

Extensivity, participation and organizational culture in the buying centre network context – qualitative study on Finnish firms

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Competitive paper

Abstract

Organizational buying faces new challenges and adaptation needs along with the changing business environment. As surrounding business and technology environments change, also buying centre networks are forced to change in order to sustain sufficient knowledge level and guarantee efficient purchasing functionality. For suppliers in business-to-business markets, in-depth information on characteristics of customer organizations and, especially, the buying centre networks is essential for adapting the sales activities accordingly. In this paper we have taken extensivity of buying centre networks under a special focus. This study provides profound information on the special characteristics of extensivity of the buying centre networks: how these networks transform during buying processes; and how the extensivity differs between the buying situations and different organizational cultures. The empirical investigation is conducted through a qualitative study on Finnish business organizations during the beginning of 2007. The study confirmed that there exists a substantive variation in the levels of extensivity and participation of various parties in the networks during the buying processes. Extensivity and networking towards internal and external sources was highest during the first phases of a buying process and decreased in importance towards the final phases of the process. Buying situations and an organizational culture influenced also notably extensivity of the network, and the networking towards internal and external sources.

Key words: buying centre, organizational culture, organizational structure, buying process

Background

Buying centres have been known as the key functions influencing the flow of organizational purchasing. Various names and descriptions have been used on this collection of individuals connected in organizational buying decisions. But, the most often used term, in marketing context, is the buying centre (e.g. Robinson, Faris, & Wind, 1967; Webster & Wind, 1972). In this study, buying centres are treated as networks, which are built from interaction processes of individuals in which technical, social, and economic issues are dealt with. These networks are therefore seen as organized patterns of interaction for completing the purchase task. (Håkansson & Snehota, 2000) Although buying centres have been studied widely by several authors (e.g. Webster & Wind, 1972; Sheth, 1973) and regardless of the obvious importance of the network perspective, surprisingly few studies have applied this view (e.g. Johnston, 1981; Bristor, 1993; Buckles & Ronchetto, 1996).

Buying centre networks are defined as the ad hoc networks of participants involving the organizational purchasing (Robinson et al. 1967). This ad hoc purchasing function plays a central role in organizations' success in their purchasing activities (Bristor 1993). In organizational purchasing, individuals from different functional areas and departments of an organization and outside the organization are interconnected with each other to share and create shared knowledge on the purchase task, for lessening the purchase related uncertainties (Buckles and Ronchetto 1996). The network view is therefore seen as the most appropriate perspective, highlighting the fact that buying centres are functioning as networks connecting individuals (from internal and external sources) who share purchase related information for the success of the purchase task (Buckles & Ronchetto, 1996).

An organization's buying process is strongly dependent of its ability to create a strong buying centre network, including individuals from all levels and functions of an organization and outside the organization allowing buying centre members access to knowledge related to the buying task. The success of the buying process depends thus heavily on the success in setting up a well functioning buying centre network. (Bristor, 1993) Efficiency and functionality of a buying centre network, structure, and participation of individuals are essential factors for the purchase decision at issue, as it brings together and creates knowledge needed in the decision making.

In business marketing research the concentration has been on profiling buying centres, describing interpersonal communication, and identifying organizational and environmental factors that affect buying centre behaviour and decision making (e.g. Johnston and Bonoma, 1981; McCabe, 1987; McQuiston, 1989). Several authors have also attempted to study changes in buying centre composition and structure over the buying process and determine their effects on the buying centre behaviour (e.g. Dowling, 1994; Lynn, 1987; McQuiston, 1989; McWilliams, Naumann & Scott, 1992). Consistent, comparable and industry specific on the buying centre structures and the effects on actual purchase processes are however scarce. The best attempts to identify the determining factors affecting to buying centres have opted for one of the two approaches: studying the effects of purchase situations on buying centre structures and operation models (Robinson, Faris, & Wind, 1967; Naumann, Lincoln & McWilliams, 1984; Garrido-Samantiego & Gutierrez-Cillan, 2004); or studying the variations in buying centre structures in different buying process phases (Naumann, Lincoln & McWilliams, 1984). Also the influences of buying situation (Robinson, Faris, & Wind, 1967) and organizational structure (e.g. Lynn, 1987; Patton, Puto & King, 1986) on buying centres have included in the prior studies.

Prior studies of this latter trend have discovered that organizations had distinctive differences in the structures of buying centre networks measured by three variables - extensivity, lateral involvement, and vertical involvement (Ghingold & Wilson, 1998). Further, there has been specified several other factors that are found to explain the structural variations of buying centres: stage of the buying process, an organizational structure, and buying situation. Cultural differences are also commonly known to influence organizational behaviour. However, the effects of organizational culture on buying centre network structures have not been studied; though, it can be expected, with high probability, to be a significant factor affecting to the variations in the network structures.

Structure of buying centre networks

For analyzing the buying centre networks, several variables have been applied over the years of organizational buying research. One of the most often used variable for describing buying centre structure is, naturally, the size, the number of persons involved in a buying decision making process (e.g. Kohli, 1989). The network size has been found to influence strongly several aspects of the buying process and the operability of the buying centre network. The network size, or extensivity (Johnston & Bonoma, 1981) has for example direct effects on the individual participation, interaction, and the purchase specific knowledge gathered for the use of the buying process. (Shaw, 1981; Kohli, 1989) It has also been found to correlate positively with the degree of formalization (Dawes et al., 1998) and the complexity of the purchase process (Johnston & Bonoma, 1981) Thus, the buying centre size is an important indicator of the functionality of a buying centre network; the extent and nature of the knowledge, the organizational structure, and the perceived importance and complexity of the purchase process.

Also several other variables have been found to influence an organizational buying process. The participation of different hierarchical levels to the buying centre, i.e. vertical involvement, is often used variable characterising the structure of the buying centre network (Johnston & Bonoma, 1981). It is found to describe well the differences in buying centre networks in different organizations, buying situations, and purchased products. (Choffray & Lilien, 1978; Johnston & Bonoma, 1981) The third important

variable for measuring network structures of buying centres is the lateral involvement, referring to the participation of different functional areas (Johnston & Bonoma, 1981). Prior studies e.g. Bello & Lohtia (1993) have shown that participation of different specialization areas and functions changes during the buying process and differs between different buying situations. When concentrating on individuals' involvement and influence on decision making in the buying centres, three key variables are most often applied. Familiarity is used for describing buying centre networks (Bormann, 1975). Relating to group interactions and dynamism, and is thus important when studying aspects of decision making processes in buying centres. Viscidity is applied when examining operational and social aspects of buying centre networks. It is set to measure how cohesive or fragmented the buying centre group is, having thus direct effects on the group dynamism. (Shaw, 1981; Kohli, 1989) And, finally, participation is an important variable describing the "amount of written or verbal communication offered to others in the decision making unit during the course of the purchase decision" (McQuiston, 1989, p.68).

Though, several variables have been suggested for describing the buying centre network structures in this study we have taken the extensivity under the special focus. It is found to be the most applicable for this study as it provides an explicit tool for examining the variations in the networks between organizations, buying situations and organizational cultures. The extensivity is understood as the number of persons participating in a buying centre network at the each stage of a buying process (Johnston & Bonoma, 1981).

An influence of buying situation and organizational culture on buying centre networks

When examining organizational buying and differences of buying centre networks in different buying processes, a buying situation is an important variable that must be taken into account. The structure of a buying centre network is found to differ according to the characteristics of buying situations. Robinson, Faris & Wind (1967) found in their empirical research that buying situations can be categorized most explicitly into three groups: a new task buy situation, a modified re-buy situation, and a re-buy situation. We have applied this method for separating different buying situations and exploring the differences among them. This classification was found to be useful for identifying participants in the buying processes, specifying the circumstances under which an individual participates, and determining the influence of each participant.

Although the cultural aspect is stated to be an important denominator of an organizational behaviour, in the context of buying centres the cultural influence is rarely studied. When treating buying centres as networks, the cultural influence can hardly be excluded as it is expected to have direct and significant effects on several aspects of the networks. Schein (1984) has defined organizational culture as "a set of core values, behavioural norms, artefacts and behavioural patterns which govern the way people in an organization interact with each other and invest their energy in their jobs and the organization at large". According to Engel, Blackwell & Miniard (1993, p. 63) culture is understood as "a set of values, ideas, artefacts, and other meaningful symbols that help individuals communicate, interpret, and evaluate as members of society". On individual level, the culture influences individuals' product choices, structure of consumption, individual decision making and communication about the product (Engel, Blackwell & Miniard, 1993; Sangeeta, 2006). Culture can be therefore understood on two different levels, either, on the cultural or country level or on the organizational or company level as all organizations has their own cultural characteristics. In this study the culture is viewed from the organizational perspective.

In observing cultural differences on organizational level, the most often applied model is the one of Hofstede (1983, 1991). He tested a theoretical model of Inkeles & Levinson (1969), and found support that the dimensional model explains well cultural differences on organizational level. There was also discovered that cultural differences can be divided, most conveniently, into four dimensions: individualism and collectivism, power distance, uncertainty avoidance, and masculinity and femininity

(Yeniyurt & Townsend, 2003). In this study for examining the effects of organizational culture on the extensivity of a buying centre network, the culture is examined through the dimensions introduced by Hofstede (1983): individualism, power distance, uncertainty avoidance and masculinity. Though, this model is most often used in an international context, it is found appropriate for this study, as differences in these cultural dimensions are found to exist also between organizations on a national level. For instance, Hofstede (1991) and Straub et al. (2002) have stated that national values on the dimensions of culture cannot be used solely to predict organizational or individual level behaviour. The impact of the national culture varies significantly between individuals and organizations on a national level, depending on their connectedness to the national culture and to subcultures.

Research objectives and methodology

Obectives

For business organizations, an ability to set up a strong buying centre network is essential for gathering the knowledge needed for accurate buying decisions. In this study we have taken the extensivity under a special focus. The extensivity is found to be one of the most important variables characterizing the buying centre networks (e.g. Shaw, 1981; Kohli, 1989). We perceive that the size of the network is an important indicator of the perceived importance and the risk related to the buying process. Thus, the first research questions states,

- How does the extensivity and structure of buying centre networks differ during the buying process and between buying situations?

For studying extensivity and participation in the buying centre networks, the respondents were asked to estimate the number of persons involved in the buying centre network in each stage of the buying process (e.g. “what was the number of persons involved in each phase of the buying process”); and who were participating in each stage of the process and what was the role of the participants - users, influencers, buyers, deciders, and gatekeepers (Webster & Wind, 1972). In exploring the buying processes, organization-specific differences were taken into account, and respondents could exclude some stages or include new ones depending on their organization’s special characteristics. Extensivity, participation and buying organization structure were studied separately in the new-buy situations (NBS) and modified re-buy situations (MBS) enabling the comparison between the buying situations. These issues were mainly studied through both open-ended and structured questions. The structured questions were used for measuring more explicitly e.g. the level of risk and importance of the buying object, and the degree of centralization, formalization and specialization of the buying organization (e.g. “how would you consider the level of formality of the buying organization of your company”: open-ended; and evaluate on the scale 1-5, 1=centralized and 5=de-centralized).

As stated, in order to objectively analyze the variations in buying centre networks between organizations, and the effects of buying situations, organizational culture must be taken into account. As e.g. Schein (1985); Engel, Blackwell & Miniard (1993, 63); and Hofstede (1983, 1991) found, the organizational culture have significant effects on several processes and aspects of business organizations. Buying processes are thus expected to be significantly influenced by the four cultural dimensions. The second research questions states,

- How does an organizational culture influence the extensivity of buying centre networks?

In measuring an organizational culture of buying centres the structured questions were used more broadly (e.g. “how would you evaluate the buying behaviour in your organization in terms of collectivism and individualism in the scale 1-5, 1=as a group and 5=individually; “how would you consider the influence power of different persons over the buying decisions in your organization”; and “when considering a buying behaviour of your organization, is your organization more a risk-taker or a risk-avoider?”). Open-ended questions were also applied for specifying and explaining the given evaluations. The buying culture was not studied separately in the two buying situations.

Data collection

The empirical study was conducted among Finnish business organizations during the beginning of 2007. The qualitative empirical, partly descriptive and partly explorative, data was collected through personal interviews. The personal interview method was applied as buying centre networks vary significantly between organizations - interviewees observe the buying processes and buying centres very differently - and there is significant variations in terms and definitions used to imply the same aspects of buying centre networks that cannot be taken into account beforehand. The data consists of 28 interviews among Finnish small and medium size companies.

In selecting the sample companies, candidates were examined based on whether they had recently been in “new-buy” or “modified re-buy” situations. Examining straight re-buy situations were excluded as its ability to provide new information on the research problems was discovered to be limited. The companies were selected from the traditional basic industries and the high technology industries for securing sufficient variability of the organizations to be examined. In the present study an industry-specific perspective was not taken and, thus, the industries were not analyzed separately or compared. In-depth analysis on the industry level will be conducted in the further studies.

Interview method was mainly semi-structured interview in which different topics were discussed through open-ended questions. The method allows for flexibility and provides the chance to discuss some issues more in-depth. Open-ended questions allow also interviewer to correct misunderstandings, to ascertain an interviewee’s lack of knowledge, to detect ambiguity, to encourage cooperation and to make better estimates of the interviewee’s true beliefs and attitudes (Kerlinger, 1983, p. 442-443). However, for measuring and supporting the analyses and explicit comparison of some key areas interviewees were asked to answer also to few structured questions. These questions related mainly on scaling importance of some specific issues, e.g.: *what is the importance of the purchase for your company: 1-5 (1=not important, 5= highly important); what is the degree of risk related to this purchase: 1-5 (1=low risk, 5=high risk).*

Validity

Interviews were carefully written down during the interviews, but were not audio-taped. Interviews were examined and detailed transcriptions were written immediately after the interviews for confirming accurate interpretations. Interviewees were checked beforehand for guaranteeing they had sufficient experience and knowledge on the company’s buying activities. During the interviews follow-up questions were asked, questions were explained more explicitly, and misunderstandings were corrected when needed to minimize discrepancies and confirm the accuracy of information.

Interviewers were marketing students who conducted the personal interviews and wrote the detailed transcriptions. The interview outline, theoretical foundation, and research problem formulation was conducted by the researchers, i.e. the authors. The interview outline was tested in two companies and some minor changes were done. The researchers supervised and controlled the data collection by being in contact with the sample companies if unclarities were arisen. All interviewers had good background information on the themes covered in the interviews. The interview outline, the themes, and the relevant

theories were also discussed thoroughly beforehand with the interviewees. The validity of the study was further strengthened as both researchers have had a chance to examine and analyze the empirical data separately. The original interview forms have also been available for both researchers for enabling an assurance of validity of the transcriptions.

Structure of buying centre networks in different buying situations

A six-step buying process description was presented to interviewees: 1) recognition of problem, need or purchase intention, 2) determination of characteristics and quantity needed, 3) precise description of characteristics and quantity of item needed, 4) search for and qualification of potential sources, 5) vendor interaction and analysis of proposals, and 6) evaluation of proposals and selection of supplier (c.f. Ghingold & Wilson, 1998). Interviewees were asked to specify "Who were present in each phase of the buying process" (with Q7 and Q14; we refer to questions numbers 7 and 14 on the questionnaire sheet). The buying processes were analysed both in a new task buy situation (NBS) and a modified re-buy situation (MBS). The first aim was to examine the structure and extensivity of buying centre networks in both buying situations. The second aim was to examine the participation and involvement of different hierarchical levels and different functional areas in both situations. These research tasks helped to find different networks, coalitions and interactions in different phases of the buying process, and differences between the buying situations.

In MBS case, the problem recognition, need or purchase intention can be introduced from several sources, e.g. from different functions, organisational levels or outside the company. Most often, employees, users, influencers, middle management, supervisors, R&D, customers and sellers were mentioned as the sources of the purchasing needs. In this first phase special or clear networks were rarely found and if existed they were quite informal and implicit. In NBS the significance of top management and experts was emphasised and more precise technical specifications were required, but clear formal networks were not yet prominent.

In the second and third phases of the process the determination and precise description of characteristics and quantity of item needed were analysed (phases 2 and 3 analysed together). In MBS the importance of experts started to get more emphasised, and the purchase function was defined more explicitly. The lateral and vertical co-operation of the buying centre network increased as well as the amount of participants (i.e. extensivity). Also the number of different roles increased along with the network size (e.g. user, buyer, influencer). As expected, in the case of NBS more expertise was needed compared to MBS. And thus, the networking to different functional areas and departments was also clearly higher. In this phase the quality- and delivery time were the most important issues. More actors from higher organisational levels participated compared to the previous phase.

In the fourth phase (search for and qualification of potential sources) the co-operation, especially between the middle management and top management, was emphasised in both situations. In the buying centre network, actors from several functions and departments (such as purchase, manufacture and selling functions) participated to the decision making and other activities. Networking towards suppliers and customers was also perceived as an important task, along with the internal networking.

The fifth phase was the vendor interaction and analysis of proposals. In both buying situations, the participation of persons from various sources was conducted mainly according to each actor's area of responsibility. The owner and top management were clearly more active in analysing proposals when the purchase was expensive or related to a company's core business. Co-operation of network participants was still active in this phase.

The last phase, evaluation of proposals and selection of supplier, was rather similar in both buying situations. The importance and economic dimensions of the purchase, great perceived risk, and novelty level were mentioned to be the key reasons that the final decision making was concentrated on the top management level. In this phase, the same actors were found to participate in the buying centre network than in the other phases of the buying process, although the importance of employee and supervisor levels was now clearly lower.

In NBS the meaning of expertise, especially technical expertise, but also other expertise areas (R&D, expertise in buying) were emphasised compared to MBS. In the cases of more expensive purchases the top management was found to appreciate more intensively the knowledge, skills and other expertise of different participants. Buying centre networks were found to be constructed, during the buying process, of participants from several organisational levels and functions inside the companies, and participants outside the companies, such as suppliers, customers and experts. Based on the interviews there was identified a) smaller networks (a couple of persons), b) wider networks inside the company (many functions, experts; teams), c) experts outside of the company, and d) network chains towards suppliers and customers. The buying centre networks seem thus to be dynamic and variable in terms of extensivity, structure, members of actors, skills of actors and cohesiveness.

The interviewees were also asked to describe the degree of centralisation and formalisation of buying decisions, and what kind of special skills were required from people working in the buying organisation (table 1): a) = MBS, b) = NBS; scale in structured questions 1 ... 5; Q15: centralisation = 1 ... decentralisation = 5; Q16: no formal = 1 ... formal = 5; Q17: not special skills needed = 1 ... special skills needed = 5. The aim of including these structured questions into this study was to observe differences between MBS and NBS more explicitly. By combining structural and open-ended questions, analyses can be deepened and new aspects to the research problems can be found. Each question (Q15a ... Q17b) consisted of two parts: 1) open-ended question and 2) structured question (scale 1 ... 5).

Table 1. The degree of centralisation and formalisation in buying decisions and requirements for special skills in the buying organisation

Question	Mean	N	Range
Q15a	2.08	24	1 - 5
Q15b	2.00	24	1 - 5
Q16a	2.63	24	1 - 5
Q16b	2.50	24	1 - 5
Q17a	3.14	21	2 - 5
Q17b	3.33	18	1 - 5

Comparison of the mean values between MBS and NBS shows only minor differences between the situations. Any statistical methods and tests for significance are naturally non-applicable due to small N. Based on question 17, there seems to be some differences in the degree of specialized skills required between NBS and MBS. In NBS case companies seem to emphasize slightly more special skills during the buying process compared to MBS. In both cases decision making was found to be rather centralised (in the case of final decisions), as the final buying decisions were often centralized on top management level. The range is 1 - 5, but only one interviewee gave grade 5 (MBS) and two interviewees gave grade 5 (NBS).

According to question 16, the decision-making was found to be quite informal (Q16). In both situations only one interviewee gave grade 5. Special skills were needed a lot in both situations which seem to require more informal emphasis. The range in MBS was 2 - 5 (only one answered 5) and in NBS 1 - 5. The high degree of variation in answers was caused by many reasons: the sizes of companies varied, some

companies had a buying department (but most companies had not), interviewed companies represented many industries, and there were traditional business companies and new technology companies (e.g. IT).

In each question (Q15a ... Q17b) interviewees were asked to describe more in detail their evaluations (open-ended questions). As mentioned, the respondents' statements varied in terms of centralisation in the decision making in the case of MBS. The person of the responsibility area makes generally less important purchase decisions. An expensive, high risk or purchases related to a company's core business usually means that top management, management group or respective actors are the final decision makers. However, also in these cases there are links to different networks, e.g. to experts who often have a significant influence on the decisions. In NBS the final decision making seems to be centralised more clearly to the top management than in MBS case.

Variation in the degree of formalisation was found to exist in both situations. Transparent rules, instructions, policies and standards are followed in MBS, but informality is still prominent: 'what is the case' or 'the best possible solution will be delivered to the customer', as respondents mentioned. Of course, preliminary agreements, chain control, procurement directions, quality systems, definitions of responsibility areas, principles or policies of group and other procurement systems bring more formality to decision making. In NBS case, formality is emphasised more especially when the purchase is expensive and the final decider is top management. In these situations written documentation is required; and the role of standards, certificates, and the respective elements are emphasised. In this point, there must be notified that respondents' have not necessarily been able to make clear difference between MBS and NBS, although clear definitions were given in each respective question. However, problems occurring from this issue were controlled by analyzing and classifying all the interviews and cases with qualitative research methods.

As presented in table 1, special skills were required somewhat more in NBS than MBS which was further confirmed in open-ended questions. Special skills can relate to several functional areas and departments of an organization, and cannot therefore be categorized to belong to any specific area of an organization or an external source. For example, during the purchase process the amount and coalition of participants change. Specialists can be found from an employee, expert or middle management levels, or specific functional areas. A top management is often seen as a final decision maker.

In the interviews there was emphasized especially the fact that a purchaser needs to have special skills and real time knowledge about markets on hand in today's buying activities. Interviews indicated clearly that buying organizations tend to perceive a supplier's special skills and knowledge highly important, that are commonly utilized during the buying process. Respondents mentioned also several detailed competencies that were emphasised and required from persons participating in the buying process. Generally, there was seen that the person must be a specialist on her/his responsibility area. "Not needed very much (special skills), but with experience gets along" -statement confirms an idea that special skills will be emphasised through experience. In the case of NBS special skills needed were more prominent compared to MBS. This is seen in the following statements: 'special skills maybe more important', 'e.g. benchmarking', 'team work needed', 'special skills from buying organisation people'. Special skills were not always connected with managing a certain special issue. These skills referred often to 'managing wider entities', or to versatile competencies, e.g. 'very wide knowledge about supplier sector' or 'tailoring according to an end-user's needs'. The expertise and skills of the buying department are also emphasised in NBS.

Characteristics of organisational culture in buying centre networks

Organizational culture was studied through the five following questions with structured and open-ended methods. Structured questions (table 2) concentrated on collectivism (Q18), power distance (Q19), uncertainty avoidance (Q 21) and soft/hard values (Q22). The scale used was 1 ... 5 as before (Q18: collectivism 1 ... 5 individualism, Q19: inequality 1 ... equality 5, Q21: avoidance of risk 1 ... 5 risk approval, Q22: hard values, masculinity 1 ... soft values, femininity). Open-ended questions included arguments (Q20) and wider evaluations of buying culture (Q23).

Table 2. Variables measuring buying culture.

Question	Mean	N	Range
Q18	3.33	27	1 - 5
Q19	3.70	27	2 - 5
Q21	2.52	27	1 - 4
Q22	2.44	27	1 - 5

In table 2 there is found that respondents perceived their organisational cultures tend to favour individual decision making more than group decision making (Q18) (answers ranged from 1 to 5). Open questions revealed that although people are working in groups and teams, the final decision-maker is usually an individual who is responsible for the decision. The task belongs to his/her responsibility area and is thus made also by that person. Concentration of responsibilities on an individual level seems to influence also the decision-making style.

Power distance (Q 19) shows that people have quite equal possibilities to influence on buying decisions according to their organisational roles (range 2 - 5). Respondents found that everyone, in their organizations, can present quite freely one's own opinions and suggestions. Especially in the first phases of the purchase processes when the number of participants is greater, listening opinions of persons from different departments and functions is seen valuable. Answers to open-ended questions revealed that each participant's own expertise and responsibility area is contributory in the buying process. Interactions between the other members of a buying centre network were perceived as an important way to obtain a better understanding of the buying object at issue. The respondents used e.g. the following statements: 'listening to others', 'employees have equal opportunities to influence', 'we agree on who will start to take care of purchase', 'sincerity', 'discussing culture', 'listening to all opinions who are present', 'equal influence', 'we act in team'. However, the final decisions in both buying situations either, concentrated directly to top management, supported by the opinions and expertise of the network; or top management made the strategic decisions and lower hierarchical levels act accordingly.

In practice, in all buying situations with some new elements, a company is forced to bear some level risk. An organization's ability and willingness to accept the risk differs significantly between organizations. With question 21 the respondents were asked to evaluate risks related to the buying situations in question. The answers to the structured question ranged from 1 to 4 with the mean 2.52, indicating that companies are generally rather careful, risk-avoiders. Cohesive, credible and active business relations were found to lessen risks. In the beginning of the interview we asked, how respondents evaluate risks in MBS and in NBS. There was a notable difference in the means of the buying situations, MBS = 2.35 and NBS = 3.36. Respondents were also asked to describe those risks. In both buying situations the most important risks related to delivery times, ready for delivery, and quality (e.g. a respondent stated these as a 'traditional risks'). In the case of MBS risks tend to be lower as companies are more familiar with the suppliers. In NBS case, there was discovered that quality related risks were analysed more in detail compared to MBS. As expected, the degree of novelty of the product was found to increase the risks. The following

statements highlight explicitly these issues from NBS perspective: 'a little experiences, is it durable', 'a risk to failure in define specifications', 'is the product choice valid?', 'technical quality?', 'delivery correct?', 'risks concerning new technology', new supplier', 'new brand'. As risks are prominently higher in the NBS case networking and extensivity of the network plays more important role. By increasing the network extensivity, the risk levels can be decreased as companies have better access to knowledge related to the key risk areas.

The interviewees were also enquired how hard values and soft values are seen in their buying culture processes (Q22). In answers, hard values were emphasised with the mean of 2.44, answers ranging between 1 and 5; only one gave grade 5 and most of answers concentrated on grades 2 and 3. When extensive and expensive purchases occurred the hard values were found to be more prominent, and the need for seeking new suppliers was also found to gain in importance. "Euro in this industry is the only real measure ..." as a one respondent stated.

Finally, we asked the respondents to reason their opinions concerning the company's buying culture (Q23). The hard values were clearly emphasised. The next statements illustrates this subject: 'pure business', 'business is always business and money the only criteria', 'cost efficiency', 'do money to owners', 'manage risks', 'price competition in industry'. However, also soft values were found important, especially towards suppliers and actors inside the company. Following statements illustrate soft values: 'co-operation', 'social interactions', 'ecology', 'interactions outside work', 'working together', 'social values important'. Often soft values were stated, but then hard values were told as preconditions. As an example the next conclusion: "Social values are important, but the company have to succeed ...good profit". Thus, soft values were found to exist and perceived to be important in nearly all buying decisions; but the hard values were the default values that were evaluated first which had to fit the company's objectives, especially in the cases of expensive and important purchases. Only, if those hard values were found to reach a sufficient level, the soft values were considered. To conclude, long-term relationships with suppliers were generally appreciated and seen to have positive effects on the company.

Discussion

The six-step buying process was analysed both in a new task buy situation (NBS) and a modified re-buy situation (MBS). The analyses were conducted by classifying the empirical material according to the two buying situations and different phases of the buying process. The aim of the present study was to examine the structure and extensivity of buying centre networks in both buying situations and who are participants in the each phase. Further, extensivity and structure of the buying centre networks were also examined through organizational culture. There was expected that differences in cultures will also be reflected to the buying centre networks.

The results showed that buying centre networks are constructed of participants from multiple hierarchical levels, departments, and functional areas depending on the object to be purchased. Participation was nearly equally diverse in both buying situations, though some differences were found. The extensivity and coalition of buying centre networks was also found to vary substantially between different phases of the buying process and buying situations. In the first and second phases of the buying process, the extensivity of buying centre network was widest in both MBS and NBS, as expected. The networks were found also to be highly versatile in these phases, in terms of functional, hierarchical and in different roles of network members. In the next phases (3 – 4) the importance of expertise was clearly emphasised, especially in NBS case. Networking to different directions was found to increase notably, especially towards suppliers and customers. This was found to be well in line with the expectations, as organisations are accumulating purchase-specific information. The knowledge gathering was found to be the key force behind the organizations' orientation to extending the buying centre networks. In these phases, especially clear was an outward orientation in the networking activities. In the phase four, the role of middle management and

top management was found to be more central in NBS compared to MBS. Decision making was thus more centralised, formal and special skill-oriented in NBS, but differences were rather small requiring further studies.

Power distance in the organizational culture context addressed that people have rather equal chances to influence buying decisions. The power distance of buying centre networks was found to be minimal during the first phases of the buying process. But, when moving towards the final stages of the process the power distance was found to widen significantly. Thus, although participants were working collectively in groups or teams during the buying process, the final decision maker was often an individual from the top management or an individual who takes the responsibility for the decision. A low level power distance of an organization tends however to reduce and slower the widening of the power distance during the buying process. Power distance is therefore found to reflect to the extensivity and level of centralization of the buying centre networks – small power distance increases the extensivity, participation of different internal and external sources, and decreases the centralization.

As expected, the risk level was found to be notably greater in NBS compared to MBS. Reasons mentioned in MBS were e.g. cohesive, credible, long-term business relations. In NBS, the degree of novelty, exiguous experience or knowledge about suppliers, significantly different and new specifications, suppliers' unknown ways of actions were the key factors increasing the risk level. The greater risk levels increased the organizations' need for more extensive networks and for the use of experts with specified skills.

The hard values (masculinity) were clearly emphasised during the final decision making over the soft values. However, during the earlier stages of the buying processes, the soft values obtained surprisingly high importance among the case organizations. The importance of soft values was increased when there was a need for listening to others and interacting with various network members (internal and external), and when social links were of high importance. The soft values were thus perceived as highly important factor during the earlier stages of the buying process. But in the final decision making, the hard values were emphasized over the soft ones. The hard values were found especially important in the purchases of high cost and/or high importance. The importance of the purchase and tendency towards the hard values (i.e. price, quality, reliability, etc.) in the final decision making was also reflected to the buying centre networks in terms of decreased extensivity and increased centrality of the decision making. An interactivity, participation, and networking activities were found to be concentrated especially on the first phases of the buying process.

Finally, there are smaller networks (a couple of persons), b) wider networks inside the company (many functions, experts; teams), c) experts outside of the company, and d) network chains towards suppliers and customers. The buying centre network seems to be dynamic e.g. in its structure, members of actors, skills of actors and cohesiveness; different networks, coalitions and interactions in different phases of the whole buying process, and differences between buying situations.

Prior studied e.g. Bello & Lohtia (1993) suggested that participation of different specialization areas and functions (lateral involvement) change during the buying process and vary between different buying situations. This was confirmed also in the present study. In addition, there were also discovered notable variation in the vertical involvement and extensivity between different stages of the process. The classification of buying situations (MBS, NBS; Faris & Wind 1967) seemed to be clearly relevant, although, interviewees were not always able to make a clear distinction between these two situations. Familiarity, group interactions and dynamism were found to be emphasized in constructing and, especially, in changing the coalition of the network during the buying process (in line with findings of McQuiston 1989 and Bormann 1975). In this study, there was found that Hofstede's four cultural

dimensions: individualism and collectivism, power distance, uncertainty avoidance, and masculinity and femininity, offers a good tool for analysing cultural issues of buying centres.

Managerial implications and limitations of the study

Based on this study, for increasing the efficiency of buying centres and exploitation of expertise available, companies should enhance the interaction of participants (internal and external) in terms of lateral and vertical involvement during all stages of buying processes. Essential barrier to active participation and interaction throughout the decision making process is the power distance, which was found to widen towards the final stages of the process. By keeping the power distance on low levels through the decision making process, the efficiency of participation and exploitation of expertise is increased. In organizations, the buying centre concept should be viewed as a dynamic network instead of fixed department or function. Buying centres as dynamic networks operate more efficiently and are more adaptable to various buying situations. Related to the dynamism, increasing the network extensivity is recommendable only to the limits where the networks sustain the dynamism. After the point when active participation and interaction starts to decrease when increasing the extensivity, additional participants provide decreasing amount of net benefits to the network. Essentially, the buying centre networks are constructed to manage uncertainty and lessening perceived risks associated to the purchase. The lower the perceived risk level, the lower should also be the extensivity of a buying centre network.

Our research was limited to study only 28 Finnish companies from different industries, small and medium size companies. The amount empirical data did not offer possibilities for more in-depth statistical analyses and, therefore, cannot be generalized to other cultures without confirming studies. By, concentrating on two industries only could have provided more distinctive differences and results. The respondents could not always make a clear difference between MBS and NBS, although these two buying situations were defined to interviewees. This may have caused that there was not found clear differences in buying situations and buying processes in the case of some interviewed companies. The risk management aspect was addressed in many points of the research. It is an important area that should be studied more in-depth in further studies.

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