*

The model correctly predicted that buyers can be either empowered or disempowered. For example, a supervisor from a utility company noted that

*“The empowered buyers have the power to decide on purchasing strategy and can influence the origination of the sale.”*

Another example of empowered buyers was given by a top manager from a telecom organization.

*“The decider selects the best vendor based on the buyer’s analyses of quotations and reasoning of why these are the best three suppliers on the market. Here, the buyer is empowered to select what is best suiting the need and whom to contact for quotation.”*

Two participants described purchasing units in their organizations as disempowered buyers. A supervisor from a large hospital admitted that in their organization

*“the purchasing unit plays a role of a disempowered buyer and tries to avoid the responsibilities for the purchasing decisions.”*

In the same vein, the CEO of a telecom company acknowledged that

*“In the purchasing unit, the buyer is avoidant to take decision other than what is selected by the deciders. Buyers are not willing to take the risk of*



*selecting other vendors that might not satisfy the deciders after they had already made up their decision.”*

In addition, the participants made important clarifications on the structure of the model and the relationship between its elements. For example, in an oil and gas service organization, the influencers do not engage unless the value of a purchase is above a specified limit. Importantly, some organizations try to counteract the undue pressure, if any, by the influencers. A purchase officer from an oil and gas company elaborated by saying:

*“All employees should declare their or their first- degree relatives’ ownership of a business when they join the company. This is done to avoid selecting the vendor in the purchasing process based on personal interest – to benefit his own company – rather than company interest.”*

Another interesting observation was that, in addition to the influencers engaged with the deciders, there may be a separate set of influencers interacting directly with the buyers in the purchasing unit. It also emerged that, in some organizations, the end users have a high status because their performance is acknowledged to define the company’s success. For example, in a large oil and gas organization, the end users communicate directly with the purchasing unit and, at the same time, enjoy direct interaction with the influencers.

Overall, the findings revealed that the model predicts OBB in a non-Western context. This exploratory study, conducted in the Arabian Gulf, demonstrated that the cultural value orientations of collectivism and high power distance (Hofstede, 2001; Hofstede *et al.*, 2010) can shape distinct behaviors of those involved in the process of organizational buying. Specifically, intensive consultations within the in-groups, formed by influencers and deciders or within the in-groups consisting of influencers and buyers, are viewed as determined by collectivist values. Importantly, the adoption of progressive management practices of disclosing conflict of interests is aimed at counteracting some potentially negative effects of in-group collectivism.

The fact that purchasing units can act as empowered or disempowered buyers is interpreted as a consequence of high power distance. The latter can also explain situations when a product is procured without consultations with those for whom it is purchased, thus causing an unwilling-user attitude. Bureaucracy in organizational buying decision processes (Baker and Abou-Ismaïl, 1993) may be partly responsible for this.

## **CONCLUSIONS AND IMPLICATIONS**

This paper presented an initial version of a model describing OBB in a non-Western business setting. The reported study is a part of the first phase of a larger project aiming to develop and validate an overarching cross-cultural model of OBB. The underlying assumption of this work is that theorizations of OBB developed in the Anglo cultural environments may fail to capture OBB processes occurring in the contexts characterized by collectivist and

high power distance value orientations. The current version of the model, based on the partial re-conceptualization of organizational actors, underwent an exploratory evaluation in Oman. The findings suggest that OBB outside of the Anglo world demonstrates distinctive characteristics which demand close consideration by those desirous of developing profitable business with local companies in the Arabian Gulf.

An important implication of this study is that the knowledge and expertise in business-to-business selling developed solely in the home country may be insufficient to attain the expected results in a culturally distant context. A critical precondition for making a successful sale is the organizational vendors' ability to identify the decision maker(s) in the counterpart's team. This may be a challenging task to complete in cultural environments characterized by collectivism and high power distance. An intricate structure of relationship between deciders, influencers, users, buyers, and bureaucracy can obscure the ultimate source of the decision to purchase. Therefore, gaining first-hand, in-depth knowledge of how the local culture shapes OBB emerges as an essential prerequisite for effective international sales force. The current study contributes to our understanding of this process.

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