

## Organizational Position Properties and its Impact on Purchase

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**Abstract:** This survey tries to investigate if there is a significant relationship between the essence and pressures of buying center participants' job and their preferences in prioritizing the elements of Marketing Mix. For this purpose, the authors performed a case study on selling the "intracranial pressure monitoring" (ICP Monitoring) \_ manufactured by Möller Medical Company, Germany \_ in Fars medical centers equipped with neurosurgical intensive care unit (NICU), Iran \_ as the buyer organizations \_ and extracted the opinions of participants in buying decision making. The results showed that in organizational purchasing, in addition to environmental specifications and characteristics of employees, their "Organizational Position Properties" (OPP) also have significant impact on their preferences on how they prioritize the 4P's of Marketing Mix. The article continued with providing some suggestions to sellers and marketers on attracting the agreement of different buying center participants regarding with their Organizational Position Properties.

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### 1. Introduction

It could be argued that while a more casual and habitual approach may be typical in less important organizational purchasing decision making, professionalism and rationality are still likely to be characteristics of more exposed buying decisions, particularly in large and publicly accountable organizations (Wilson, 2000). Basically, it is safe to accept that the apparent rationality of any organizational buying decision, large or small, may be profoundly moderated by political, social, cultural, individual, behavioral and perceptual influences\_ just as in consumer purchasing decision (Foxall, 1993).

How to motivate participants to coalescence in the decision making unit for their products or services is a vital problem for suppliers and manufacturers (Dadzie et al., 1999). For marketers it is very important to understand when, how, and why buyers make particular choice in order to understand what influences are involved and how they are likely to impact the decision process (Kauffman, 1996).

Developing optimum workable mixture of the elements of the Marketing Mix match with target market's demands and its priorities is an important issue marketers should consider in both consumer marketing and industrial marketing. Therefore, understanding how a market or a customer, figuratively, prioritizes the elements of the Marketing Mix for the product which it wants to buy is vital for producers and marketers. On the other hand, organizational purchasing has a major difference with

consumer buying that is different individuals involve decision making, who have various responsibilities in organization. The "buying center" concept has long been used to identify the group of employees who collectively make a particular buying choice decision for a firm (Robinson et al., 1967).

As a result, buying center is an inter-functional unit where different individuals from different units gather to contribute to buying decision. Hence, recognition of the impact of participants' main functional group on ranking the elements of the Marketing Mix is very important, if any. Concept of buying center composition and operation, and decision influences generated by buying centers are very complex (Kauffman, 1996). In fact, the professionalism of organizational purchasing is often known as one of the fundamental factors distinguishing it from consumer purchasing (Wilson, 2000).

### 2. Theory

Although the state of knowledge about business-to-business structure and evolution remains limited (Backhaus et al., 2011). Nevertheless, studies show that "organizational buying behavior" is the most frequently published research area in B2B marketing, a primary focus of research activity when the field began (LaPlaca and Katrichis, 2009).

Study in organizational buying behavior is exploding (Ward and Webster, 1991). It can be attributed to at least three reasons. First, the shift from understanding and influencing consumers to

customers (industrial, institutional, and trade) has led to a greater focus on organizational buying behavior. Second, both the academic journals and business professional organizations, such as “National Association of Purchasing Management” (NAPM), have encouraged study and publications on “inter organization buying behavior”. Lastly, as Sheth, Grander, and Garrett (1988) recommended, the marketing unit is increasingly affected by the disciplines of organizational behavior, industrial organizations and transaction cost theories in economics (Sheth, 1996). One of the earliest models presenting influence in the organizational purchasing process is suggested by Webster and Wind (1972). According to this model, general social situations, general economic situation, and marketing efforts are key environmental factors that impact on participation in the organizational purchasing process (Dadzie et al., 1999).

Generally, organizational buying has been presented as a logical and rational function of professionals, ignoring the habitual, intuitive and experiential behavior of buying managers and subordinates as uniquely idiosyncratic individuals (Wilson, 2000). In this logical and rational process in company, some individuals have influential roles. In 1967, impactful roles in organizations, assumed or represented by individual and function participants, in the purchasing decision process are recognized by Robinson et al. (Kauffman, 1996). In an organizational buying project, employees who have significant influence in the buying process are classified in an organizational unit called Buying Center.

The concept of buying center (or “decision making unit” – DMU) in organizational buying is the logical outcome of the analysis of organizational buying as a rational process though the activities of the decision making unit have subsequently been analyzed also from an attitude toward behavior (Wilson, 2000). The decision making unit concept appeared from several surveys of organizational purchasing projects in the UK and USA during the 1960s and 1970s (Kennedy, 1983) which established, *inter alia*, that organizational buying decision usually involved many employees from different functions within a firm (Wilson, 2000). Participants of the buying center have been found to frequently represent different departments or functions in an organization and, thus, brought to the group alternatives regard with making the specific purchase decision (Martin et al., 1988). When participants are brought together to make a decision (e.g. in an organizational buying center), the large part of inputs brought to decision are the cognitions, affects, and behaviors of the participants involved (Staw et al.,

1981). The degree of influence of employees is believed to be a function of environmental and organizational elements (Webster and Wind, 1972a,b; Johnston and Bonoma, 1981).

Role conflict is inevitable in buying center participants, particularly, as they must not only achieve a greater portion of department or function, but also they must complete the additional tasks regarding with their roles in the buying decision making unit (Lewin and Johnston, 1996). Within the organizational behavior and organizational buying behavior background, role conflict is frequently presented as the degree of incompatibility among role expectations. Lewin and Wesley (1996) state that the significance of job related role conflict has been recognized and assessed within the organizational background (e.g. Brockner, 1988; Brockner et al., 1987a, 1994b; Staw et al., 1981) and in the marketing background (e.g. Barklay, 1991; Michaels et al., 1987; Qualls and Puto, 1989).

What be revealed from all the studies of organizational buying behavior is a general agreement that, in line with interaction theory, a greater emphasis should be placed on the personal and social dimensions of buying processes, and on the effect of preexisting influences such as experience, personal paradigms, cultural preferences and habituation (Wilson, 2000). But in this study, the main consideration is investigating the impact of Organizational Position Properties on organizational buying behavior.

### 3. Methods

The impact of participants may vary with their roles in the buying center. These roles include role of initiators, users, influencers, buyers, and gate keepers (Webster and Wind, 1972; Dadzie et al., 1999). For instance, users can decelerate the decision process by refusing to use of the products of certain suppliers for any reason (Bradley, 1995), or similarly, managers influence the purchase decision during the budget allocation process or by confirming the integration of the technology into the organization's operations and because of the strategic importance of product (Dadzie et al., 1999): The technology is highly expensive and involves consideration regarding the substitution of labor for it (Ackerman and LaLonde, 1980).

#### 3.1. Data and Sample

Regarding with given issues and local specifications of present research, we identified the employees who are influential in buying decision making. Because of local difference between Iran and Webster, Wind and Dadzie's research environments, gate keepers haven't any significant role in buying decision process. Therefore, we withdrew low

influence and passive groups in buying process like gate keepers in this survey.

Statistical population of the research includes neurosurgeons, medical engineers, neurosurgical intensive care units incharges, logistics heads and hospital managers that their number is 143. For determining volume of sample, Cochran formula was employed. The sample's volume is 60.

Table 1. Distribution of Statistical Sample Categories

Categories	Frequency	
	Quantity	Percentage
Hospital Managers	11	18.3
Logistics Heads	11	18.3
NICU Charges	11	18.3
Medical Engineers	11	18.3
Neurosurgeons	16	26.6
<b>OVERALL</b>	<b>60</b>	<b>100</b>

The closed questionnaire contains 32 items in the field of the elements of Marketing Mix and its sub elements which reflect respondents' point of view. The items assess some components such as product reliability, ease of use, accuracy of performance, portability, uniqueness, domestic and international standards and certificates, warranties and services, price, noncash sells and types of deposit, distribution and delivery, promotions, effective presentation, familiarity with producer and vendors, advertisements, offers, public relations, personal selling, etc.

Also we employed Test Retest technique and Pearson correlation coefficient in order to assess the reliability of the questionnaire. The results are as follows:

Table 2. The Results of Pearson Correlation Coefficient Test for Determining Reliability of the Questionnaire

Scale	Pearson correlation coefficient
Product	0.87
Price	0.99
Place	0.93
Promotion	0.97
<b>OVERALL</b>	<b>0.96</b>

Regarding with the results, each main components of questionnaire and consequently whole of it are reliable.

Collected data was analyzed by SPSS 16 package after coding and scoring. In order to compare the elements of Marketing Mix, we employed Wilcoxon nonparametric test for non normal distributions, and Student t parametric test for normal distributions. We also employed Friedman test to rank the impact of 4P's on purchase intention.

### 3.2. Measures

**Independent variables.** Four main elements of Marketing Mix those are Product, Price, Promotion and Place are independent variables.

**Dependent variable.** Purchase intention is dependent variable in the present survey.

### 4. Results

#### 4.1. Comparing Marketing Mix Elements' Impact on the ICP Monitoring Purchase

As results show, the elements Product with mean value of 4.65 and mean rank of 3.38 has the greatest impact on purchase intention in terms of respondents. After that, Price with mean value of 4.50 and mean rank of 3.30 and Promotion with mean value of 4.15 and mean rank of 2.28 have the second and third greatest impact on purchase intention respectively. Finally, Place with mean value of 2.74 and mean rank of 1.04 has the least impact on purchase intention in this survey (Table 3).

Table 3. Comparing the Impact of 4p's Elements on Purchase Intention

Element	Mean Value	Mean Rank	Product	Price	Place	Promotion
Product	4.7	3.4	----	0.20*	0.00	0.00
Price	4.5	3.3	-1.28*	----	0.00	0.44*
Place	2.7	1.0	-6.74	-6.75	----	0.00
Promotion	4.2	2.3	-6.54	-3.55	-6.67	----

Notes: The numbers under diameter are amount of Z and the above ones are significance level.

\* Not supported (n.s)

#### 4.2. Comparing Marketing Mix Elements' Impact on the ICP-Monitoring Purchase Intention in Each Functional Groups

As it was said before, respondents are from different positions that are hospital managers, logistics heads, neurosurgical intensive care unit incharges, medical engineers and neurosurgeons. The major question which we want to answer is that if there are any differences between prioritizing of Ps with different functional groups.

The results of Wilcoxon test shows that despite of general pattern which Table 4 shows that Product was the most influential element in purchase intention, managers believe that Price is the most important component (with mean value of 5.00 and mean rank of 4.00) among the four components of the Marketing Mix. Results shows that all elements have significant difference with each other in this position group (Table 4).

Table 4. Comparing the Impact of 4p's Elements on Purchase Intention in Hospital Managers Group

Element	Mean Value	Mean Rank	Product	Price	Place	Promotion
Product	4.7	3.0	-----	0.00	0.00	0.00
Price	5.0	4.0	-2.97	-----	0.00	0.00
Place	3.4	1.1	-2.93	-2.98	-----	0.01
Promotion	4.0	1.9	-2.94	-2.94	-2.70	-----

Notes: The numbers under diameter are amount of Z and the above ones are significance level.

Next group is logistics heads. In this group also Price with mean value of 5.00 and mean rank of 4.00 has the greatest impact on purchase intention. After that, Product with mean value of 4.66 and mean rank of 3.00, Promotion with mean value of 4.44 and mean rank of 2.00 and Place with mean value of 2.90 and mean rank of 1.00 have the second, third and fourth greatest impact on purchase intention respectively. The results show that all the elements have significance difference with each other (Table 5).

Table 5. Comparing the Impact of 4p's Elements on Purchase Intention in Logistics Heads Group

Element	Mean Value	Mean Rank	Product	Price	Place	Promotion
Product	4.7	3.0	-----	0.00	0.00	0.00
Price	5.0	4.0	-2.99	-----	0.00	0.00
Place	3.0	1.0	-2.94	-2.96	-----	0.00
Promotion	4.4	2.0	-2.95	-2.97	-2.94	-----

Notes: The numbers under diameter are amount of Z and the above ones are significance level.

Neurosurgical intensive care unit incharges group follows the general pattern of whole population so that in their opinion, Product with mean value of 4.75 and mean rank of 3.64 has the most impact on purchase intention. Price with mean value of 4.30 and mean rank of 3.1, and Promotion with Mean value of 4.06 and mean rank of 2.27 have the second and third most impact respectively. Place with mean value of 2.70 and mean rank of 1.00 was the last in ranking (Table 6).

In medical engineers group also Product with mean value of 4.56 and mean rank of 3.82, Price with mean value of 4.25 and mean rank of 3.00, Promotion with mean value of 4.02 and mean rank of 2.18 and Place with mean value of 3.46 and mean rank of 1.00 was the first to fourth influential elements respectively (Table 7).

Table 6. Comparing the Impact of 4p's Elements on Purchase Intention in Neurosurgical Intensive Care Unit Incharges Group

Element	Mean Value	Mean Rank	Product	Price	Place	Promotion
Product	4.8	3.6	-----	0.09*	0.00	0.01
Price	4.3	3.1	-1.69*	-----	0.00	0.02*
Place	2.7	1.0	-2.94	-2.95	-----	0.00
Promotion	4.1	2.3	-2.96	-1.29*	-2.94	-----

Notes: The numbers under diameter are amount of Z and the above ones are significance level.

\* n.s

Table 7. Comparing the Impact of 4p's Elements on Purchase Intention in Medical Engineers Group

Element	Mean Value	Mean Rank	Product	Price	Place	Promotion
Product	4.6	3.8	-----	0.09*	0.00	0.01
Price	4.3	3.0	-1.69*	-----	0.00	0.09*
Place	3.6	1.0	-2.94	-2.95	-----	0.00
Promotion	4.0	2.2	-2.93	-1.69*	-2.94	-----

Notes: The numbers under diameter are amount of Z and the above ones are significance level.

\* n.s

For the last group, neurosurgeons, Product with mean value of 4.66 and mean rank of 3.44 was the greatest necessary element and Promotion with mean value of 4.36 and mean rank of 2.81, Price with mean value of 4.03 and mean rank of 2.69 and Place with mean value of 2.31 and mean rank of 1.06 were the second to fourth greatest necessary elements of Marketing Mix respectively (Table 8).

Table 8. Comparing the Impact of 4p's Elements on Purchase Intention in Neurosurgeons Group

Element	Mean Value	Mean Rank	Product	Price	Place	Promotion
Product	4.7	3.4	-----	0.03*	0.00	0.02*
Price	4.0	2.7	-2.24*	-----	0.00	0.24*
Place	2.3	1.1	-3.52	-3.47	-----	0.00
Promotion	4.4	2.8	-2.43*	-1.17*	-3.52	-----

Notes: The numbers under diameter are amount of Z and the above ones are significance level.

\* n.s

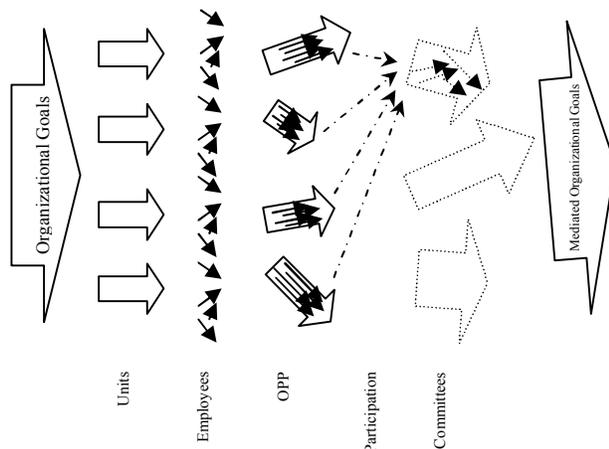


Figure 1. Conceptual Model of Organizational Position Properties and Its Impact on Decision Making

## 5. Discussions

Regarding with previous sections, it is observed that in the buying centers, priorities of participants working in different functional groups are not similar however; general social and economical conditions are similar for the whole organization. With this situation, all buying center personnel should have had same point of view without any differences in priorities. So why didn't they have it? Why were there different rankings in different functional groups? It could be concluded that apart from general condition of the whole organization, different functional groups also have some sub conditions which mediate their values and decision criteria and make the decision circumstance more complex. For instance, managers and logistics heads have to consider financial and economical issues more because of their posture in firms. So they emphasize on element Price and its sub elements more.

On the other hand, since the ICP Monitoring is used by physicians, medical engineers and neurosurgical intensive care unit incharges, directly, and they deal with patients' health and lives directly, they pay more attention to the element Product and its sub elements. These are local values of each functional group in a firm and I call them Organizational Position Properties (OPP). In this field, Dadzie et al. also agree with us of this research. They believe that buying decision is fairly complex that involves several functional participants at different decision stages, using different decision criteria (Dadzie et al., 1999).

A limitation in Webster and Wind (1972) and Foxall's (1993) suggested model is that they cite the category of organization General Conditions as one of the key independent variables affect

participants but they don't mention the Specific Conditions of each functional group and its pressures. Although, participants in buying center get conflict because of their dual roles, which I call them "Primary Role" (the role employees play in their functional group) and "Secondary Role" (the role employees play in buying center as a participant), but still their opinions have root in their primary roles. In conclusion, it is true that, eventually, the final decision in buying center is resultant of the decisions participants make based on their Organizational Position Properties (Table 3 and Figure 1).

As the conceptual model shows, initially, the organization and its founders have their own major goals. Based on such goals, they organize and establish different units with functional goals, in line with the major goals and parallel with each other in order to follow organizational macro goals. In the next step, different individuals with different personal goals and taste are recruited as employees for occupy postures of the units. Since individual goals of employees are not the same with each other and furthermore, are not in line with aims of their units, the whole goals in all levels include individual and functional will be mediated and we will observe some units in where some specific values are created and the staff are persuading them. These values are not the same with other units' values and also they are not exactly the same as organizational goals\_ the phenomenon that I call it "Organizational Position Properties (OPP)".

In addition to permanent organizational units, we have some committees such as buying center which is made up with participation of employees from different units with different OPP's for making common decisions. Various OPP's will be mediated and the decisions will be made. As consequence of such large amounts of mediations and changes, the organizational goals will be mediated, finally.

Totally, the decision making process is a complex network of integrations motivated by personal, functional and organizational objectives (Robertson, 1971; Johnston, 1981; Rogers, 1983).

According to the results, it is suggested to marketers and sellers that one of the effective sales strategies in business to business marketing is that in addition to distinguish rules and procedures of buying process in target business, they also should identify \_ with a proper plan and according to the mentioned product \_ determiners, participants and key influential individuals in buying center. Then they should work out such influential participants' priorities, criteria and Organizational Position Properties \_ with establishing an effective relationship \_ and adjust a mediated real Marketing

Mix match with mentioned situation. Knowledge of this criteria should allow vendors and third party providers to mediate their Marketing Mix in order to suit the major influencers in the purchase decision process (Dadzie et al., 1999). This issue can provide a desirable competitive advantage in market.

Considerable limitation of this research is to be small of the statistical population volume that can challenge validity of results. The reason is scant medical centers equipped with neurosurgical intensive care unit in Fars province, Iran and consequently, scant persons forming the statistical population. Hence, it is suggested researchers with performing similar research in more extensive domain and larger statistical population, also with performing similar surveys about other products in other businesses and performing similar surveys in other decision making committees and comparing their results with current ones, try to measure the validity and richness of this research.

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