

The rate of which
technology changes
has affected the
composition of the
decision...

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R. Wright(2004), defines technology as the making, modification, usage, and knowledge of tools, machines, techniques, crafts, systems and methods of organization, in order to solve a problem, improve a pre-existing solution to a problem, achieve a goal, handle and apply input or output relation or perform a specific function. This implies that technology significantly affect the control and adaptation of human and organizational processes to their natural environment. The rate of technology change cannot leave out the composition of the decision making unit (DMU).

According to the Financial Times, the DMU is a group of people in company or organization involved in making an important decision especially about buying something. It is also known as the buying centre which is a collection or a team of individuals who participate in a buyer decision process. The design of the decision making unit of an organization is in a cross functional manner such that there is maximization of knowledge from the different relevant parties in the buying centre. There are several key players in this process which include; ?????? Initiators, Gatekeepers, Buyers, Deciders, Users and Influencers.

Technology influences both what is bought and the nature of the organizational buying process as well. In the organisational buying process, technology defines the management and information systems that are involved in the buying decision process, such as computers and management science that utilises procurement softwares. It is a common failure of industrial marketing strategy, especially for new product introductions, to underestimate the demands that will be placed upon existing technology in the DMU composition.

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A new material, for example may require new dies and mixing equipment and new members of the buying center at various stages of the buying process. Technology has its positive as well as negative influences in problem solving inventions used by the firm including plant and equipment and programs for organizing and managing work for the buying center. A choice from the available options when trying to make good decision requires an organisation to weight positive and negatives of the options and consider all the alternatives.

For an effective decision to be made, the organisation must be able to forecast the outcome of each option as well as the de-merits based on linear programming, sequential decision making, forecasting and simulation. There are also other different factors that lead to the design and composition of the organizational buying centre. These include the company external factors, product characteristics, organizational characteristics like centralization, purchase situation the composition of the DMU, it is necessary for one to discuss each element ineptly in reference to technological systems that are used to enhance the decision making process.

These systems include; ?????? Web-based ERP (Enterprise Resource Planning) e-MRO (Maintenance, Repair and Overhaul) e-sourcing e-tendering e-reverse auctioning e-informing e-market sites. Electronic Data Interchange (EDI) Initiators Initiators have been defined as those who recognize that there is a need to be satisfied or a problem to be solved. This might come from a drive of efficiency and to the fact that some equipment will need

replacing. Initiators identify the need for a new purchase while exposing the weaknesses of the previous product.

Hence, within an environment where technological change occur the initiators are going to be key to the selection of a product or a service to be purchased as they will be well aware of which brand and product features are primarily important and concerned with product performance & ease of use. Through the use of E-sourcing, which identifies new suppliers for a specific category of purchasing requirements using Internet technology, initiators are able to access information on new product designs, knowledge and specifications that improves operational efficiency by referring to E-information.

This information is available at the click of a button using internet technology and E-sourcing soft wares. This quickens the process of supplier search and widens the scope of market accessibility which is made globally by E-markets. Multiple sourcing of different products due to global reach is enhanced. Sometimes organizations select a single supplier to provide the good or service. This can help streamline a company's paperwork and other buying processes.

With a single supplier, instead of negotiating two contracts and submitting two purchase orders to buy a particular offering, the company only has to do one of each. Plus, the more the company buys from one vendor, the bigger the volume discount it gets. Single sourcing can be risky, though, because it leaves a firm at the mercy of a sole supplier. What if the supplier doesn't deliver the goods, goes out of business, or jacks up its prices? Many firms

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prefer to do business with more than one supplier to avoid problems such as these.

This has increased information exchange between members of the decision making unit and or buying centre. It maybe through e-mails, skype, websites, mobile communication and any other modes of communication. Gatekeepers Schools of thought have oftenly referred to gatekeepers as those individuals who press the stop and go button in the decision making process. They are often proactive in searching for information and delivering recommendations for those decision makers further up the line. They also coordinate or dictate the flow of nformation from suppliers to the DMIJ.

Examples include secretarial staff and guards used to be the greatest hindrances on the asymmetry of information within Now, technology has drastically improved the composition of the DMU in terms of information technology as the participants of the buying centre can communicate directly through emails, video conferencing and virtual private networks circumventing the red tape associated with gatekeepers. Therefore as more influencers have access to the decision makers and are included in the list of potential suppliers then the buying centre will increase in size and become even ore complex.

In the Semantic context EDI (or Linked Data) , is one of the main technological cornerstones of Semantic Technologies for the improvement of E- Procurement. Linked Data describes a method of publishing structured data so that it can be interlinked and become more useful. Currently research works are arising from a semantic perspective in order to solve and <https://assignbuster.com/the-rate-of-which-technology-changes-has-affected-the-composition-of-the-decision-making-unitdiscuss-assignment/>

improve the interoperability, privacy, trust, quality, provenance, integration, transparency, lifecycle, etc. issues of this context.

Through the use of E-mails and technological systems the purpose of gatekeepers has since been reduced. This is due to the emerging Semantic technologies which are open to new development and business models in E-Procurement, reusing the available information to deploy new innovative services of matchmaking, recommendation or tracking activities and trying to automate the processes involved in the E-Procurement sector. In that sense, existing solutions are taking advantage of these semantic approaches to deliver innovative and cost-effective information services. Buyers R.

McNeil (2004), defines buyers as the professional function within an organisation generally responsible for purchasing, sourcing and negotiating. They connect with the buying, purchasing and procurement orientations. This is the personnel responsible for the formal ordering of the product. The size of the buying centre is also influenced by the characteristics of the buyers and of the other participants in the buying decision process. Buyers' characteristics such as education, experience, motivation and location will influence the number of people involved in the purchasing process.

The change of technology means that the composition and influence of buyers will change instead of moving door to door sourcing products. This usually took time and meant more buyers were needed because products can now be searched for on the internet. With the complexity of purchases due to technological change the number of buyers that were needed to consult has to increase depending on the organisational characteristics.

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Many studies suggest that organizational buyers regard new tasks as important. Dholakia et al (1993 p. 83) says, " new tasks are perceived as high risk". This implies that additional research characterize new task purchases as being more complex and associated with greater uncertainty . Most modern companies have embraced E-procurement in migration from the traditional method of tendering, contacting, evaluating, analysis and election of suppliers. E-Procurement refers to the use of electronic communications and transaction processing by government institutions and other public sector organizations when buying supplies and services or tendering public works.

The changeover from paper based systems to ones using electronic communications for public procurement procedures has led to the adoption of e-tendering, e-sourcing, e- informing and e-reverse auctioning and using Internet technology to buy goods and gathering and distribution of purchasing information both from and to internal and external parties using Internet technology. E-market sites expands on Web-based economic requirement planning (ERP) to open up value chains.

Buying communities can access preferred suppliers' products and services, add to shopping carts, create requisition, seek approval, receipt purchase orders and process electronic invoices with integration to suppliers' supply chains and buyers' financial systems. However, it should be noted that these technological systems does not change the composition of the buying unit but has the potential to yield important improvements in the efficiency of

individual purchases, the overall administration of public procurement and the functioning of the markets for government and private sector contracts.

The technology in this area may make it possible to automate the processes involved in the E-Procurement context. Deciders R. R Reader et al (1991) defines deciders as the ones who make the final decision in an organisational purchasing process. Their roles bear the responsibility of carrying the final order. This could be senior managers or agents acting on behalf of the organisation. Deciders reviews information provided from lower down the decision making process, i. e from buyers, gate keepers and the original initiators.

E-informing is used by deciders to gather and distribute purchasing information both from and to the internal and external parties using Internet technology. They then evaluate this information for decision making purposes with the aid of e-tendering which also automatically evaluates the potential suppliers according to the companys specifications and requirements. The decisions are made faster as the deciders have computer generated information from the data gathered from responses through tenders.

Purchase complexity is often defined as the technical complexity of the product and or the complexity of the buying decision or task under consideration as advocated for by McCabe (1987). This is the part where technologists come into play, they are mainly concerned with the technical aspects of the various products or services & their opinions will be of primary

importance. The technologists are the trained experts in the area of interest where the product or services to be purchased are used.

They are the participants that merge the corporate objectives with the product that is to be bought, having thorough knowledge of the brands, product specifications and also aligning with exceptional needs that the company will need when operating. When a mining company is setting up in a new location the buying centre as a whole may be aware of the general components and machinery that is expected but the final say of what will be needed and which brand and specs are most relevant to the company. This will be decided by either the in house chemical engineer or by consultant companies.

These will have the greatest influence as the constant change of technology with regards to the product has left the other participant without much to add terms of information regarding the product. Users Users are those who put the service or product into operation once the deal has been clinched. Their opinions will be important especially if they are using manufacturing equipment or flying aircraft using software to improve customer satisfaction. They are used in the post purchase evaluation phase of the buyer decision process increased information exchange between members of the decision making unit or the buying centre.

Information is timely communicated through e-mails, skype, websites, mobile communication and any other modes of communication. Hence reducing uncertainty in decision making. Influencers Kotler P, et al (2008) defines influencers as those people who may have a persuasive role in

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relation to the may be specialists who make recommendations based upon experience and their knowledge of products and services. These may include consultants employed by organisations who help deciders make the final decision.

Lawyers can also be classified as influencers in the sense that they offer legal advice which indirectly influences decision making processes. The rate of technological change has not left influencers untapped. There has been greater relevance within the buying centre as purchases have become complicated. Industrial customer satisfaction as a relationship-specific construct describes how well a supplier meets a customer's expectation in the following areas: product features, product-related information, services, order handling, complaint handling, interaction with salespeople and interaction with internal staff.

Now that technological advancement is bolstering, the adequate achievement of needs in these areas where the influencers have once been disregarded has become relevant and re-entered the buying centre whilst participating with the addition of the product selection list. In short when technology advances, it leaves an organization with no option but needing to catch-up with a high-technology purchase situations that will have arisen.

This calls for a greater internal information search which will lead to increased external information search. This is where the influencers come in. Vertical involvement differs from buying center centralization in that in highly centralized buying centers only a few members have significant influence over the purchase decision. In contrast, in buying centers com-J. E.

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Lewin, N. Donthu / Journal of Business Research 58 (2005) postulates that several management levels influence decision making which may be equally shared by participants. While on the other hand technological change can actually cause the decentralisation of the buying center as the participants can be brought together by better communication systems as information technology continues to improve. In conclusion, it is paramount to note that the change in technology generally, does not have any bearing on the composition of the buying centre as technology does not affect the policy or protocol that is to be taken when an organisation is planning to buy something. Technology only simplifies the steps within the protocol but does not usually change it.

If policy makers set that the minimum number of quotations that are needed to make a purchase is three, then technology will not reduce the number of quotes needed but rather ease the process of acquiring them. More so, technology has little or no effect on the composition of the buying centre with regards to the policy makers' requirements as they will remain to verify that the stipulated standard procedure is followed to avoid any diversions. By so doing affecting the demand for business to business (B2B) products.