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Purchasing as an Integrated Competence

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INTRODUCTION

Nowadays, firms face a complex and changing business environment. Under the pressure to increase competitiveness, many firms have realised that purchasing decisions affect more than the material flow along the value chain. The increasing emphasis on reduced cost and improved quality, on faster product development through cross-functional teams, and on closer buyer-supplier relationship, are changing their perception of purchasing.

Purchasing has a role in corporate strategy and together with suppliers; it can play a strategic role in achieving sustainable competitive advantage in rapidly changing markets. In conditions where demand is uncertain, has considerably time pressure, and requires specific assets not available by the firm itself, the final value delivered to consumers depends on the firm's capacity and efficiency to work with a complex and flexible network environment. Firms need to be able to link together flexibly and to create fully integrated (often virtual) supply chains networks.

The future role of purchasing demands for new management approaches. Concepts like "sourcing teams," "supplier integration," "relationship management," "total cost management," "third-party purchasing," and "performance measurement" are some examples of the changing role of purchasing.

This article aims to discuss the concept of purchasing competence and its implications. First, it analyses the organisational purchasing process. Then, authors discuss the strategic nature of purchasing and introduce the purchasing competence concept. Finally, the article highlights the changing role of the purchasing function and its major future trends.

PURCHASING PROCESS

The Three Original Models

Organisational purchasing won importance as research area with three conceptual models published in the 1960s and 1970s: Robinson, Faris, and Wind (in 1967), Webster and Wind (in 1972), and Sheth (in 1973). These first theoretical models dedicated to the theme presented a central concept that organisational buying behaviour is a process. Our purpose in this section is to give a brief insight on the contribution of these early works.

Robinson, Faris, and Wind (RFW) developed the *Buygrid* framework, which correlated three buy-classes with eight buy-phases presented in organisational buying situations. Based on the familiarity/novelty of the purchase, organisational buying was classified into three buy-classes: new task (first time a product is purchased), modified rebuy (a renegotiation with respect to the product purchased), and straight rebuy (a routine renewal of established purchase with no significant change in supplier, product or terms involved). The purchasing process has analysed as a sequence of buying phases: (1) anticipation and recognition of need and general solution, (2) determination of characteristics and quantity needed, (3) description of characteristics and quantity of the needed item, (4) search for and qualification of potential sources, (5) acquisition and analysis of suppliers' proposals, (6) evaluation of proposals and selection of supplier(s), (7) selection of an order routine, and (8) performance feedback and evaluation (Johnston & Lewin, 1996; Wilson, 1996, 1999). This representation of a sequence is useful for descriptive purposes but it will always be possible to identify further stages or even to discuss the linear nature of the proposed sequence (see for instance Wilson, 1996).

Webster and Wind (WW) defined a diagram representation—a model—of the organisational purchasing, and considered that the decision process is influenced by (1) environmental determinants, (2) organisational determinants, (3) group characteristics, and (4) individual participants' characteristics. Together, they influence the decision and the composition of the buying centre. The degree of centralisation is a major dimension on decision process and influences the buyer with the definition of his or her geographic location, authority level, communication nature, and feelings and loyalty to other organisation members. WW recognised that the organisational purchasing is an individual behaviour--since only participants can define problems, decide, and act--and that every buying centre is unique (Johnston et al., 1996; Lewin & Johnston, 1996; Webster, 1991). WW identified five purchasing roles of buying centre: (1) users (who actually use the product purchased, for example, production, maintenance, or end–user customers), (2) influencers (who set the purchase parameters, for example, production, R&D, or designers), (3) buyers (who manage and conduct purchase negotiations, for example, buying agents, or purchase officers), (4) deciders (who approve final decision on purchase specifications, for example, CEOs, top managers, or major stockholders), and (5) gatekeepers (who can control incoming information and the access to decisions makers, for example, secretary, telephonist, or administrative staff) (Wilson, 1999).

Being a general model, the WW's model identified many key variables, recognised the involvement of several people into the purchasing process, considered a risk element, and is useful as a descriptive and organising framework (Ghingold & Wilson, 1998; Lewin et al., 1996; Webster, 1991; Wilson, 1996). However, in practice, the model has proved difficult because of its complexity. Some critics indicated that is related to the emphasis on analysis of the buying centre, the purchasing decision process, and the purchasing situation, which are hard to distinguish and not always clear (Campbell, 2002); the model is process oriented and lacks specific feedback loops (Wilson, 1996); the weakness of the assumptions concerning the specific influence of variables (Webster, 1991); the analysis of the purchase decisions on isolation and on buyer side (Webster, 1991; Wilson, 1996).

Similarly with RFW and WW, the Sheth's model contains environmental influences (called situational influences), organisational influences, and individual participant's characteristics. It also considers purchase characteristics and seller characteristics (both presented on RFW's work). Finally, it introduced information characteristics—sources and types of information available to decision makers and their active search—and conflict negotiation characteristics—resolution methods such problem solving, persuasion, bargaining, and politicking. The model formulation considered a psychological emphasis on the mental process of the individual participants and their decision process during the organisational purchasing process (Webster, 1991). The resulting supplier selection decision can be affected by (1) rational (information sources, education, organisational role, and product and organisation characteristics), and (2) psychological factors (lifestyle and values) (Wilson & Woodside, 1994).

Despite the descriptive usefulness of Sheth's model (Wilson, 1996), its applicability highlights some problems. First, it is a complex model, which converges into a "black box" —purchasing process--the psychological individual factors, the product-specific and organisation-specific factors, and the outcome of previous decisions (Campbell, 2002). Second, it also concentrated on the buyer's side (Campbell, 2002; Webster, 1991).

The works of RFW, WW, and Sheth indicated general determinants of organisational purchasing: (1) process or stages, (2) environmental characteristics, (3) organisational characteristics, (4) group characteristics, (5) participant characteristics, (6) purchase characteristics, (7) seller characteristics, (8) information characteristics, and (9) conflict negotiation characteristics. Because these early models presented limitations, the subsequent research had been trying to either extend or test the models proposed. The concepts of buy-classes, buying centre, the decision making, the perceived risk, and the specific factors a some of the concepts that influenced a significant research (see for instance Johnston et al., 1996; Kauffman, 1996).

The Buying Activities

In a business-to-business market, the understanding of the decision-making process has implications to sellers and buyers. For buyers it is important to make more efficient and effective decisions. For sellers it