ASPECTS OF ORGANISATIONAL BUYING BEHAVIOUR
IN THE SOUTH AFRICAN LEATHER INDUSTRY
(DYESTUFFS AND CHEMICALS)

BY
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PROMOTER: RICHARD MACHADO

June 1994
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- The editor, Ms Suzette Plantema for her invaluable assistance and patience.

- Finally the Lord, for the strength and encouragement he has provided.
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Knowledge of the many influences that affect purchasing preferences is important for marketers. Apart from the technical and economic factors of importance, non-economic factors are also significant. The latter have sociological and psychological bases. Organisational buying behaviour models attempt to provide a comprehensive scenario of these factors that in combination, help to explain buyer behaviour.

Sheth's model of industrial buying behaviour presents many of the factors that influence the organisational buying process and describes the complexity of decision making. These relationships are reflected in an integrated framework. Sheth's model is not intended to be definitive, it does, however, offer a framework that systematically presents the factors that influence organisational buying behaviour. This study shows that the Sheth model of industrial buying behaviour can be applied in the South African leather industry, and that valuable information can be obtained when the model is applied.
CHAPTER 1

INTRODUCTION TO THE STUDY

1.1 INTRODUCTION

Organisational buying decisions are the result of interactions of several individuals both internal and external to the organisation. Internal members of the organisation interact on behalf of others within the company or the overall company itself. Organisational buying behaviour is determined by the behaviour of these individuals, and their psychological characteristics operate as influences on their buying behaviour (Busch & Houston 1985:256).

Although most companies employ individuals that specialise in purchasing, several individuals are usually involved in a buying decision. Factors that influence the purchasing decisions include the nature of each individual, intraorganisational, interorganisational, and environmental factors (Busch & Houston 1985; Hutt & Speh 1992).
The organisational buying process follows the same phases as those found in consumer behaviour. These include problem recognition, internal search, external search, information receipt, decision and post decision. The nature of each phase, however, differs. Organisational buyers tend to use more objective evaluative criteria, personal sources of information, and engage in more active information searches. They may use reciprocity as a basis for supplier and product selection (Busch & Houston 1985).

Organisational purchasing procedures can be placed into one of three categories. Depending on the extensiveness of the process, the purchase can be classified as a straight rebuy, modified rebuy, or a new task buying situation. These will be discussed in Chapter 3. The three buying situations establish the basic purchasing pattern of the individuals involved in the decision-making process (Eckles 1990; Hutt & Speh 1992).

Models of organisational buying behaviour attempt to provide an integrated and comprehensive scenario of the major factors that combine to explain buyer behaviour (Morris 1988). The models describe many of the factors involved in organisational buying and indicate the complexity of the decision-making process. These integrated relationships
will be discussed and models of organisational buying reviewed.

In view of the background given above and in light of the fact that no data pertaining to organisational buying behaviour of the South African leather industry is available, the problem becomes one of identifying how buying takes place in this industry.

For the marketer in this sizeable industry, models of buying behaviour may be useful in identifying factors which influence the buying decision process (Bingham & Raffield 1990:117).

1.2 OBJECTIVES OF THE STUDY

The primary objective of this study is to test and systematically examine a model of organisational buying behaviour in the South African leather industry.

To achieve the main objective, the following secondary objectives are proposed:

- to determine the level of joint decision making;
to identify the conflict resolution methods used in joint decision making;

to identify the degree of formalisation of the purchasing policies of the individual tanneries;

to establish selection criteria used for dyestuffs and chemicals;

to determine information sources consulted during new purchase situations;

and

to determine whether tanneries have become environmentally conscious.

1.3 METHOD OF STUDY

The research method used in this study comprises a two phase approach involving a review of secondary information and a formal study based on primary information derived from telephone interviews.
Secondary information can be defined as "... existing data generated from a problem other than the one at hand" (Busch & Houston 1985:791). The secondary information consulted for this study comprises published information from various sources including international and local industry-specific literature. From this information, relevant conclusions are drawn with regard to the South African leather industry.

Primary information was collected by means of telephone interviews. Primary research is information that is "... collected specifically for the research needs at hand" (Kinnear & Taylor 1987:139).

Telephone interviews were conducted during which clear and precise questions were put to the respondents. All respondents were notified by post prior to the interview that a study was being conducted and that they could expect to be contacted. The results obtained by the telephone interview depended on the co-operation of the respondents and their understanding of the questions. The questionnaire and instructions were therefore carefully developed and constructed. The questionnaire was pre-tested before implementation.
The precise method of research used and the steps taken to ensure the highest level of accuracy are presented in detail in Chapter 4.

1.4 ORIENTATION OF THE STUDY

Chapter 1 provides an overview of the study, its objectives and the method used.

Chapter 2 covers the background of the South African leather industry. The development of the upholstery sector is discussed and an overview of the organisational structure of the South African leather industry presented.

Chapter 3 deals with a review of organisational buying behaviour. Buying motives, the buying process, buying situations, influences on buying behaviour, and the organisational buying centre are discussed. Four models of organisational buying behaviour are presented and a suitable model for this study selected.

Chapter 4 presents a detailed review of the methodology of the study. The secondary sources of information, the method of primary research, the development of the questionnaire as
well as the methodological limitations are discussed in detail.

Chapter 5 presents the results of the study, the level of joint decision making, possible time pressures experienced by respondents and the other decision makers involved in the buying process. The degree of formalisation of the purchasing policies, the personnel orientation of the tanneries, their selection criteria for dyestuffs and chemicals, environmental consciousness, and conflict resolution during joint decision making, are covered.

Chapter 6 sets out the conclusions and recommendations of this study. This chapter relates the research findings to the objectives of the study and makes pertinent recommendations for further research in the field of organisational buying behaviour in the South African industry.
1.5 **SUMMARY**

This chapter discusses the scope and method of the study. Organisational buying decisions are the result of interactions of individuals both internal and external to the organisation. The buying process of the organisation follows the same phases as those found in consumer behaviour. The nature of the phase, however, differs as organisational buyers tend to use more objective evaluation criteria, personal sources of information, and search more actively for information.

Models of organisational buying behaviour attempt to describe many of the factors involved in organisational buying, and indicate the complexity of the decision making process.

The objective of this study is to examine and test a model of organisational buying behaviour in the South African leather industry. To achieve the main objective several secondary objectives are proposed. The methodology includes the use of the telephone interview method.
CHAPTER 2

THE SOUTH AFRICAN LEATHER INDUSTRY

2.1 INTRODUCTION

Just as the South African livestock industry has grown in order to feed the population of the country, so the tanners have increased their output to meet the demand for footwear, leather goods and more recently furniture and automotive upholstery leather.

The national leather industry, from being orientated mainly towards the production of footwear and leather goods has diversified and followed international trends for leather upholstery. The motor industry has had a tremendous impact on South African tanners, generating increased investments and foreign interest in South Africa as a supplier of export grade leather.

The South African leather industry is a relatively old and established industry having survived many economic cycles and political isolation for several years. Some companies were established in the late 1800's and early 1900's that are still operating today, such as Mossops (established 1846), Western Tanning (established 1880) and Sutherlands
Tannery (established 1914).

Local tanneries have continually renewed their production facilities with major capital investments to meet the growing demand and the higher expectations of international customers. European tanneries have also sought to become part of the South African industry. Bader Germany established a tannery and Lindgens and Schweizer concluded technical assistance programmes with Ladysmith Leathers and King Tanning respectively (World Leather 1992:31).

2.2 THE SOUTH AFRICAN TANNING INDUSTRY

In the early 1980's the national tanning industry underwent a lean period due to severe drought conditions. Although generally there is no shortage of hides, high quality grades are in short supply as many South African hides tend to be blemished by defects such as scratches, tick bites and brand marks. This has lead to a significant increase in imported wet-blue hides to satisfy local demand. "Wet-blue hides" is an international expression given to hides that have been pre-tanned with basic chrome sulphates and basifying agents. This gives the semi-finished product good storage stability for up to six months. There is a surplus of low grade hides, especially as military buying has dropped
considerably in recent years. Most of this surplus is exported in wet-blue form to European countries (S.A. Shoemaker and Leather Review 1991:2).

Production of footwear decreased by 20 percent in the first half of 1990 as compared with the same period in 1989. This affected the South African tanner, many of whom worked below 60 percent capacity in the first months of 1990 (World Leather 1991:22). Footwear production continued the downward trend which commenced in 1989. Production of all footwear totalled 52.6 million pairs in 1991 compared with 62.6 million pairs in 1988, a decrease in production output of 15.8 percent (Leather 1993:54).

Table 2.1 shows the total output of members of the South African Tanners Association which represents the local tanning industry. It shows that the total number of hides soaked, rose by ten percent from 1985 - 1990. An indication of the industry's growth is reflected in the number of hides processed to finished leather, an increase of 190 000 pieces or 18 percent is recorded.

South African shoemakers have traditionally imported significant quantities of better quality bovine leather for the upper market shoe ranges. This amounted to some 30 million feet in some years. These quantities were
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<tr>
<td>Hide Soaks (pieces)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Local (pieces)</td>
<td>1 575 000</td>
<td>1 573 000</td>
<td>1 680 000</td>
<td>1 747 000</td>
<td>1 773 000</td>
<td>1 738 000</td>
</tr>
<tr>
<td>Imported (pieces)</td>
<td>13 000</td>
<td>27 000</td>
<td>80 000</td>
<td>100 000</td>
<td>44 000</td>
<td>12 000</td>
</tr>
<tr>
<td>TOTAL SOAKS</td>
<td>1 588 000</td>
<td>1 600 000</td>
<td>1 760 000</td>
<td>1 847 000</td>
<td>1 817 000</td>
<td>1 750 000</td>
</tr>
<tr>
<td>Wet-Blue Imports (pieces)</td>
<td>16 000</td>
<td>30 000</td>
<td>32 000</td>
<td>200 000</td>
<td>125 000</td>
<td>86 000</td>
</tr>
<tr>
<td>Wet-blue Exports (pieces)</td>
<td>538 000</td>
<td>531 000</td>
<td>504 000</td>
<td>318 000</td>
<td>144 000</td>
<td>580 000</td>
</tr>
<tr>
<td>Hides Finished (pieces)</td>
<td>1 066 000</td>
<td>1 089 000</td>
<td>1 288 000</td>
<td>1 729 000</td>
<td>1 798 000</td>
<td>1 256 000</td>
</tr>
<tr>
<td>Grain Leather (sq. m)</td>
<td>3 520 000</td>
<td>4 104 000</td>
<td>4 036 000</td>
<td>4 267 000</td>
<td>4 495 000</td>
<td>3 900 000</td>
</tr>
<tr>
<td>Finished Split (sq. m)</td>
<td>918 000</td>
<td>940 000</td>
<td>1 111 000</td>
<td>1 150 000</td>
<td>1 294 000</td>
<td>900 000</td>
</tr>
<tr>
<td>Suede Split (sq. m)</td>
<td>337 000</td>
<td>442 000</td>
<td>225 000</td>
<td>185 000</td>
<td>129 000</td>
<td>130 000</td>
</tr>
<tr>
<td>TOTAL BOVINE (sq. m)</td>
<td>4 775 000</td>
<td>5 486 000</td>
<td>5 372 000</td>
<td>5 602 000</td>
<td>5 918 000</td>
<td>4 930 000</td>
</tr>
<tr>
<td>Sole Bends (pieces)</td>
<td>208 000</td>
<td>217 000</td>
<td>216 000</td>
<td>237 000</td>
<td>201 000</td>
<td>205 000</td>
</tr>
</tbody>
</table>

imported despite the 20 percent import duty on bovine material (World Leather 1991:22). The fall of the Rand over the last years has affected the industry, making the imported material expensive. This resulted in a greater demand on the local tanneries for larger quantities. This is apparent from the latest statistics published in Leather (1993:54) which show that South African tanners had soaked 2.04 million hides in 1991 compared to 1.76 million hides in 1990 - an increase of 16 percent.

South African tanners exported only 8 percent of their output of wet-blue leather in 1989, compared to 18 percent in 1988. Estimates for 1990, however, predict an increase of up to 33 percent. Local tanners may well exploit the fall of the Rand to generate foreign currency and investment.

The fortunes of local tanners were heavily dependent on the shoe industry. The South African shoe industry has been attacked by imports from Brazil, Taiwan, Korea and China. This is a common occurrence in many other countries in the Western World. In 1987, almost 30 million pairs of shoes were imported compared to a local production of 60 million pairs of shoes. Despite the South African government's close links with Taiwan in 1988, the South African Board of Trade and Industries (BTI) was persuaded to introduce even higher interim protective duties on cheap textiles and synthetic footwear. This

Table 2.2 shows the estimated production capacity of the South African Leather Industry in 1993. The relative production capacity of the individual companies and their respective target markets is also shown.

The table illustrates that many of the large tanneries have focused their production capacity on either the footwear and accessory market, or on the automotive and furniture leather market.

Until a few years ago, all large South African tanneries relied heavily on the footwear industry, producing shoes for a rapidly growing population. During 1990, a fledgling car upholstery business developed with Mercedes Benz South Africa (World Leather 1992:28). This spawned significant growth in the local leather industry.

The development of the upholstery leather market which influenced South African tanners will now be reviewed.
<table>
<thead>
<tr>
<th>TANNERY</th>
<th>PRODUCTION CAPACITY</th>
<th>MARKET SEGMENT</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>HIDES P/A</td>
<td>SKINS P/A</td>
</tr>
<tr>
<td>Western Tanning</td>
<td>360 000</td>
<td>Footwear, accessories.</td>
</tr>
<tr>
<td>King Tanning</td>
<td>288 000</td>
<td>Automotive/Furniture upholstery.</td>
</tr>
<tr>
<td>Mossops Leather</td>
<td>216 000</td>
<td>Footwear.</td>
</tr>
<tr>
<td>Exotan</td>
<td>25 000</td>
<td>Exotic skins, clothing.</td>
</tr>
<tr>
<td>Ladysmith Leathers</td>
<td>120 000</td>
<td>Automotive/Furniture upholstery.</td>
</tr>
<tr>
<td>Hanni Leathers (Nigel)</td>
<td>480 000</td>
<td>Automotive/Furniture upholstery.</td>
</tr>
<tr>
<td>Hanni Bop</td>
<td>130 000</td>
<td>Footwear/Wet-blue hides.</td>
</tr>
<tr>
<td>Sutherlands Tannery</td>
<td>210 000</td>
<td>Footwear.</td>
</tr>
<tr>
<td>East Cape Tanning</td>
<td>240 000</td>
<td>Footwear.</td>
</tr>
<tr>
<td>Bader Bop</td>
<td>190 000</td>
<td>Automotive/Furniture upholstery.</td>
</tr>
<tr>
<td>Kwiktan</td>
<td></td>
<td>Game skins, accessories.</td>
</tr>
<tr>
<td>Kwandebele Tanning</td>
<td>12 000</td>
<td>Clothing, gloves, footwear.</td>
</tr>
<tr>
<td>Klein Karoo Landbou Koop.</td>
<td></td>
<td>Ostrich skins.</td>
</tr>
<tr>
<td>Corium Leathers</td>
<td>20 000</td>
<td>Footwear, clothing.</td>
</tr>
<tr>
<td>African Game Industries</td>
<td></td>
<td>Ostrich skins.</td>
</tr>
<tr>
<td>Bachs Tanners</td>
<td>9 600</td>
<td>Footwear, accessories.</td>
</tr>
<tr>
<td>Pilansberg Tanners</td>
<td></td>
<td>Ostrich Skins.</td>
</tr>
<tr>
<td><strong>TOTAL CAPACITY</strong></td>
<td><strong>2,300 600</strong></td>
<td><strong>979 500</strong></td>
</tr>
</tbody>
</table>

Source: Estimates derived from interviews held with knowledgeable persons in the respective companies during the empirical research July 1993 - November 1993 (see Appendix E).
2.3 DEVELOPMENT OF THE UPHOLSTERY LEATHER INDUSTRY IN SOUTH AFRICA

2.3.1 Automotive Leather Upholstery

The development of an export driven leather market has provided many opportunities for South African and foreign tanners. Two factors have combined by chance to change the South African industry (World Leather 1992:28). Firstly, the rapid globalization of the motor vehicle industry which meant that components and sub-assemblies were manufactured and exchanged by major motor company plants throughout the world. This allows motor manufacturers to maximise their cost advantages in certain countries and standardise their products wherever possible.

The second factor relates in specific to the local car industry, and has its origin in the South African government's desire for industrial self-sufficiency, coupled with a need to conserve foreign exchange. The stringent "local content" regulation governing the motor industry resulted in the establishment of the only Bayrische Motoren Werke (BMW) and Mercedes Benz manufacturing plants outside Germany. Other motor manufacturers include Volkswagen (VW)/Audi, Toyota, Nissan, Delta, and the South African Motor Corporation (Samcor) which produces Ford and Mazda vehicles. Honda is manufactured in the Mercedes Benz South Africa (MBSA) plant while Fiat
produces their Uno in the Nissan plant. This represents a large range for the new passenger car market which consists only of some 200 000 units per annum (World Leather 1992:28).

The "local content programme" has changed several times, and over the years the South African government has tried to encourage more local content. The sixth and most recent phase, emphasises local content measured by value, rather than weight. This spurred car manufacturers into action, and in particular the luxury car producers, BMW, who saw their competitive edge being eroded by increased tax penalties if they failed to meet the new value limits. BMW embarked on a concerted programme to export relatively low-tech but high value parts to its Bavarian parent company. This enabled the company to gain excise tax credits under the programme in phase six.

Leather seats and interior car trimmings fitted the bill perfectly, resulting in BMW's rapid expansion of their off-take of upholstery leather, which up to this point had been restricted to local car sales. Initially, BMW relied heavily on Hanni Leathers in Nigel. The synergy developed so well between the two companies that Hanni dropped the production of shoe leathers to concentrate on the more profitable upholstery market, expanding considerably in the process. Hanni now soak 40 000 hides a month. The top 75 percent are used for auto and furniture leathers, the remaining 25 percent are exported in the wet-blue stage. Imports of a further 4000 selected
European wet-blue hides give Hanni a production in excess of 1.25 million square feet of leather per month. More than half of this output is sold to the motor industry with the balance going to furniture, leather goods and footwear manufacturers (World Leather 1992:30).

Hanni's major customer, BMW, still sources a significant proportion of its requirements from this firm. However, its needs have far exceeded the supply of a single tannery. This situation developed in tandem with BMW's expanded capacity for exporting fabricated car seat covers to Germany. The parent company approached one of their larger home suppliers, the Bader tannery in Göppingen, Germany, with a view to establishing a production facility in South Africa. Bader was persuaded to follow its market to South Africa and invest in a production facility near to the adjacent BMW car trim plant in the industrial development area of former Bophuthatswana, near the main car factory in Rosslyn. Bader Bop started off in 1990 as a finishing plant but has now expanded to tan up to 10 000 hides per month. Supplemented by wet-blue hide imports from its parent company in Göppingen, Bader Bop's production output has increased to some 600 000 square feet of leather per month. Bader and Hanni Nigel supply their upholstery leather to BMW in a kit form to be stitched into car seat covers for the local and export market. BMW air freights some 400 completed interior trim sets daily from Johannesburg to Germany, an equivalent of 1 600 hides per day. This makes BMW...
the largest user of auto leather in South Africa. Of the estimated 24 million square feet of leather required by South African car producers, 19 million square feet, or nearly 80 percent are consumed by BMW (World Leather 1992:31).

Mercedes Benz South Africa has used local upholstery leather for years, most of it from the Silverton Tannery in Pretoria, or at least until the tannery closed its doors in 1989. The tannery has moved to a new plant, Ladysmith Leathers. Ladysmith Leathers processes up to 10 000 local and imported wet-blue hides per month, making up some ten percent of South African upholstery production, most of which is automotive leather for Mercedes/Honda and Toyota (World Leather 1992:31).

There is international technical co-operation between the German tannery Lindgens Leder of Müllheim, a major supplier of Mercedes, and Ladysmith Leathers. King Tanning Company has also announced a technical agreement with another German tannery, Lederfabrik Louis Schweizer of Murrhardt. Based in King Williams Town, King Tanning tans its own material in a wet-blue hide plant with a capacity of 1 200 hides per day. The tannery finishes some 500 000 square feet of auto and furniture leather per month (World Leather 1992:31).
2.3.2 Furniture Leather Upholstery

Italy has long been a major customer for South African hides, both in a raw or wet-blue state. Many shipments are delivered to the Arzignano furniture leather tanners. South Africa has followed the world trend for leather furniture. The Gerald Yosh Company (GY Lounge) of South Africa leads the field by discounting large quantities of leather upholstered furniture through specialised retail outlets. Other furniture manufacturers include Motani, Grafton Everest, Airflex and Dunker & Louw which cater for the top end of the market. Since South African tanners have begun offering an acceptable product to imported leathers at competitive prices, it is likely that most of the 3.5 million square feet required for the furniture industry is being sourced locally (World Leather 1992).

In mid 1992, the demand for furniture leather decreased sharply as the recession took its toll. Local demand for cars decreased steadily to a predicted 180 000 units in 1992, with down-trading prevalent as motorists struggled to cope with the currency-dominated inflation rate. Another setback for the local auto upholstery industry was the re-examination of industrial protections and subsidies by the South African Minister of Finance. This could mean the lifting of the phase six local content regulation. How attractive this will make the export of leather components depends on the contents of the new dispensation. It may directly influence the local tanning
industry which is currently geared to supply around 25 million square feet of automotive leather per annum.

A closer look at the local tanneries will help define the structure of the South African tanning industry.

2.4 THE ORGANISATIONAL STRUCTURE OF THE NATIONAL LEATHER INDUSTRY

Most of the larger South African tanneries belong to one of the five major groups namely, Vleissentraal, Silveroak Industries/African Hide Trading, Foodcorp, Imperial Cold Storage or Futura. Table 2.3 shows the organisational structure of the South African Leather Industry. Vleissentraal, the country’s largest meat co-operative, owns Western Tanning in Wellington and King Tanning in King Williams Town. Silveroak Industries/African Hide control Mossop Leathers in Cape Town, Exotan in Port Elizabeth and Ladysmith Leathers in Ladysmith. Foodcorp owns Hanni Leathers in Nigel and Hanni Bop in Mogwase near Rustenburg. Imperial Cold Storage has Sutherlands Tannery in Pietermaritzburg. Other leather producers include East Cape Tanning based in Uitenhage and owned by Futura; Bader Bop, situated in Garankuwa near Pretoria with its parent company Bader Göppingen based in Germany; Kwiktan and African Game in Krugersdorp; Kwandebele Tanning in Bronkhorstspruit; the Klein Karoo Landbou Korporasie
<table>
<thead>
<tr>
<th>GROUP COMPANY</th>
<th>TANNERY</th>
<th>LOCATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vleissentraal</td>
<td>Western Tanning</td>
<td>Wellington</td>
</tr>
<tr>
<td></td>
<td>King Tanning</td>
<td>King Williams Town</td>
</tr>
<tr>
<td>Silveroak Industries</td>
<td>Mossop Leathers</td>
<td>Cape Town</td>
</tr>
<tr>
<td>/ African Hide</td>
<td>Exotan</td>
<td>Port Elizabeth</td>
</tr>
<tr>
<td></td>
<td>Ladysmith Leathers</td>
<td>Ladysmith</td>
</tr>
<tr>
<td>Foodcorp</td>
<td>Hanni Leathers</td>
<td>Nigel</td>
</tr>
<tr>
<td></td>
<td>Hanni Bop</td>
<td>Mogwase</td>
</tr>
<tr>
<td>Imperial Cold Storage</td>
<td>Sutherland Tannery</td>
<td>Pietermaritzburg</td>
</tr>
<tr>
<td>Futura</td>
<td>East Cape Tanning</td>
<td>Uitenhage</td>
</tr>
<tr>
<td>Independents</td>
<td>Bader Bop</td>
<td>Garankuwa</td>
</tr>
<tr>
<td></td>
<td>Kwiktan</td>
<td>Krugersdorp</td>
</tr>
<tr>
<td></td>
<td>Kwandebie Tanning</td>
<td>Bronkhorstspruit</td>
</tr>
<tr>
<td></td>
<td>Klein Karoo Landbou Koop.</td>
<td>Oudtshoorn</td>
</tr>
<tr>
<td></td>
<td>Corium Leathers</td>
<td>Wellington</td>
</tr>
<tr>
<td></td>
<td>Pilansberg Tanners</td>
<td>Pilansberg</td>
</tr>
<tr>
<td></td>
<td>Bachs Tanners</td>
<td>Paarl</td>
</tr>
<tr>
<td></td>
<td>African Game Industries</td>
<td>Krugersdorp</td>
</tr>
</tbody>
</table>
Tannery in Oudtshoorn; Pilansberg Tanners near Rustenburg; Corium in Wellington; and Bachs Tanners in Paarl.

Table 2.4 shows the estimated annual production capacity and target markets of the tanneries belonging to group companies in the South African Leather Industry. The table illustrates that the Vleissentraal group has the largest production capacity of some 648 000 hides per annum, followed by the Foodcorp group with 610 000 hides per annum, Silveroak with 361 000 hides and 780 000 skins, Futura with 240 000 hides, and Imperial Cold Storage with 210 000 hides per annum.

2.4.1 Vleissentraal Group

King Tanning forms part of the Livestock Products Division of Vleissentraal. Established in the 1870's in King Williams Town, it concentrated on producing top quality footwear leathers before the meat co-op, Vleissentraal, gained control. The management of Vleissentraal reassessed its tanning interests and decided to concentrate its footwear production in the Western Tanning plant in Wellington in the Cape. The King Tanning plant processes some 24 000 hides per month of automotive upholstery leather for Mercedes Benz and Nissan as well as leather for furniture upholstery.
<table>
<thead>
<tr>
<th>GROUP COMPANY</th>
<th>TANNERY</th>
<th>PRODUCTION HIDES PER ANNUM</th>
<th>CAPACITY SKINS PER ANNUM</th>
<th>MARKET SEGMENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vleissentraal</td>
<td>Western Tanning</td>
<td>360,000</td>
<td></td>
<td>Footwear, Accessories.</td>
</tr>
<tr>
<td></td>
<td>King Tanning</td>
<td>288,000</td>
<td></td>
<td>Auto/Furniture Upholstery.</td>
</tr>
<tr>
<td>Silveroak/African Hide</td>
<td>Mossop Leathers</td>
<td>216,000</td>
<td></td>
<td>Footwear.</td>
</tr>
<tr>
<td>African Hide</td>
<td>Exotan</td>
<td>25,000</td>
<td>780,000</td>
<td>Exotic Skins, Clothing.</td>
</tr>
<tr>
<td></td>
<td>Ladysmith Leathers</td>
<td>120,000</td>
<td></td>
<td>Auto/Furniture Upholstery.</td>
</tr>
<tr>
<td>Foodcorp</td>
<td>Hanni Leathers</td>
<td>480,000</td>
<td></td>
<td>Auto/Furniture Upholstery.</td>
</tr>
<tr>
<td></td>
<td>Hanni Bop</td>
<td>130,000</td>
<td></td>
<td>Footwear/Wet Blue.</td>
</tr>
<tr>
<td>Imperial Cold</td>
<td>Sutherland's Tannery</td>
<td>210,000</td>
<td></td>
<td>Footwear.</td>
</tr>
<tr>
<td>Storage</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Futura</td>
<td>East Cape Tanning</td>
<td>240,000</td>
<td></td>
<td>Footwear.</td>
</tr>
<tr>
<td>TOTAL GROUP COMPANIES</td>
<td></td>
<td>2,069,000</td>
<td>780,000</td>
<td></td>
</tr>
</tbody>
</table>

Source: Estimates derived from personal interviews conducted with knowledgeable persons in each of the respective tanneries during 1993.
The Western Tanning Company was established in the 1880's in Wellington. This shoe leather tannery has a capacity for wet-blue of over 30,000 hides per month for their own production and represents the largest manufacturer of leather for the footwear and leather goods industries in South Africa (World Leather 1991:30).

2.4.2 Silveroak Industries/African Hide Trading

Ladysmith Leathers came into operation in 1989 and processes some 10,000 local and imported hides per month. Most of this tannery’s production is aimed at the automotive upholstery market of Mercedes/Honda, Toyota and BMW. As with all South African Tanners supplying the motor industry, the leather is cut and supplied in kit form after careful inspection and quality control (World Leather 1992:31).

Established in 1846, Mossop Leather in Cape Town is South Africa's oldest established tannery. The tannery became part of the Silveroak group in the mid eighties and processes some 18,000 wet-blue hides per month for the footwear and leather goods market. Regarded as fashion leaders among local tanners, Mossop Leathers has developed a comprehensive range of prints and exotic finishes and has the capacity to produce over one million square feet of leather per month (World Leather 1991:30).
Exotan, near Port Elizabeth, processes a variety of skins from antelope to zebra as well as pythons, sheepskin nappa, and until recently, much of the world's production of legally culled elephant leather. Exotan's expansion into top quality sheep nappa led to the building of Exofeil, a new sheepskin pullery and pickling plant which its parent company Silveroak/African Hide built adjacent to Exotan. This plant came on stream in late 1989 and processes up to 3000 skins per day. Exoblue, the wet-blue hide section of the group has been upgraded to produce nearly 30 000 wet-blue hides per month, some of which are for Mossop Leathers, with the balance for export to Europe (World Leather 1991:27).

2.4.3 Foodcorp

Hanni Leathers in Nigel was established in the 1960's by a German immigrant family with tanning roots going back to the eighteenth century. Currently owned by the major agricultural business group Foodcorp, Hanni soak 40 000 hides per month. The top quality hides are used for automotive and furniture leather, with the lower grades being exported or supplied to its subsidiary footwear leather tannery, Hanni Bop.
In addition Hanni Nigel import up to 4000 hides of European top grade wet-blue hides which extends its production capacity to over 1.25 million square feet per month. Half of this production is supplied to its car industry, with the balance sold to furniture, leather goods, and footwear manufacturers. Major automotive customers include BMW, Toyota South Africa, VW/Audi South Africa and Samcor (World Leather 1992:30).

2.4.4 Imperial Cold Storage (ICS)

Sutherlands Tannery near Pietermaritzburg is owned by Imperial Cold Storage, a food products group of the Barlows industrial empire. The tannery processes up to 7 000 hides into vegetable tanned leather (leather that is tanned with the aid of bark extracts mainly from Wattle or Mimosa trees) as well as over 15 000 wet-blues for the shoe-upper leather market. Most of this production is taken up by neighbouring shoe factories in the province that produce about two thirds of South Africa’s footwear output. The holding company ICS have recognised its good location and invested substantial funds in renovating the tannery (World Leather 1991:31).

2.4.5 Futura Group

The East Cape Tanning company, previously the South African Bata Tannery, is situated in Uitenhage, home of the Volkswagen
plant in the Eastern Cape. The fact that it is owned by Futura, an ex Bata shoe operation in South Africa, precludes any involvement in the automotive upholstery market as the tannery is geared for the manufacture of shoe leather only. The tannery has the capacity to produce over 20 000 hides per month, and finishes up to 80 percent of these into corrected and full grain leather. The remaining twenty percent are offered for contract wet-bluing of hides to other tanneries. East Cape Tanning is one of the few tanneries without meat or hide connections (World Leather 1991:27).

2.4.6 Independent Tanneries

Bader Bop, an extension of its parent company Bader Göppingen in Germany, is situated in the industrial township of Garankuwa near Rosslyn. The tannery concentrates on producing automotive upholstery leather mainly for BMW. Other customers include VW/Audi South Africa and Mazda South Africa. Bader Bop has extended its tannery to produce up to 10 000 wet-blue hides per month and supplements its production output with imported wet-blues from parent company Bader Germany (World Leather 1992:31).
Table 2.4 shows the estimated annual production capacity and target market of the independent tanneries in South Africa. Independent tanneries contribute an estimated 11 percent to the total annual hide production, and an estimated 25 percent to the total annual skin production output.

The Kwiktan tannery in Krugersdorp near Johannesburg targets its production to the game skin and trophy hunting market.

African Game Industries in Krugersdorp West specialises in the production of ostrich leather for the export market in defiance of the Klein Karoo Landbou Korporasie's monopoly.

The Kwandebele Tannery is situated in the industrial development area near Bronkhorstspruit and produces competitive industrial footwear leather with imported Zambian wet-blues, as well as catering for individual customised leathers for clothing and gloves.
### TABLE 2.5: THE ESTIMATED ANNUAL PRODUCTION CAPACITY AND TARGET MARKET OF THE INDEPENDENT TANNERIES IN THE SOUTH AFRICAN LEATHER INDUSTRY 1993

<table>
<thead>
<tr>
<th>TANNERY</th>
<th>PRODUCTION CAPACITY</th>
<th>MARKET SEGMENT</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>HIDES PER ANNUM</td>
<td>Skins Per ANNUM</td>
</tr>
<tr>
<td>Bader Bop</td>
<td>190'000</td>
<td>Automotive Furniture.</td>
</tr>
<tr>
<td>Kwiktan</td>
<td>30'000</td>
<td>Game skins, Accessories.</td>
</tr>
<tr>
<td>Kwandebele Tanning</td>
<td>12'000</td>
<td>Clothing, Gloves, Footwear.</td>
</tr>
<tr>
<td>Klein Karoo Landbou Koop</td>
<td>160'000</td>
<td>Ostrich Skins.</td>
</tr>
<tr>
<td>Corium Leathers</td>
<td>20'000</td>
<td>Footwear, Clothing, Accessories.</td>
</tr>
<tr>
<td>African Game Industries</td>
<td>1'000</td>
<td>Ostrich Skins, Accessories.</td>
</tr>
<tr>
<td>Bachs Tanners</td>
<td>9'600</td>
<td>Accessories.</td>
</tr>
<tr>
<td>Pilansberg Tanners</td>
<td>3'500</td>
<td>Ostrich Skins, Accessories.</td>
</tr>
<tr>
<td><strong>TOTAL INDEPENDENT CAPACITY</strong></td>
<td><strong>231'000</strong></td>
<td><strong>196'000</strong></td>
</tr>
</tbody>
</table>

Source: Estimates derived from personal interviews conducted with knowledgeable persons in each of the respective tanneries during 1993.
The Klein Karoo Landbou Korporasie (K.K.L.K.) tannery forms part of a farmers co-operative based in the town of Oudtshoorn. Its control of the marketing of all produce derived from ostriches was protected by law. The Klein Karoo tannery was established in the 1970's, effectively cutting off the lucrative supply of raw skins to Europe by other tanneries. Most of its production is exported at high prices. This has awakened interest in outsiders to break the monopoly. Ostrich farming in places such as New Mexico, Namibia, Australia, Israel and Zimbabwe could alter the balance of supply and demand which the K.K.L.K. has managed so successfully over the years (World Leather 1991:30).

Pilansberg Tanners farm and cull their own ostriches in the former homeland of Bophuthatswana. The annual production comprises 3 500 skins for the local and export market.

Bachs Tanners is situated in Paarl and produces up to 800 vegetable tanned hides per month for the leather goods industry.

Corium, a specialist finishing plant in Wellington purchases its hides from neighbouring Western Tanning and imports hides from Asia. Corium supplies the fashion industry and has a finishing capacity of 200 000 square feet per month (World Leather 1991:27).
Figure 2.1 shows a map of South Africa and the various towns and cities in which tanneries are located. It can be seen that production is located in the Cape, the PWV (Pretoria, Witwatersrand, Vereeniging), and Durban area.

2.5 SUMMARY

This chapter described the South African tanning industry and significant developments that have taken place in the leather upholstery industry. The organisational structure of the industry has been described and the individual tanneries, their affiliated production capacities and target markets have been reviewed.

The well-established South African tanning industry has been severely tested by the harsh drought conditions in Southern Africa. However, since 1985, the total hide soaks have increased from 1.575 million hides to 2.04 million hides in 1991 - a growth of 29.5 percent. The recession has affected the demand of both the footwear and upholstery markets. Footwear tanneries have experienced a decrease in demand of 15 percent. However, roughly 40 percent of South Africa's leather production capacity is now concentrated on upholstery, using some of the best hides in response to the reward of higher prices.

With an industry capable of producing around 25 million square feet of upholstery leather per annum, there is a vast potential for further investments into a financially interesting source of competitively priced upholstery leathers. The rapid development of the South African leather industry since the
1980's has proven that with international business interests, South Africa is set to become a major player in the world leather market. An unknown factor, however, remains, as future government dispensations may directly influence the automotive industry phase six local content programme which has undoubtedly generated millions of dollars in export revenue for the country.
CHAPTER 3

ORGANISATIONAL BUYING BEHAVIOUR

3.1 INTRODUCTION

This chapter discusses the background to organisational buying behaviour. Organisational buying motives are reviewed and rational and emotional factors influencing organisational members when a choice is necessary among competing products (Hutt & Speh 1992) will be explored. The purchasing process is analysed and comprises eight sequential buying phases. Buying situations are discussed and related to the phases of the purchasing process. The organisational buying centre, which refers to all individuals included in the organisational decision-making process, is reviewed with reference to the distinct roles members may play in the decision-making process itself.

The influences that may affect organisational buying behaviour both inside and outside the organisation will be discussed in detail.

Finally, four models of organisational buying behaviour will be illustrated and reviewed for use as a basis for the research of this dissertation.
3.2 ORGANISATIONAL BUYING MOTIVES

Members of organisations are influenced by both rational and emotional motives when choosing between competing products and suppliers (Hutt & Speh 1992:79). Rational motives are mainly concerned with the economic needs of the organisation such as price, quality, service and supply. Emotional motives are based upon human factors such as job security and organisational status (Eckles 1990; Hutt & Speh 1992).

3.2.1 Rational Motives

The rational motives of an organisation may include: price, quality, service, continuity of supply and reciprocity (Hutt & Speh 1992:79). Each of these will now be discussed.

Price affects the organisation’s profit and is a value measure that can be identified in a return-on-investment (ROI) calculation. According to Eckles (1990), price is not as important to organisational buyers as marketers may be led to believe. When a product is sold on price, quality and service may be perceived to be suspect.

When the product is sold on quality and service, it may be perceived as being more durable and conducive to the development of a customer-seller partnership, based on
trust.

Quality to the organisation means the correct materials, design, fit, appearance and consistency. First-time quality reduces remanufacture, reruns, returns, delays, customer dissatisfaction and possible lost future business (Eckles 1990).

Service includes training, repair, spare parts, replacement of damaged goods during shipment, information, installation of new systems and cost reductions or value analysis (Eckles 1990). According to Hutt and Speh (1992:81) a supplier offering sound technical advice, reliable and fast delivery, and available supply of replacement may have an edge over competing marketers.

Continuity of supply can be critical to the organisation's buyers as an interruption in the flow of key materials can impair the production process resulting in costly delays and lost business (Hutt & Speh 1992:81). Inconsistent suppliers may therefore soon be dismissed (Eckles 1990).

Reciprocity can be described as the situation in which the purchase decision is influenced by a buyer-seller arrangement rather than by economic or performance factors (Hutt & Speh 1992). This reciprocal buying arrangement may
originate from a close buyer-seller relationship and be based on friendly or highly coercive pressure (Eckles 1990; Hutt & Speh 1992).

3.2.2 Emotional Motives

Emotional motives are less overt than rational motives and may include: status and rewards, perceived risk, and friendship (Hutt & Speh 1992:83).

Status and reward refers to the buyer's perception of what the purchase decision will mean to a number of aspects that can give status or reward. Success through recognition, promotion, salary increases, and job security (Eckles 1990; Hutt & Speh 1992).

The perceived risk may be divided into two components (Hutt & Speh 1992:83). Firstly, uncertainty about the result of a decision, and secondly, the magnitude of the consequences associated with a wrong decision. Organisational buyers will usually reduce the level of risk by relying on reputable and familiar suppliers.

The buyer may also reduce uncertainty by visiting the supplier's production facilities, or consult top management before making a decision, thereby reducing the possibility
of unfavourable consequences.

Emotional motives may often influence purchasing decisions in more subtle ways. A buyer may be known to select on the basis of competitiveness but work with a friend to ensure that his price and product specifications are competitive (Hutt & Speh 1992:84). These friendships usually last for many years as both parties like each other and prefer to do business together (Eckles 1990).

Both rational and emotional motives exist in the purchasing process (Eckles 1990). Organisational buying can be viewed as a process rather than an isolated act and consists of several phases (Hutt & Speh 1992). The buying phases in the organisational purchasing process will now be discussed.

3.3 THE ORGANISATIONAL BUYING PROCESS

Approaches to defining the purchasing process generally include five generic steps that apply to both to consumer and industrial buying (Morris 1988:86).

Need recognition, the search for information, production evaluation, the purchase decision, and post purchase evaluation.
Robinson, Faris and Wind (1967) have tailored these generic steps to the industrial buying process by developing eight sequential buying phases. These include the following:

**Phase 1**: Anticipation or problem recognition.
**Phase 2**: Determination of characteristics and quantity of the required item.
**Phase 3**: Description of characteristics and quantity of the required item.
**Phase 4**: Search for and qualification of potential sources.
**Phase 5**: Acquisition and analysis of proposals.
**Phase 6**: Evaluation of proposals and selection of supplier(s).
**Phase 7**: Selection of an order routine.
**Phase 8**: Performance feedback and evaluation.

In the first buying phase, a person in the organisation becomes aware of a need or problem that is not currently being met. This need or problem may arise throughout the organisation (Morris 1988:86) such as technical problems in developing new processes, the purchasing department may determine that a supplier is becoming less dependable, or new customer specifications are required.
The individual who initiates the buying process by identifying the need or problem is not necessarily the one who decides what is to be purchased, if anything, to satisfy the need (Morris 1988:86). According to Reeder, Brierty and Reeder (1987) and Von Hippel (1978) the industrial marketer can act as the initiator by helping the customer recognise a need. The need perception can be created by raising doubts in the buyer's mind whether he or she is paying too much for existing products or is abreast with new technologies and innovations.

The second and third buying phases are closely related (Morris 1988:87). In the second buying phase, members of the buying organisation determine which product or service characteristics may resolve the perceived problem. Once a general solution has been established, the organisation breaks its need down into specific characteristics and quantities required for a product or service. At this third phase, product specifications such as the light and migration fastness of dyes, the required colour or shade, are established.

Morris (1988) and Reeder, et al. (1987), indicate that the decisions made in the second and third buying phases can prejudice what happens throughout the remaining decision making processes. The need description may be tailored to
products of well-known or favoured suppliers.

The fourth buying phase involves searching for, and qualifying suitable suppliers. Reeder, et al. (1987), indicates that buying influencers search for information on suppliers in order to establish quality and quantity requirements. Information sources such as trade journals, trade shows, industrial directories, sales calls, word-of-mouth, and existing contracts and prices may be relied on for information. According to Morris (1988:89), the evaluation process may be directed at quality and dependability. A supplier who has an excellent product but unreliable deliveries, or is inflexible to adapting to the buyer's needs, may not be selected. Morris (1988) suggests that the relationship between buyer and seller is similar to a marriage. As a result, the buyer will evaluate the supplier's production facilities, service and delivery record, quality assurance programme, financial health and even quality of management of the supplier(s).

During the fifth buying phase the buying organisation acquires and evaluates specific proposals after identifying suitable suppliers (Reeder et al. 1987).

The proposal may take the form of a formal price quotation or a listing of sales terms. In this phase, the process of
negotiations with suppliers over price, delivery, terms, and inventory levels receives particular attention. Both Reeder, et al. (1987), and Morris (1988) agree that phases four and five may occur simultaneously in routine purchases where the organisation has past experience.

In the sixth phase, the buyer evaluates proposals and decides on a final supplier. The actual selection of the source of supply may involve considerable negotiation within the buying organisation. Individuals involved in the decision may have different selection criteria and perceptions of suppliers (Morris 1988).

Phase seven begins with the placing of an order, and is not completed until the ordered item is delivered to the buying organisation and accepted for use (Reeder et al. 1987). The levels of stock holding, procedures for placing orders and taking delivery are agreed upon. The relationship with a supplier will usually last beyond the initial purchase. Supplier loyalty is however not automatic (Morris 1988).

Buying phase eight involves performance feedback and ongoing evaluation of product and supplier. Reeder, et al. (1987) indicates that should the purchased item not solve the original problem or need, suppliers that were screened earlier may be reconsidered. Research undertaken by Doyle,
Woodside and Michell (1979) support the finding that alternatives previously rejected are viewed in a more favourable light if the purchased item failed to solve the original problem.

It is important to note that the decision making process may not be the same for all types of products (Morris 1988). For example in repurchase situations the buying organisation may be loyal to its current supplier and automatically reorder the product without re-evaluating its needs or obtaining proposals from other suppliers. Furthermore, some of the buying phases may take place simultaneously, rather than sequentially. The process can also be interactive, where the results of later phases require the organisation to return to, and modify, earlier stage decisions. For example, Morris (1988:88) points out that the buyer concludes that the supplier's capabilities make it necessary for specifications to be reviewed (phase three) or that the organisation's needs have changed (phase two).

The various buying situations will now be reviewed against the eight buying phases discussed in this section.
3.4 BUYING SITUATIONS

The same product can produce different buying patterns in different companies which have various levels of experience and information (Hutt & Speh 1992:71). Three types of buying situations have been identified: New Task, Modified Rebuy and the Straight Rebuy (Eckles 1990; Reeder et al. 1987). These three buying situations establish the basic purchasing patterns by product and purchase functions (Eckles 1990; Hutt & Speh 1992), and will now be related to the eight sequential buying phases of the purchasing process.

3.4.1 New Task Purchase

A new task purchase is an extensive decision-making and problem solving process as the organisation has no previous experience nor any prior product use in this type of purchase (Eckles 1990:52). When confronted with a new task buying situation, organisational decision makers lack well defined criteria for comparing alternative products and suppliers (Hutt & Speh 1992:72), and commence with an extensive search for information and alternatives to solve the problem. A new task purchase usually involves infrequently purchased items such as machinery installations, computers or a new building.
Eckles (1990:52) indicates that preferential treatment may be given to current suppliers. Hutt and Speh (1992) support this finding, as "in" or current suppliers can monitor the changing needs of the organisation and prepare the needs of new-task buyers.

3.4.2 Modified Rebuy Purchase

In the modified rebuy situation, organisational decision makers may feel that additional benefits could be derived from a re-evaluation of alternatives. It may be worthwhile to obtain additional information or consider alternative solutions (Eckles 1990; Hutt & Speh 1992). The modified rebuy situation is likely to occur when the organisation is no longer satisfied with the present supplier's performance, for example poor deliveries (Reeder et al. 1987). According to Hutt and Speh (1992) the modified rebuy situation can be described as limited problem-solving in which decision makers have well-defined criteria, but are uncertain about the supplier that would best fit their requirements. Modified rebuy purchases often include products such as small hand tools, supplies such as dyes and chemicals, and sub assemblies (Eckles 1990:53).
3.4.3 Straight Rebuy Purchase

In the straight rebuy situation, purchases have become routine in nature as buyers have substantial experience in purchasing the product (Eckles 1990:73). Hutt and Speh (1992:72) indicate that routine response behaviour is the decision process buyers employ in the straight rebuy situation. Well developed choice criteria have been refined over a period of time by organisational buyers and predisposition to one or a few selected suppliers may have developed (Hutt & Speh 1992). Products in this category include raw materials such as hides and skins, and wattle or chrome extracts for the tanning process.

In each of the three buying situations various organisational members may be involved in the decision-making process, forming a buying centre. This buying centre will now be discussed.

3.5 THE ORGANISATIONAL BUYING CENTRE

The buying centre which refers to all organisational members included in the decision-making process (Busch & Houston 1985), is usually an informal, cross-departmental decision unit whose primary objective is to obtain, import and
process purchasing related information (Hutt & Speh 1992). The composition of the buying centre may change from one purchasing situation to another. According to Hutt and Speh (1992:105) a buying group evolves during the purchasing process in response to the need for information of a specific purchase situation. As organisational buying can be described as a process rather than an isolated act, different individuals are important to the purchasing process at different times (Lilien & Wong 1984).

For example, a production manager in a tannery may exert significant influence early in the purchasing process when product specifications are being established, other organisational members such as the technical manager may assume a more dominant role in the later phases. Hutt and Speh (1992) indicate that the size of the buying centre varies. An average buying centre may include four organisational members per purchase situation. However, the number of all individuals involved in all the stages of the purchasing process may be as many as twenty.

The buying centre usually includes five distinct roles: users, influencers, buyers, deciders and gatekeepers (Eckles 1990; Busch & Houston 1985; Hutt & Speh 1992). These will now be discussed.
3.5.1 Users

Users are individuals or departments who will use the purchased product and may initiate the buying process by suggesting a need for the product (Busch & Houston 1985:253). Users may include operations managers, factory personnel, research and development people, accountants and marketing managers.

3.5.2 Influencers

Influencers are directly or indirectly involved in the purchasing process and can exert influence by defining criteria. These criteria may constrain the available choices by providing information on alternative products (Busch & Houston 1985; Morris 1988). Influencers can be purchasing managers, production managers, research and development engineers and technical managers. Individuals may exert pressure with their knowledge of prices, suppliers, chemical processes, and production schedules (Eckles 1990).

3.5.3 Buyers

Buyers are usually organisational members that possess formal authority to select supplier(s) and arrange the terms
of the purchase (Busch & Houston 1985; Morris 1988). This formal authority can, however, be contained by individuals who specify requirements that may limit the choice of suitable suppliers. The influence of buyers occurs throughout the purchasing process (Busch & Houston 1985:253). Generally buyers are individuals within the purchasing department who control the issue of purchase order numbers and attempt to channel all purchasing behaviour through their department (Eckles 1990).

3.5.4 Deciders

Deciders are members with formal or informal authority to make a final decision and have veto power over the buying centre (Eckles 1990:57). The identity of deciders may be difficult to determine as they tend to remain in the background (Berkowitz 1986). They prefer to observe and evaluate, and after reviewing and discussing with their colleagues, make the final decision (Eckles 1990:57). Deciders may be general managers, engineers, sales and marketing managers, purchasing managers, research and development people.
3.5.5 Gatekeepers

Gatekeepers are individuals within the organisation who control the flow of information into the buying centre (Busch & Houston 1985:253). Organisational buyers are likely to be gatekeepers because of their frequent interaction with suppliers which enables them to confuse or deny supplier information to the members of the buying centre (Eckles 1990). Other gatekeepers would include technical personnel who may withhold or inject superfluous technical information into the group in order to control or delay the decision making process. Gatekeepers are likely to influence decision making when they have found alternative suppliers to evaluate (Busch & Houston 1985:253).

These five key individual people that make up the members of the buying centre from a network of interaction that characterises the organisational buying process. Two or more roles can be performed by a single individual whose degree of influence may vary across the organisation and the buying situations (Busch & Houston 1985). The influences that may affect organisational buying behaviour will now be reviewed.
3.6 INFLUENCES ON ORGANISATIONAL BUYING BEHAVIOUR

The organisational buyer is influenced by a wide variety of forces inside and outside the company. Busch and Houston (1985) and Hutt and Speh (1992) have identified the following four organisational buying behaviour influences: environmental forces, organisational forces, group forces, and individual forces. These are illustrated in figure 3.1.

FIGURE 3.1 INFLUENCES ON ORGANISATIONAL BUYING

The four forces influencing organisational buying behaviour will now be discussed in greater detail.

3.6.1 Environmental Forces

Organisational buyers are unlikely to take decisions in isolation as they are influenced by a wide variety of forces in the external environment of the organisation (Hutt & Speh 1992:96). Five sectors of environmental forces which influence organisational buyer behaviour have been identified (Busch & Houston 1985:261). They are physical, technological, economic, cultural, and public policy influences. Figure 3.2 shows these influences.

**FIGURE 3.2 ENVIRONMENTAL INFLUENCERS OF ORGANISATIONAL BUYING**

![Diagram of environmental influencers of organisational buying]

Collectively, these environmental influences define the boundaries within which the organisational buyers and sellers interact (Hutt & Speh 1992:100).

The physical sector refers to the natural resources such as labour and raw materials as well as the climate and geographical location of the organisation (Hutt & Speh 1992). The technological environment defines the availability of products and services and, in turn the quality of products and services the company provides (Hutt & Speh 1992). The economic condition of a country is reflected in its economic growth, employment, price stability, income and availability of resources. According to Busch and Houston, (1985:262) the economic environment influences the organisation’s ability to finance its purchases as the general economic conditions determine what and how much is purchased from the organisation.

Cultural forces are reflected in values, customs, habits, norms, and traditions. They and will influence the structure and functioning of the company as well as the way organisational members feel and act towards each other and the environment (Webster & Wind 1972; Hutt & Speh 1992).

The public policy sector refers to the legal constraints which may influence the purchase such as pollution standards.
which dictate the use of certain products in the manufacturing process (Busch & Houston 1985:262).

Collectively, environmental influences determine the general business conditions, political and legal setting, the availability of products and services, as well as the values and norms that constrain the purchasing actions (Hutt & Speh 1992:100).

3.6.2 Organisational Forces

The purchasing function exists within the organisation and its purpose is to assist in the achievement of the organisational goals (Busch & Houston 1985). The organisational factors of importance in buying decisions include goals and objectives, organisational structure, resources, policies and procedures (Morris 1988:117). Organisational goals and objectives such as sales, profits, inventory turnover, costs and market share, are interrelated with purchasing goals which include price negotiations, product quality, and timeous delivery. These objectives will determine the attributes stressed in the purchasing decision, and indirectly affect the composition of the buying centre (Morris 1988).
The organisational structure refers to the design of the organisation and the position of the purchasing function (Morris 1988:117). It consists of the communications network, authority, status, reward and work flow. The organisational structure determines the extent to which members of different departments communicate with each other about a purchasing situation, which tactics they rely on to influence one another, and the information flow regarding products and suppliers (Busch & Houston 1985; Morris 1988). An important structural issue is the degree to which the purchasing function is centralised or decentralised. In a centralised structure, all purchasing decisions are taken at a corporate level with corporate resources. Goods are then allocated to divisions and plants. Decentralisation permits complete autonomy at each facility or location. According to Morris (1988:118) decentralised purchasing tends to attract more individuals in the buying decision and social influences and informal interdepartmental relationships may influence the purchase decision at each location. Centralisation, in turn, results in increased purchasing specialisation and in greater emphasis on long-term purchasing strategy.

The organisational structure may also be related to the policies and procedures for purchasing decisions. Policies and procedures provide structure to the buying function by
governing the work flow. They determine which organisation needs to be included in the buying centre, and may determine the importance of various product attributes. Policies and procedures also provide the framework for the formal resolution of conflict that may arise during the purchasing process (Morris 1988:118).

The organisation's resources are the basis for its purchasing requirements and capabilities (Morris 1988). Resources include the size of the company, nett assets, technologies, product lines, inventories, cash flow as well as the technical and managerial capabilities of its personnel. Resource constraints force an organisation to limit its inventory, seek external financing for large purchases, and to be conservative about what it buys and from whom.

3.6.3 Group Forces

Environmental and organisational forces create the scenario in which the buying centre functions. According to Hutt and Speh (1992:104) purchasing managers seldom conclude buying decisions independently of the influence of other organisational members. The degree of involvement of members in the buying centre will vary from routine purchases, in which the purchasing manager simply takes the
preferences of others into account, to complex new-task purchasing situations, in which the buying centre members assume an active role in the decision-making process.

Whenever more than one individual is involved, decisions are reached through group interaction, where members of the buying centre need to reach some form of consensus (Morris 1988). Anderson and Chambers (1985) explain that such consensus is unlikely to evolve automatically as buying centres usually originate from different functional areas inside the organisation, with differing experiences, and reward and measurement systems. Morris (1988:118) supports this finding and indicates that the individuals involved in the purchasing process are members of both a departmental or functional area, and the buying centre. As buying centres are likely to be informal and temporary groups, the individuals tend to demonstrate loyalty towards their department’s values and norms and thereby influence the decision-making process.

3.6.4 Individual Forces

Organisational buying decisions result from the interactions of several members in the buying centre. The resulting organisational buying behaviour is thus determined by the interacting individuals and their psychological
characteristics (Busch & Houston 1985:257). The individual forces that influence the buying process include needs, goals, habits, past experiences, information and the attitudes that each member brings to the buying centre (Morris 1988:121).

Because organisational buying is work-related behaviour, the motivation of each individual involved in the decision-making process becomes an important variable for explaining the organisation's buying behaviour (Morris 1988:121). Anderson and Chambers (1985) explain that the motivation underlying individual behaviour can be related to the theory of expectancy. This theory postulates that the effort a person exerts towards a specific task is a function of his or her perception of the probability that the effort will result in the successful completion of the required task. The belief that successful performance will result in desired outcomes such as rewards, and the attractiveness and importance of these results to the individual influences the individual’s behaviour.

Anderson and Chambers (1985) indicate that individual decision-makers are largely motivated by intrinsic and extrinsic rewards during the organisational decision-making process. Intrinsic rewards are those such as the feeling of accomplishment, whereas extrinsic rewards such as salary
increases and promotion are distributed by the organisation.

Hutt and Speh (1992:114) explain that purchasing managers will show preference to those suppliers that will allow them to achieve the maximum extrinsic reward. The attributes individual members will emphasise in evaluating organisational suppliers are likely to reflect the reward and measurement systems of their work group. Organisational buyers may then be rewarded for reducing material costs, whereas the technical personnel may be rewarded for improving the product. Morris (1988) concludes that, in order to capitalise on individual characteristics, the supplier may try to ensure that decision-makers will view his product as instrumental in ensuring a successful task performance. The marketer can assist the buyer to fulfil a specific role or project an image such as a problem solver, good negotiator, or shrewd decision-maker.

While the influences on organisational buying behaviour provide insight into the buying centre, there are several general models available that attempt to provide an integrated picture of the major factors that combine to explain organisational buying behaviour. Four of these frameworks will now be reviewed.
Organisational buyer behaviour models attempt to provide an integrated and comprehensive scenario of the major factors that combine to explain buyer behaviour (Morris 1988). Four of the best known models, considered by many (Johnston 1981; Hill & Hillier 1982; Moriarty 1983) to present well developed, comprehensive approaches to industrial buying are:

- The Robinson, Faris and Wind Buy Grid Model (1967).

- The Webster and Wind Organisational Buying Model (1972).


These organisational buying behaviour models will now be reviewed.

3.7.1 The Buy Grid Model

The buy grid model was developed by Robinson, Faris and Wind (1967) in a descriptive study of three organisations and a
large number of buying situations actually experienced by them.

An eight stage model of the purchasing process was combined with three types of purchase situations, the new task, the modified rebuy, and the straight rebuy. The three types of purchasing situations were defined in three different dimensions (Johnston 1981:20). Firstly, the recentness of the purchasing problem, secondly, the amount and kind of information required, and thirdly, the extent to which new alternatives were considered.

A new task buying situation is created when the organisation has no previous purchasing experience, requires additional information, and considers various alternatives to solve the purchasing problem. (Eckles 1990; Johnston 1981). The modified rebuy situation occurs when the need to replace an existing product or service arises (Johnston 1981; Reeder et al. 1987). The situation is not completely new to the organisation. However, new information or alternatives may be considered. In a straight rebuy situation, previous purchasing experience is available to the organisation and buyers simply reorder from the existing supplier as no new alternatives are considered (Hutt & Speh 1992; Johnston 1981).
The buy grid model also identifies eight phases in industrial buying behaviour which are described as follows (Robinson, Faris & Wind 1967:14):

Phase 1: Anticipation and recognition of a problem (need) and a general solution.

Phase 2: Determination of characteristics and quantity of the needed item.

Phase 3: Description of characteristics and quantity of needed item.

Phase 4: Search for and qualification of potential sources.

Phase 5: Acquisition and analysis of proposals.

Phase 6: Evaluation of proposals and selection of supplier(s).

Phase 7: Selection of an order routine.

Phase 8: Performance feedback evaluation.
According to Robinson, Faris and Wind (1967:14), the existence and duration of the eight buying phases depend upon the purchase situation. In a new task situation all phases may exist.

When the situation is a straight rebuy, the organisation may pass quickly through the phases, perhaps even missing one (Johnston 1981). Figure 3.3 shows the Robinson, Faris and Wind model combining the buy classes and buying phases into the two dimensional buy grid model.

**FIGURE 3.3 THE ROBINSON, FARIS AND WIND BUY GRID MODEL**

<table>
<thead>
<tr>
<th>BUY PHASES</th>
<th>BUY CLASSES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Anticipation or recognition of a problem (need) and a general solution.</td>
<td>New Task</td>
</tr>
<tr>
<td>Determination of characteristics and quantity of needed item.</td>
<td>Modified Rebuy</td>
</tr>
<tr>
<td>Description of characteristics and quantity of needed item.</td>
<td>Straight Rebuy</td>
</tr>
<tr>
<td>Search for and qualification of potential source.</td>
<td></td>
</tr>
<tr>
<td>Acquisition and analysis of proposals.</td>
<td></td>
</tr>
<tr>
<td>Evaluation of proposals and selection of supplier(s).</td>
<td></td>
</tr>
<tr>
<td>Selection of an order routine.</td>
<td></td>
</tr>
<tr>
<td>Performance feedback and evaluation.</td>
<td></td>
</tr>
</tbody>
</table>

The buy grid model was a major advancement in understanding the buying process and a useful analytical tool for both academic and marketing practitioners interested in organisational buying behaviour (Moriarty 1983). A further merit of the model is that it suggests that the purchasing process is incremental and that the buying centre composition and behaviour will be related to the problems which the purchase presents the buying organisation (Hill & Hillier 1977:140). The buy grid model has, however, several limitations which made it unsuitable for this study. Johnston (1981:20) points out that the purchase typology presents a problem in that it confounds a minimum of three separate dimensions of the purchase situation. The relative importance of the purchase, the newness of the product to the organisation, and the complexity or difficulty of evaluating the buying alternatives all seem to be grouped together. For example, in the case of an organisation contemplating the purchase of minor office supplies such as pencils which were not bought before (new task), the buy grid would predict a more drawn-out process than a purchase, for instance, if the same company would be replacing its fleet vehicles (Johnston 1981:20).

According to Hill and Hillier (1977:140) another limitation is that the buying phases tend to indicate a static rather than a dynamic situation, and are procedural or activity-
orientated rather than decision orientated.

An additional criticism is that the model is empirically based (Johnston 1981:20) It seems to be a near impossible task for a marketer to identify the actual and potential customers that would fall into each of the three buying situations, unless a detailed analysis on an individual basis was conducted.

3.7.2 The Organisational Buying Behaviour Model

The organisational buying behaviour model developed by Webster and Wind (1972) was an attempt to integrate a large variety of individual, interpersonal, interorganisational, and environmental variables into a single framework. The Webster and Wind model shown in figure 3.4 implies that all these determinants affect individual and group decision making processes and the purchasing decision (Moriarty 1983).

The model identifies the environmental influences as economic, technological, physical, political, legal and cultural factors. Webster and Wind (1972) point out that these forces tend to be subtle in established markets and may act as constraints on the buying goals of the organisation.
THE WEBSTER AND WIND MODEL OF BUYING BEHAVIOUR

I. The environment (environmental determinants of buying behavior)

- Physical environment
- Technological environment
- Economic environment
- Political environment
- Legal environment
- Cultural environment

- Suppliers
- Customers
- Government
- Labor unions
- Trade associations
- Professional groups
- Other business firms
- Other social institutions

- Information about suppliers (marketing communications)
- Availability of goods and services
- General business conditions
- Values and norms

II. The organization (organizational determinants of buying behavior)

- The organizational climate; physical, technological, economic, cultural

Organizational technology
- Technology relevant for purchasing

Organizational structure
- Organization of the buying center and the purchasing function

Organizational goals and tasks
- Buying tasks

Organizational factors
- Members of the buying center

III. The buying center

(Interpersonal determinants of buying behavior)

- Technological constraints and technology available to the group

- Group structure

- Group task

- Member characteristics and goals, leadership

IV. The individual participants

- Motivation, cognitive structure, personality, learning process, perceived roles

Buying decision process
- 1. Individual decision-making unit
- 2. Group decision-making unit

The organisation is in itself a source of influence on the buying behaviour process also. Members of the organisational buying centre, defined as all individuals and groups who are involved in the buying decision-making process, are motivated and directed by the organisation's goals, and constrained by the financial, technological, and human resources of the company (Johnston 1981:21).

The third source of variables in the model is the internal interpersonal dynamics of the decision-making unit. The individuals in the unit may have different responsibilities and may play different roles in the purchasing process. The model describes the five buying roles as: users, influencers, buyers, deciders and gatekeepers. Webster and Wind (1972) point out that an individual may play more than one role, and that each role may be performed by more than one individual.

The section of the model that deals with individual influences includes psychological factors such as personality, motivation, cognition, learning processes, decision rules, and perceived risk (Moriarty 1983). Webster and Wind (1972) see organisational buying as a decision-making process which is carried out by individuals in interaction with others inside the formal organisation.
The model succeeds in providing some indication of how buying decisions originate from combinations of individual and group decision processes, each of which can be influenced by individual, group, organisational, and environmental factors. The model also attempts to indicate the difficulties involved in portraying the complex nature of organisational buying behaviour (Hill & Hillier 1982:142). The Webster and Wind model, however, fails to establish how to identify the individuals within the organisation that play the various roles in the buying centre, yet it emphasises the need to understand the psychological characteristics of the members involved in the buying centre (Johnston 1981:21).

Viewed in its entirety, this model has made a significant contribution to describing organisational buying behaviour (Moriarty 1983). According to Johnston (1981:21), the model allows a retrospective explanation of the purchasing decision. Webster and Wind (1972), however, do not claim that their model is prescriptive and admit that they have not established precisely how buying decisions are made. This limits the model's use for this study.
3.7.3 The Industrial Market Response Model

The industrial market response model was developed in 1978 by Choffray and Lilien. The major components of the model shown in figure 3.5 are broken down into: controllable variables, the decision process, and external measures. The controllable variables are the marketing support given to the product to be marketed and its design characteristics.

The decision process is divided into four sub-models depicting awareness, acceptance, individual evaluation, and the group decision process. External measures include the communication consumption for each individual participant of the purchasing process, environmental constraints and organisational requirements, individual perceptions and evaluation criteria, and group process variables (Johnston 1981).

The model is based on two assumptions (Woriarty 1983:38).

- The composition of the organisational buying centre may be characterised by functions of the individuals involved in the purchasing process.
- Decision participants who are members of the same category share the same set of product evaluation criteria and the same sources of information.
FIGURE 3.5  THE CHOFFRAY-LILIENT MODEL OF BUYER BEHAVIOUR

Based on these assumptions, the model has several shortcomings which limit its use for this study. The first assumption constrains the model to an non-dimensional category which does not allow for variation within functions as a result of job grades or vice versa (Moriarty 1983). The second assumption does not allow for individual differences and it excludes educational background, age, and the experience of individuals in the same or similar functional areas of the organisation (Johnston 1981; Moriarty 1983). Later studies show that individual motives may differ extensively within the same functional areas and they may change over time (Hutt & Speh 1992; Johnston 1981).

3.7.4 The Industrial Buyer Behaviour Model

The industrial buyer behaviour model shown in figure 3.6, was developed by Sheth (1973) and represents a stimulus response model of the purchasing process. The model can be broken down into four components:

- The expectations of the individual decision making participants.
- The industrial buying process.
- The decision-making process.
- Situational factors.
FIGURE 3.6  THE SHETH INTEGRATIVE MODEL OF BUYER BEHAVIOUR

The model explains the expectations of the individual decision participants as a function of the background of individuals, sources of information and the result of an active search, perceptual distortion, and satisfaction with past purchases.

In describing the industrial buying process, the model indicates two types of determinants: product specific factors (time pressure, perceived risk, and type of purchase) and company specific factors (organisational orientation, size and degree of centralisation). The industrial buying process is then split into autonomous decisions and joint decisions. The model identifies four methods of conflict resolution during joint decision making: problem solving, persuasion, bargaining and politicking.

Finally, the industrial buyer behaviour model indicates situational factors as an influence of supplier choice.

The Sheth model does have limitations in that it does not elaborate much on the industrial buying process and how the relationships between the variables may change during that process (Moriarty 1983:40). In addition, as a stimulus response model it gives only a vague description of the various conflict resolution methods used in group decision making (Moriarty 1983:40).
The Sheth model of industrial buyer behaviour was selected as a basis for the research for this dissertation for the following reasons:

- The model includes time pressure in the product-specific factors, and indicates that situational factors may influence the decision-making process. Furthermore, the information-gathering activities linked with the buying decision process are shown as being continuous, although variable, rather than occurring at a set time in the decision-making process (Hill & Hillier 1977:142).

- The model recognises that differences between individual members of the buying organisation exist with regard to their expectations about product characteristics and suppliers. Empirical research pertaining to purchasing policies and practices of buyers, observations of industrial buyers, theories, models, and reports on industrial buying have been included in the model (Johnston 1981; Moriarty 1983).

- Sheth's model considers product specific, company specific, and individual difference variables to reconcile and connect empirical and conceptual studies thereby attempting to describe the complexities of organisational buying behaviour.
The model succeeds in describing the most important explanatory variables in a systematic, yet generalised stimulus response models of industrial buyer behaviour (Moriarty 1983:41).

By selecting Sheth's model as a basis for the research for this dissertation, it is hoped that further information on industrial buyer behaviour in the South African leather industry will emerge, and that Sheth's model may be tested in the local industry segment.

3.8 SUMMARY

Chapter 3 discusses the background to organisational buying behaviour. Organisational buying motives have been identified as both rational and emotional which may influence the organisational member's buying behaviour. Rational motives have been described as mainly the economic needs of the company, whereas emotional motives refer to human factors (Eckles 1990). Organisational buying is viewed as a process, rather than as a series of isolated acts, and consists of several phases. Morris (1988) points out that the decision-making process may not be the same for all types of products. The same product may elicit different buying patterns in different companies that have
different levels of experience and information (Hutt & Speh 1992). Three types of buying situations were identified and related to the sequential buying phases. In each of the buying situations, various members of the organisation may be involved in the decision-making process, forming the buying centre. Members involved in the organisational buying centre usually adopt one or more of the five distinct roles: users, influencers, buyers, deciders and gatekeepers (Eckles 1990).

The organisational buyer may be influenced by forces from within or outside the organisation. Hutt and Speh (1992) identified four buying behaviour influences: environmental, organisational, group and individual forces.

The four models of organisational buying behaviour reviewed in this chapter provide some understanding of the industrial buying process. The buy grid model shows how the decision process varies according to the type of purchase. The Webster and Wind model identifies many of the complex variables that affect industrial buying. Choffrey and Lilien's model attempts to operationalise some of the behavioural concepts of industrial buying and Sheth depicts in diagrammatic form, the interrelationships between the many complex variables affecting organisational buying behaviour (Moriarty 1983).
Although each of the four models discussed in this chapter have their strengths and weaknesses, the Sheth model was selected as a basis for the research for this dissertation. The Sheth model succeeded in demonstrating the complexity of industrial buying behaviour in an explanatory and systematic way, and provided a descriptive yet generalised stimulus response model which unified a wide variety of theories, concepts, and empirical research.
CHAPTER 4

RESEARCH METHODOLOGY

4.1 INTRODUCTION

This chapter discusses the research methodology for the investigation of organisational buying behaviour in the South African leather industry. As the objective of this study is to find answers to the expectations of individual decision-makers about the dyes and chemicals they use, their sources of information, the extent of joint decision making, possible conflicts that may arise, and to test a model of organisational buying behaviour in the South African leather industry, various available sources of data need to be consulted. Secondary data in the form of trade journals and magazines specific to the leather industry, as well as books on marketing and survey research are reviewed with reference to this study.

The three types of primary research, namely observation, survey research and experimentation are reviewed and evaluated. The available data collection methods such as personal interviews, postal questionnaires and telephone interviews are discussed with regard to their suitability for this research. This is followed by a discussion on
the design of the questionnaire, the type of questions and the sequencing of the questions. Attention is then given to the covering letter and methodological limitations that may affect this research.

4.2 SECONDARY RESEARCH

Secondary data involves data that has already been researched and collected for purposes other than the specific research requirements of this study (Dillon, Madden & Firtle 1993:78). The existing data is in the form of published or semi-published information such as journals, magazines and books (Hague & Jackson 1990). Secondary research of the available literature revealed sufficient background information on industrial buying behaviour to form the basis for this study. A review of trade journals and magazines specific to the leather industry such as the S.A. Shoemaker, Leather Review, Shoes and Views, Leather, and World Leather provided information on the South African tanning industry, its structures, its production orientation and the development of the industry.
Table 4.1 shows the number of tanneries present within the geographical boundaries of the Republic of South Africa.

<table>
<thead>
<tr>
<th>TRANSVAAL</th>
<th>NATAL</th>
<th>CAPE</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Bader Bop</td>
<td>8 Ladysmith Leathers</td>
<td>10 Western Tanning</td>
</tr>
<tr>
<td>2 Hanni Leathers</td>
<td>9 Sutherlands Tanning</td>
<td>11 King Tanning</td>
</tr>
<tr>
<td>3 Hanni Bop</td>
<td></td>
<td>12 Exotan</td>
</tr>
<tr>
<td>4 Kwiktan</td>
<td></td>
<td>13 East Cape Tanning</td>
</tr>
<tr>
<td>5 Kwandebele Tanning</td>
<td></td>
<td>14 Klein Karoo Landbou</td>
</tr>
<tr>
<td>6 African Game</td>
<td></td>
<td>15 Corium</td>
</tr>
<tr>
<td>7 Pilansberg Tanners</td>
<td></td>
<td>16 Bachs Tanner</td>
</tr>
<tr>
<td></td>
<td></td>
<td>17 Mossop &amp; Sons</td>
</tr>
</tbody>
</table>

The available secondary data did not provide sufficient information on aspects of organisational buying behaviour of the South African leather industry to solve the research problem. Primary research was thus required to provide specific research information. The three major kinds of studies that generated primary data: observational studies, survey research and experimentation will now be reviewed with regard to the study.
4.3 PRIMARY RESEARCH

Secondary data on aspects of organisational buying behaviour in the South African leather industry was not available through published data, statistics or studies. The research problem could not be solved without initiating primary research into the selected topic.

Primary data can be defined as original data which is specifically tailored to the problem on hand (Busch & Houston 1985:794; Nel, Rädel & Loubser 1990:21).

Observational studies, survey research and experimentation are the three major types of studies that generate primary data (Busch & Houston 1985; Dillon et al. 1993).

Table 4.2 summarises the three types of primary research, the options available as well as the advantages and disadvantages of each type of research.
<table>
<thead>
<tr>
<th>TYPE OF STUDY</th>
<th>DESCRIPTION</th>
<th>OPTIONS</th>
<th>ADVANTAGES</th>
<th>DISADVANTAGES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Observation</td>
<td>Study phenomenon in its natural setting.</td>
<td>Direct observation.</td>
<td>Valid measures.</td>
<td>Limited scope of variables.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Participation-observation.</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Mechanical observation.</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Physical traces.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Survey research</td>
<td>Study characteristics of population through questionnaire.</td>
<td>Personal interviews.</td>
<td>Wide scope of information can be gathered.</td>
<td>Costly. Wide scope of expertise needed.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Telephone interviews.</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Mail questionnaires.</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Drop-off questionnaires.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Experimentation</td>
<td>Test causal relationship between variables.</td>
<td>Field experiments.</td>
<td>Deep level of inquiry that contributes to understanding.</td>
<td>Realism difficult to achieve in laboratory. Control difficult to achieve in field.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Laboratory experiments.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Observational studies attempt to study a phenomenon in its natural environment. Four observational approaches are available (Busch & Houston 1985; Dillon et al. 1993).

The first method relies on direct observation re-studying a phenomenon as it occurs without disturbing it, for example the observation of automotive traffic volume patterns. The second method involves the researcher observing a phenomenon by actually participating in it, such as posing as a potential customer in order to study the tactics of retail sales people. The third method employs mechanical devices in the measurement of the phenomenon, for example counting traffic volume patterns by placing a cable across the road. The fourth method involves the measurement of a phenomenon by examining its physical residues, for example measuring a town's alcohol consumption not by monitoring the sales of alcohol, but by investigating the contents of rubbish deposited at the town's dump.

The major advantage of the observational research study, according to Busch and Houston (1985:795), is that the phenomenon is investigated in its natural environment and thereby provides valid measures. Barker (1983:54) also indicates that this method is appropriate in gathering facts. However, the observational method proves inefficient when a phenomenon occurs sporadically that when the fieldworker may encounter periods of idleness. Furthermore, the researcher...
who uses the observation method, must resolve ethical and legal questions of an individual's right to privacy especially when observations are undertaken without the subject's consent. Busch and Houston (1985:795) indicate that variables of interest in marketing research such as consumer beliefs and attitudes are not observable. This limits the usefulness of this type of study as the aim of this dissertation is the testing of a model of industrial buying behaviour in which the respondents beliefs and attitudes are important to the validity of the research. The observational method for the collection of primary data is thus not suitable as a data collection method for this study.

The second type of primary research is experimentation. Busch and Houston (1985:796) define this method as an attempt to isolate and test the effects of an independent variable on a dependant variable by manipulating the levels of the independent variable, measuring the dependent variable, and controlling the effects of any extraneous variable. The scope of information required in an experiment is much more specific than in other sources of data. An experiment examines information on cause and effect relationships, thereby contributing to the understanding of the phenomenon. The two types of experiments available are field and laboratory experiments. According to Busch and Houston (1985:796) a field experience test course affects relationships in a natural
environment. A successful field experiment may provide realistic information on what will happen when, for example, a change in the marketing decision variable occurs. The drawback is, however, the lack of control over the effect of extraneous variables on the dependant variable. Laboratory experiments resolve this problem by testing for causation in highly controlled laboratory environments, but lose the realism of the field. This results in the tenuous transfer of the generalisation of laboratory findings to the market place.

Both Barker (1983:60) and Busch and Houston (1985:797) indicate that field experiments must trade off close control of the environment for external validity. Laboratory experiments achieve internal validity by the maintenance of a controlled environment but lack external validity. The major application for the experimental method would be in areas such as the test marketing of new products or an advertising campaign. As it is the objective of this research to test an industrial buying behaviour model in the South African leather industry, external validity and application is of particular importance to this study. The experimental method of collecting primary research data is thus not suitable for this study.
The final type of primary research is research by survey. This method of research studies the characteristics of a population through questionnaires (Busch & Houston 1985:794).

Questionnaire administration can be divided into two types, namely interviewer-administrated and self administered questionnaires. Interviewer-administrated questionnaires can be presented in two ways. Firstly, a personal interview is undertaken by an interviewer who deals with the questionnaire and the respondent personally. The second interviewer-administrated survey is the telephone interview. This option requires the interviewer to deal with the questionnaire by telephone. Thirdly, the self-administered questionnaire is mailed to the respondent who then completes it and returns it to the researcher (Busch & Houston 1985; Dillon et al. 1993).

The advantage of a survey is that it can gather a wide range of information at one time about an individual respondent. The data may include depth and extent of knowledge, attitudes, interest and opinions, behaviour, past present or future, and classification variables such as demographic and socio-economic measures of income, occupation, and age (Baker & Day 1990:187; Busch & Houston 1985:796). These advantages together with its adaptability to the research objectives (Baker & Day 1990) make the survey method suitable for collecting primary research data for this research.
The objective of this study is to test a model of organisational buying behaviour and to draw conclusions about the South African leather industry.

The success of the research design will be partly determined by how well the population of interest to this study is represented by the tanneries included (Busch & Houston 1985).

One method of ensuring representation is to conduct a census survey of the entire South African leather industry. Usually the costs associated with a census survey prohibit this approach (Dillon et al. 1993). However, only 17 tanneries that use dyestuffs and chemicals in their manufacturing process were identified. This limited population makes the compilation/drawing of a sample very difficult and likely to be non-representative should one of the larger and important tanneries not be included in the sample (Barker 1983).

To ensure the representation and validity of this study, all members within the limited population in question had, of necessity to be included in the study. With the selection of an appropriate data collection method, the costs associated with a census could be limited and executed cost-effectively.

Before the collection of data, the scope of the study needs to be defined and discussed.
4.3.1 The Scope of the Study

The scope of this study comprised tanneries that convert raw or semi-processed (wet-blue or vegetable tanned) hides and/or skins into finished leather. The geographical boundary was limited to the Republic of South Africa. For the purpose of this research, the former self-governing/homeland states were included in the greater South Africa area, as most of the major tanneries such as Bader Bop, Hanni Bop and Sutherlands Tannery fell within these areas. Exclusion of these tanneries could affect the results of this study. A total of 17 tanneries were found to operate within the geographical boundaries of South Africa (see table 4.1).

4.3.2 Characteristics of the Universe

This research concentrates on the aspects of organisational buying behaviour in the South African leather industry, with specific reference to the purchasing of dyestuffs and chemicals. The target population which can be defined as a defined set of organisations holding information of interest to the researcher (Dillon et al. 1993) included the following:
The selected organisations had to use dyestuffs and chemicals in their manufacturing process.

All organisations included in this study had to be located within the boundaries of the Republic of South Africa.

Each organisation in the target population converted raw or semi-processed hides and/or skins into a finished leather.

The technical manager of each tannery was selected as a respondent. Pre-testing of the questionnaire took the assumption that the specified person would be involved in the decision-making process regarding dyestuffs and chemicals.

The identified characteristics of the target population now serve as criteria for the selection of an appropriate data collection method which will now be reviewed.

4.3.3 Data Collection Methods

Data may be collected by means of observation using the following options: personal interviews, mail questionnaires and telephone interviews. Each of these available options had unique advantages and disadvantages with regard to this study and will now be discussed.
4.3.3.1 Personal Interviews

Personal interviewing is the most versatile method of data collection as it allows both audible and visual contact with the respondent (Babbie 1990:171; Busch & Houston 1985:795). Through personal interaction, the researcher is usually able to extract not only additional comments, but also a full disclosure of attitude. This advantage, coupled with a generally achievable response rate of 80 percent and a fast completion rate ranked the personal interview second to the telephone interview (Babbie 1990:71; Barker 1983:242). This made this method of data collection an attractive alternative. This option, however, had several limitations. Firstly, due to the wide-spread geographic distribution of the tanneries included in this survey, the costs associated with data collection, such as airfares, hotels, and car rentals, presented a severe financial limitation. Secondly, the alternative to recruiting a field force of interviewers in each of the selected provinces, would also have proven costly and time consuming as training would have to be provided in order to prevent possible interviewer bias. Interviewer bias may occur when the interviewer gives some indication of an approval or disapproval of a respondent's answer which may in turn influence the response to subsequent questions (Dillon et al. 1993:164).
The limitations of the personal interview method, in this study, outweighed its advantages and therefore it was not suitable as a data collection method for this study.

4.3.3.2 Mail Questionnaires

This method of data collection allows the questionnaire to be posted directly to the respondents included in the study. The respondents would be asked to complete the questionnaire in their own time and return it by the same means in a self-addressed envelope (Babbie 1990:160). This approach represented the least expensive alternative of data collection since the population was widely dispersed throughout South Africa (Alreck & Settle 1985). The mailed questionnaire allows the respondent to seek and find information he cannot furnish by memory. The questionnaire method also means minimal administration for the respondent as it may be completed at a time chosen by the respondent rather than the interviewer. Barker (1983:240) points out however, that there is no assurance that the respondent will complete the questionnaire.

The most serious limitation of the mail questionnaire method is the relatively low response rate. According to many authors (Alreck & Settle 1985:45; Barker 1983:241; Nel et al. 1990:187) mail surveys often produce a response rate of below 50 percent.
Dillon, et al. (1993), indicate that with prior notification and follow-up mailing such as sequence of mailings, non responses may be significantly/successfully reduced. Nel, et al. (1990:195), however, conclude that follow-up techniques extend the data collection period and do not accelerate the speed of completion and returning of the questionnaire, nor do they affect the quality of the response.

The possibility of a low response rate was a limitation as far as this study is concerned. The identified population numbered only 17 tanneries and a high response is therefore important. A low response rate of below 50 percent would have lead to the strong possibility of a non response bias and a disproportional representation of the leather industry. This would undoubtedly have affected the validity of the study.

The limitations of the mailed questionnaire method of data collection were greater than the advantages. This option was thus not selected for this dissertation.

4.3.3.3 Telephone Interviews

This data collection method allowed the questionnaire to be administered over the telephone. Thus there was no need to venture into the field, nor to establish, train, or monitor a field force. While the personal interview method or the mail
questionnaire method may take weeks or months to be completed, telephone interviews can be completed in much shorter period of time (Alreck & Settle 1985; Barker 1983). A telephone interview only allows aural contact with the respondent as opposed to both aural and visual contact possible in the personal interview method. According to Alreck and Settle (1985) this may mean a possible limitation in the telephone interview method, as eye contact coupled with the physical presence of another individual may affect the respondent's attitudes, moods and co-operation. In a later study by Babbie (1990:72), it is, however, indicated that the interviewer's presence should neither affect the respondent's perception of the question nor the answer given. Interviewer bias may even be created if the interviewer does not project a neutral medium through which questions and answers may be transmitted. Barker (1983:246) found that respondents would be more willing to disclose information to an impersonal voice over the telephone as they feel they have greater anonymity when responding.

According to Babbie (1990:171), a properly designed and executed telephone interview survey is likely to achieve a response rate of between 80 and 85 percent. This is supported by Dillon, et al. (1993:168), who indicates that frequently a response rate of up to 80 percent may be attained with telephone interviews.
The high response rate of the telephone interview method compares favourably with the personal interview method, however it costs much less. Of all the applicable methods for collecting research data on the South African leather industry, the telephone interview method was selected as it is relatively cost-effective, and can be completed within a short period of time with a probable high response rate.

As the purpose of a properly designed interview is to achieve a high response rate (Babbie 1990) the questionnaire design will now be discussed.

4.4 QUESTIONNAIRE DESIGN

In preparing the questionnaire, the researcher must envisage the respondent replying to the questions and the conditions under which the questionnaire is administered (Dillman 1978). Responding to a telephone call may be difficult. The respondent is called to the telephone unexpectedly. Feelings of reluctance, anxiety, or even excitement may be prevalent. Respondents may be contacted in the middle of their daily activities. A misinterpreted question could give rise to an incorrect answer and lead to a recording error. Furthermore, the respondent's concentration may be impaired by the location of the telephone which may make the task of responding
inconvenient, for example inside the production area of the tannery. Dillman (1978:202) indicates that these considerations have several implications for the design of the telephone questionnaire. From the onset, subtle ways must be found to persuade the respondents, to discontinue activities that may distract their attention from the interview. One example is the insertion of open-ended questions that require the respondent to formulate their own responses.

During the actual data collection it was found that respondents had to be contacted several times, and specific times arranged for the telephone interview. Most respondents were not willing to answer questions during the first contact mainly due to time pressure.

To introduce and lend credibility to the questionnaire, a letter sanctioned by UNISA was mailed to each respondent prior to the telephone interview (see appendix C). This served to inform the respondent that he could expect a call from the researcher within the next week (see appendix C). The researcher conducting the interviews was himself actively involved in the South African leather industry, and a member of the South African Leather Technicians Association.
At the beginning of the interview, the researcher gave a short description of the purpose of the study. The prospective respondent was also informed that all the information given would remain completely confidential (see appendix B).

The compilation of the questionnaire took into consideration the alternative types of questions available. According to various sources (Aaker & Day 1990; Barker 1983) three types of questions need to be considered:

- Open-ended questions with no classification;
- Open-ended questions with precoded classifications;
- Closed or structured questions.

First, open-ended questions, with no classification, where the researcher attempts to record the response verbatim. Secondly, open-ended questions where the researcher makes use of precoded classifications to record responses. Thirdly, a closed or structured format that presents the respondent with a question or supplementary information to be considered. These options will now be reviewed with regard to the research requirements for this study.
4.4.1 Types of Questions

Open-ended questions that allow the respondent to choose any response deemed appropriate (Dillon et al. 1993:309) were used in three questions such as: "What do you think other members of the production department’s selection criteria for dyestuffs and chemicals would be?" This type of open-ended question was used to obtain the respondent’s wide range of experiences, interests, sentiments and motives (Aaker & Day 1990; Dillon et al. 1993). A disadvantage of this type of question is the researcher’s possible inability to record verbatim answers quickly, or summarise the response accurately.

Furthermore, open-ended questions are time consuming, both during the interview and during tabulation (Dillon et al. 1993:310). These limitations were overcome by limiting the open-ended question format to three questions, and by asking dichotomous filter questions which enable responses to be grouped into yes/no categories.

The limitations of accurately summarising or recording verbatim responses were overcome by the researcher’s active involvement in the leather industry which improved data collection as industry specific terms and information are more easily understood and recorded.
Open-ended questions that make use of precoded classifications to record responses can be defined as a more structured form of this sort of question. Respondents are free to choose their answers but the question itself is direct and to the point (Barker 1983:229).

Three directed response questions and sixteen questions of the checklist type were included in the questionnaire such as:

QF2) How many years have you been with your present company ---

QF3) What type of specialised education do you have:

<table>
<thead>
<tr>
<th>Educational Qualification</th>
<th>Code</th>
</tr>
</thead>
<tbody>
<tr>
<td>National Diploma (Leather/SA)</td>
<td>1</td>
</tr>
<tr>
<td>University Degree (BSc)</td>
<td>2</td>
</tr>
<tr>
<td>Local Technical Diploma (Leather)</td>
<td>3</td>
</tr>
<tr>
<td>International Technical Diploma (Leather)</td>
<td>4</td>
</tr>
<tr>
<td>Certificate of Competence (SA)</td>
<td>5</td>
</tr>
<tr>
<td>Other, please specify</td>
<td>6</td>
</tr>
</tbody>
</table>

Several answer options were put before the respondent. If no suitable answer was selected, the respondent had a further opportunity to specify his own response. This question format facilitates coding and analysis and provides additional information in the open-ended specific section, as well as measuring knowledge and possible attitudes (Barker 1983).
Close-ended questions provide the respondents with predetermined choices within which they are asked to select one that best describes their feelings (Dillon et al. 1993:310). Three basic forms of close-ended or structured questions namely dichotomous, and multiple choice questions were used for this research. Fifteen dichotomous (yes/no) questions were used in this research. This is the most restricted and structured form of question as there are only two answers possible.

Dichotomous questions serve as efficient gatherers of facts (Barker 1983:225) such as:

QA4a) Do you think that time pressure may affect your decision:

No ------ 1
Yes ------ 2

The second form of close-ended or structured questions used was the multiple choice. The multiple choice question is highly structured, with the question itself and all the possible answers presented to the respondent. There is only one correct answer which the respondents need to recall. Eight multiple choice questions were included in this questionnaire to obtain facts and classification data, and to ascertain attitudes (Barker 1983) such as:
Q2c) What role does your colleague play in the decision?

Decision-maker ------- 1
Advisor ------- 2
Discussion partner ------- 3
Supervisor ------- 4
Other, pls specify ------- 5

The order and sequence of the questions is initially determined by the need to obtain and maintain the respondent's cooperation and to design a questionnaire which facilitates administration for the researcher (Aaker & Day 1990:251). When designing the flow of the questionnaire, the following procedure was selected (Aaker & Day 1990; Dillon et al. 1993). The interview was introduced and the nature and purpose of the study briefly explained to dispel any initial suspicions or fears the respondent might have at being interviewed. For the purposes of this research a letter sanctioned by UNISA was addressed to the respondent and mailed prior to the interview. A short introduction to explain the purpose of the study was given to the respondent prior to the actual start of the telephone interview (see appendix C).
The type of questions included in the questionnaire used in this study are categorised in Table 4.3.

**Table 4.3  Telephone Questionnaire - Question Category**

<table>
<thead>
<tr>
<th>Question Number</th>
<th>Question Type</th>
<th>Question Number</th>
<th>Question Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>A1</td>
<td>Dichotomous</td>
<td>C1</td>
<td>Checklist</td>
</tr>
<tr>
<td>A1a</td>
<td>Directed response</td>
<td>C2</td>
<td>Checklist</td>
</tr>
<tr>
<td>A2</td>
<td>Dichotomous</td>
<td>C3</td>
<td>Dichotomous</td>
</tr>
<tr>
<td>A2a</td>
<td>Checklist</td>
<td>C3a</td>
<td>Checklist</td>
</tr>
<tr>
<td>A2b</td>
<td>Checklist</td>
<td>C4</td>
<td>Checklist</td>
</tr>
<tr>
<td>A2c</td>
<td>Checklist</td>
<td>C5</td>
<td>Checklist</td>
</tr>
<tr>
<td>A3</td>
<td>Dichotomous</td>
<td>D1</td>
<td>Dichotomous</td>
</tr>
<tr>
<td>A3a</td>
<td>Open-ended</td>
<td>D2</td>
<td>Multiple choice</td>
</tr>
<tr>
<td>A3b</td>
<td>Open-ended</td>
<td>D3</td>
<td>Multiple choice</td>
</tr>
<tr>
<td>A4</td>
<td>Dichotomous</td>
<td>D4</td>
<td>Multiple choice</td>
</tr>
<tr>
<td>A4a</td>
<td>Open-ended</td>
<td>D5</td>
<td>Dichotomous</td>
</tr>
<tr>
<td>A5</td>
<td>Multiple choice</td>
<td>E1</td>
<td>Checklist</td>
</tr>
<tr>
<td>A6</td>
<td>Checklist</td>
<td>E1a</td>
<td>Checklist</td>
</tr>
<tr>
<td>B1</td>
<td>Dichotomous</td>
<td>E2</td>
<td>Dichotomous</td>
</tr>
<tr>
<td>B1a</td>
<td>Multiple choice</td>
<td>E3</td>
<td>Checklist</td>
</tr>
<tr>
<td>B1b</td>
<td>Multiple choice</td>
<td>F1</td>
<td>Directed response</td>
</tr>
<tr>
<td>B2</td>
<td>Dichotomous</td>
<td>F2</td>
<td>Directed response</td>
</tr>
<tr>
<td>B3</td>
<td>Multiple choice</td>
<td>F3</td>
<td>Dichotomous</td>
</tr>
<tr>
<td>B4</td>
<td>Dichotomous</td>
<td>F3a</td>
<td>Checklist</td>
</tr>
<tr>
<td>B4a</td>
<td>Checklist</td>
<td>F4</td>
<td>Multiple choice</td>
</tr>
<tr>
<td>B4b</td>
<td>Checklist</td>
<td>F5</td>
<td>Dichotomous</td>
</tr>
<tr>
<td>B4c</td>
<td>Dichotomous</td>
<td>F6</td>
<td>Dichotomous</td>
</tr>
<tr>
<td>B4d</td>
<td>Checklist</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
The questionnaire was opened with an easy dichotomous question to establish the confidence of the respondent in his ability to answer the questionnaire. In this study, the first question the respondents were asked was whether they were personally involved in the decision-making with regard to the type of dyestuffs and chemicals purchased. Only a yes or no was required. If the respondent answered "no", a structured open-ended question followed in which the respondent was asked to indicate which person in the company would be involved. The interview was then terminated and the respondent thanked for his time. The right person was then contacted after a pre-mailed introductory letter was sent to him for his attention.

Sensitive and difficult demographic questions concerning personal ability and income should generally be asked towards the end of the questionnaire. If such questions are left for near the end of the questionnaire, other questions will not be affected by a refusal and the respondent is also given time to develop trust and confidence in the interviewer and the study (Aaker & Day 1990; Dillon et al. 1993). In this questionnaire, the demographic questions formed the final section and the personal income question was left to the third last question.

The questions were generously spaced with arrows and boxes used to guide the interviewer through the questionnaire.
The introductory covering letter mailed to the respondents prior to the telephone interview will now be discussed.

4.5 COVERING LETTER

A covering letter was mailed to all potential respondents and served to notify the individuals of the impending telephone call. Dillon, et al. (1993:166), indicates that advance letters appear to have a positive effect on response rates.

The reason for this method is that respondents may often react with caution when they receive an unexpected telephone call.

The advance letter attempts to relieve wariness and create a positive and co-operative disposition. With regard to this study, an advance letter was addressed to the tannery manager, explaining that a telephone call could be expected within the next week (see appendix C). The respondents were informed that the information received would be treated as confidential and would be used for the purpose of a Master of Commerce Degree at the University of South Africa. It was hoped that with the pre-notification a higher response rate would be obtained.
The selection of a research design, the data collection method and the characteristics of the universe resulted in several methodological limitations. These will now be reviewed with regard to this study.

4.6 METHODOLOGICAL LIMITATIONS

The study was limited to aspects of organisational buying behaviour of the South African leather industry with specific reference to the purchase of dyestuffs and chemicals. A total of 17 organisations were identified to be pertinent to the study. It would thus be questionable whether this study could be generalised to the remaining industries that require dyestuffs and chemicals in their manufacturing processes.

The geographical area for this research was limited to the borders of the Republic of South Africa excluding the Republics of Lesotho and Swaziland. This imposed limitation allowed specific information to be gathered about the industry and was therefore relevant to organisational buying behaviour in the South African leather industry in specific.

The study was further limited to the leather industry only. Although several manufacturing industries make use of dyestuffs and chemicals, the study was restricted to the population of
this particular industry in order to gain specific information on buying behaviour in the selected industry. Two purchasing classes were examined, namely dyestuffs and chemicals. Both purchasing classes were combined in the questionnaire.

Bias factors or errors that may affect research results will now be reviewed.

4.5.1 Non-Response Bias

Low response rates, caused by the refusal of respondents to be interviewed may give rise to the potential for non-response bias. Alreck and Settle (1985) indicate that the non-response bias may have nothing to do with the actual content of the survey. This results in the respondent not completing the questionnaire because he does respond to the interviewer. Alreck and Settle (1985) conclude that if individuals respond purely on a random basis, there is no non-response bias. In order to avoid this type of non-response bias, the questionnaire was pretested with three tanneries (see appendix D).

The questionnaire was pretested to disclose major shortcomings (Baker 1983:233). The questionnaire was then revised and retested. Weaknesses such as unclear instructions, words and questions that were misunderstood by respondents and recording
spaces that were initially omitted were identified and corrected.

The telephone interview method of data collection was selected as an additional means of avoiding a low response rate which could have affected the validity of this study.

4.6.2 Affinity Bias

When the selection of individual respondents within each selected organisation is effected to a set plan by the interviewer, an affinity bias may exist.

Alreck and Settle (1985:76) indicate that this may be relevant, if the plan fails to identify precisely which individuals in the company are to be selected. This may indicate bias on the part of the interviewer. In order to avoid affinity bias in this study, at the onset the respondent was identified as the tannery manager in charge of the organisation. In the pretesting of the questionnaire (see appendix D) it was found that where a buying department existed, no decisions regarding the type of dyestuffs and chemicals were taken by the tannery's buying department. In fact the buying department merely executed orders and requisitions which emanated from the tannery manager. The assumption that these managers took a
direct part in the decision-making process is tested in the questionnaire.

4.6.3 Time Pressure and Fatigue Bias

During a lengthy interview, accuracy of response can decrease. Respondents who were initially reluctant to participate because they were busy, become anxious about the length of time that seemed to be required to answer the questionnaire. Aaker and Day (1990:195) indicate that the resulting bias is likely to be random. To avoid the time pressure and fatigue bias, the telephone questionnaire was kept as short as possible. Although a total of 45 questions were included in the questionnaire, the majority of questions were short dichotomous, checklists and multiple choice questions which facilitated speedy completion. In the pretesting (see appendix D) of the questionnaire an average of 19 minutes was needed to complete a questionnaire. According to the pretested respondents, the time allocation was acceptable.

4.6.4 Courtesy Bias

The tendency to limit answers to pleasantries to cause minimum discomfort or embarrassment to the interviewer, or to avoid appearing uncooperative may inflate responses to aided recall (Aaker & Day 1990:195). The respondent's anonymity and
confidentiality in this questionnaire may have reduced the possibility of courtesy bias and obtain realistic results.

4.6.5 Prestige Seeking and Social Desirability Response Bias

According to Aaker and Day (1990:195) respondents will distort their answers to enhance their prestige in the eyes of the interviewer and will not put themselves at odds with their own perception of prevailing norms. Consequently, questions that have prestige implications concerning income and education level may be biased to reflect well on the respondent. Aaker and Day (1990:195) also indicate that respondents may suppress their own attitudes to mention inappropriate behaviours such as violating environmental norms. It was hoped that by granting the respondent anonymity and keeping his responses confidential this bias would be limited.

4.6.6 Sampling Bias

The sampling bias can be described as the difference between the results of sampling and a complete enumeration or census of a defined population using the same data collection methods. Bias is inherent in sampling as only a small part of the available population is examined (Barker 1983:96).
The sampling bias was avoided in this study by conducting a census of the entire population which consisted of 17 organisations.

4.6.7 Interviewer Bias

Interaction between the interviewer and the respondent can lead to bias. If the interviewer should give an indication of approval or disapproval of a response, subsequent responses may be influenced. The interviewer may also misreport or even falsify answers to questions (Dillon et al. 1993:164). To limit interviewer bias, the questionnaire was administered via the telephone which reduced the interaction between respondent and the interviewer to aural contact only. Furthermore, the interviewer's aim must be to remain neutral to ensure valid research results. The interviewer must be aware that falsification of answers will affect the validity of the study and render research results useless.

4.7 SUMMARY

Chapter 4 discusses the research methodology for this study. Secondary data sources of the South African leather industry were reviewed and information gathered on the structure and composition of the industry.
There was insufficient data to solve the research problem and primary data needed to be generated. The researched universe comprised a total of 17 tanneries which made the design of the research extremely important in obtaining a representative and valid study. A census method of research was chosen to ensure maximum representation. To ensure that the high costs usually associated with a census (Dillon et al. 1993) did not prohibit its use in this study, careful evaluation and selection of the data collection methods are done.

The telephone interview method was chosen because of its high response rate which compared favourably with the personal interview method (Babbie 1990:71; Dillon et al. 1993:168) and because of its relatively low cost of telephone calls. A good response rate is important to ensure the external validity of the study.

Following the selection of the data collection method, the questionnaire was designed with specific regard to the telephone interview method. Finally methodological limitations were identified and their possible effect on the validity of this study discussed.

In the following chapter the research results will be presented.
CHAPTER 5

RESEARCH EVALUATION

5.1 INTRODUCTION

In chapter 4 the research methodology was described and a method of data collection selected. The questionnaire was administered by telephone and a 100 percent response rate achieved.

The primary objective of the study is to test the Sheth model of organisational buying behaviour in the South African leather industry.

The secondary objectives include:

- determining the level of joint decision making in South African tanneries;
- identifying which methods of conflict resolution are used during joint decision-making;
- identifying the degree of formalisation of the purchasing policies of the individual tanneries;
- to establish selection criteria used for dyestuffs and chemicals;
to determine the information sources consulted during a new purchase situation;
and

to determine whether tanneries have become environmentally conscious.

The questionnaire was structured in six broad categories to achieve the primary and secondary objectives.

Each category was based on the Sheth model of industrial buyer behaviour.

The six categories include:

- The purchasing decision
- Environmental and economic considerations
- Company orientation
- Product information sources and selection criteria
- Joint decision-making and product/supplier loyalty
- Demographic indications

Each category will be individually evaluated and related to the stated objectives. These will now be discussed.
5.2 RESEARCH DATA

5.2.1 Purchasing Decisions

The first category of the questionnaire concentrates on the purchasing decision as identified in the Sheth model. The first question serves as a filter question and establishes whether or not the selected respondent is involved in the decision-making process when dyestuffs and chemicals are involved.

Specific questions were then asked to determine if the respondents decide jointly or alone, and what the designation of the other members participating in the decision-making process are. The respondents were asked whether or not they would be held responsible for their decisions and if time pressure affected their decisions. Respondents were also asked whether they would consider changing the product and/or the supplier in the event of not being satisfied with their dyestuff or chemical purchase.

The last question in this section presented the respondent with four buying situations. With specific reference to the purchasing of dyestuffs and chemicals, the respondents were asked to indicate in which situation they would decide:
autonomous or jointly with another member of the organisation.

Question A1 served as a dichotomous filter question at the beginning of the questionnaire. The respondent was asked whether he was involved in the decision about which dyestuffs or chemicals were to be purchased by the company. In the event of the respondent answering negative, the researcher had been given instructions to ask the respondent whether he could indicate the person involved in such decisions in the tannery.

The interview would then be terminated and the indicated person contacted.

FIGURE 5.1 RESPONDENTS INVOLVED IN THE DECISION-MAKING PROCESS

100% Decision-Making Respondents
Figure 5.1 shows that all respondents indicated that they were involved in the decision-making process about dyestuffs and chemicals.

Question A2 is a dichotomous question requiring a single answer. The respondent was asked whether he decided on purchasing dyestuffs or chemicals alone, or whether he needed the approval of another department(s).

The results of the question are shown in figure 5.2 and indicate that 33 percent of all respondents decide alone on dyestuffs or chemical purchases, and 67 percent require another member’s or department’s approval.
Question A2a was constructed as a checklist and follows on from question A2 which asks those respondents who answered their decision was an interdepartmental or joint one, to indicate which department’s approval they required for their purchasing decision. The reaction to this question (with the other departments being purchasing, technical, financial, production and marketing) in which more than one department might be indicated, are shown in figure 5.3.

Figure 5.3 shows that approval from the following departments was required by the respondents: 31 percent by the technical department, 31 percent by the marketing
department, 24 percent by the financial department, 7 percent by the production department and 7 percent by the purchasing department.

Question A2b follows on from question A2a and provides a checklist from which the respondent is asked to indicate the individual's designation in the company with whom a purchasing decision is taken. The results of the question (with the alternatives being the managing, technical, financial and marketing director or the technical, financial, purchasing and marketing manager) are illustrated in figure 5.4.

FIGURE 5.4  POSITION OF INDIVIDUALS WHOSE APPROVAL IS REQUIRED
Figure 5.4 shows that 36 percent require the technical director's approval for purchasing dyestuffs or chemicals, 18 percent the managing director's, 18 percent the financial manager's, 18 percent the technical manager's, and 10 percent the marketing manager's approval.

Question A2c provides the respondent with a checklist and follows question A2b.

In this question the respondent is asked what the other member's role in the purchasing of dyestuffs and chemicals is.

The reaction to this question which included the following alternatives of the decision maker, advisor, discussion partner, supervisor, or other specific role, is shown in figure 5.5.
Figure 5.5 shows that 36 percent of the respondents indicate that the role the organisational member plays in the purchasing decision is that of a discussion partner, 36 percent a decision maker and 18 percent an advisor.

Question A3 is structured as a dichotomous question in which the respondent was asked whether he would be held responsible if the dyestuffs or chemicals he purchased did not perform as expected. Figure 5.6 shows the reaction to this question.
The figure above indicates that 76 percent of all respondents feel that they would be held responsible for the non-performance of the dyestuffs or chemicals, and 24 percent not.

Question A3a follows on from question A3 and enquires from the respondents, who indicated they would not be held responsible for their decisions, why they felt this way.

Although this question was structured as an open-ended question, all responses could be classified either into pre-trial work successfully concluded or a joint decision. Successful pre-trial work proves that the selected products perform in large scale production.
Figure 5.7 illustrates that 75 percent of the respondents feel they would not be held responsible as the purchase of dyestuffs or chemicals had been a joint decision. 25 percent of the respondents feel they would not be held responsible for the dyestuffs or chemicals non-performance as successful pre-trial work would have been concluded.

Question A3b follows question A3 and asks those respondents who answered that they would be held responsible for their non-performance of the selected dyestuffs or chemicals, why this was so.
Figure 5.8 shows that 62 percent of the respondents felt that they would be held responsible for the dyestuffs or chemicals non-performance because they were responsible for the technical side of the tannery's production, and 38 percent felt responsible because it was their own decision. Although this question was structured as an open-ended question only two types of response were received, which are illustrated in figure 5.8.

Question A4 is constructed as a dichotomous question and asks the respondent whether time pressure is a factor when deciding on which dyestuffs or chemicals to purchase.
Figure 5.9 indicated that 65 percent of all respondents felt that they were not usually under time pressure when deciding on which dyestuffs or chemicals to purchase. 35 Percent felt that they were usually under time pressure.

**FIGURE 5.9 RESPONDENTS UNDER TIME PRESSURE**

<table>
<thead>
<tr>
<th>65%</th>
<th>Respondents usually not under time pressure</th>
</tr>
</thead>
<tbody>
<tr>
<td>35%</td>
<td>Respondents usually under time pressure</td>
</tr>
</tbody>
</table>

Question A4a follows question A4 as an open-ended question and asks the 35 percent of respondents, who answered that time pressure was a factor, how this affected their purchasing decision.

Only two types of response were received from the respondents (three respondents fell into this category). Figure 5.10 illustrates the answers that were received to the above question.
The above figure 5.10 shows that 67 percent of the respondents feel that decisions about dyestuffs or chemicals made under time pressure may not always be cost-effective. 33 Percent of respondents experienced doubt whether they have in fact purchased the correct products or not.

Question A5 is structured as a multiple-choice question. The respondent is asked whether he would consider changing the product and/or the supplier if he was not satisfied with the dyestuffs or chemicals purchased by the organisation. The reaction to this question (which included the alternatives: the product, supplier, both or neither the product and/or supplier) is shown in figure 5.11.
The majority or 53 percent of respondents would change both the product and or supplier in the event of not being satisfied with their purchase. 47 Percent of all respondents would only change the product in the event that they were not satisfied with the dyestuffs or chemicals they purchased.

**Question A6** is a checklist in which the respondent is presented with four buying situations, and asked to indicate in which of these situations he would be the sole decision-maker and in which situation the decision would be a joint one.
Table 5.1 indicates that the majority, i.e. 76 percent of respondents decide alone in one-off purchase situations compared to only 24 percent that take joint decisions with another member of the organisation.

In the second situation concerning repetitive routine purchasing, 88 percent do so on their own, versus 12 percent that do so with another member's approval.

The third situation shows that 65 percent of the respondents decide alone when purchasing a new product from the same supplier as opposed to 35 percent that decide together with another member.
The fourth situation indicates that only 47 percent decide alone as compared to 53 percent of the respondents that decide together with another organisational member when new products are bought from new suppliers.

5.2.2 Environmental and Economic Influences

This questionnaire category refers to situational factors affecting the Sheth model. The first question concerned the company's environmental awareness and respondents were asked to indicate whether or not their company had become environmentally conscious in the last few years. Respondents also had to indicate in what way their company had become environmentally conscious, or for what reason their company had not.

Respondents were also asked whether or not environmental considerations influenced their purchasing criteria of dyestuffs or chemicals.

With reference to the politically motivated stay-away action in August 1992, respondents indicated the percentage of their labour turnout. This question illustrated to what extent the South African leather industry was affected by the labour unrest.
The last question referred to the partial lifting of economic sanctions and whether or not their company had benefited from this. Those respondents who had benefited were asked to indicate how, to which countries they exported, and whether or not they had exported to these countries prior to the lifting of sanctions.

Question Bl is structured as a dichotomous question in which the respondent is asked whether his tannery had become environmentally conscious from 1991 onwards or not.

**FIGURE 5.12 NUMBER OF TANNERIES THAT HAVE BECOME ENVIRONMENTALLY CONSCIOUS SINCE 1991**

<table>
<thead>
<tr>
<th></th>
<th>Yes, Organisation has become environmentally conscious</th>
<th>No, Organisation has not become environmentally conscious</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>77 %</td>
<td>23%</td>
</tr>
</tbody>
</table>

Figure 5.12 clearly shows that the large majority, i.e. 77 percent of all tanneries included in the census have become environmentally conscious within the last three years. Only 23 percent of all tanneries have not become environmentally conscious.
Question B1a follows on question B1 and is in the form of a multiple choice question. In question B1a the respondent is asked in which way his company had become environmentally conscious. The response to this question (which included the alternatives: effluent treatment, emission filters, recycling waste, environmentally friendly products, and other specific methods) is illustrated in figure 5.13.

**FIGURE 5.13 ALTERNATIVES USED BY ENVIRONMENTAL CONSCIOUS TANNERS**

| 1 | Effluent Treatment | 69% |
| 2 | Emission Filters   | 15% |
| 3 | Recycling Waste    | 61% |
| 4 | Environmentally Friendly Products | 20% |
| 5 | Other              | 0% |

*Multiple answers were available to the respondents*

Figure 5.13 shows that of the 77 percent of environmentally conscious tanneries found in question B1, 69 percent use effluent treatment alternatives to conserve the environment, 15 percent use emission filters, 61 percent use a method of recycling their own waste, and 20 percent use
environmentally friendly products. No other methods of environmental consciousness were indicated by the respondents.

Question B1b follows on question B1 and is structured as a multiple choice question. The question forms the second part of question B1 and asks the respondents who indicated that their tanneries had not become environmentally conscious, why they had not yet done so. The question had the following alternatives: not required by law, no funds available to implement recycling measures, not required from customers of the tannery, and other specific reasons. The results of this question are shown in figure 5.14.

**FIGURE 5.14  REASONS TANNERIES HAVE NOT BECOME ENVIRONMENTALLY CONSCIOUS**

<table>
<thead>
<tr>
<th></th>
<th>Reasons</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Not required by law</td>
<td>80%</td>
</tr>
<tr>
<td>2</td>
<td>No funds available, too expensive</td>
<td>20%</td>
</tr>
<tr>
<td>3</td>
<td>Not required from customer</td>
<td>0%</td>
</tr>
<tr>
<td>4</td>
<td>Other</td>
<td>0%</td>
</tr>
</tbody>
</table>

1 = Not required by law  
2 = No funds available, too expensive  
3 = Not required from customer  
4 = Other
Figure 5.14 clearly indicates that of the 23 percent of tanneries identified in question B1 who had never become environmentally conscious since 1991, 80 percent had not done so because it was not required by law. A further 20 percent indicated that they did not have the necessary funds to become environmentally conscious.

Question B2 enquired whether environmental considerations had influenced the respondent's purchasing criteria relating to dyestuffs and chemicals. Figure 5.15 illustrates the response to this question.

FIGURE 5.15 ENVIRONMENTAL CONSIDERATIONS INFLUENCING RESPONDENTS PURCHASING CRITERIA OF DYESTUFFS OR CHEMICALS

The results shown in figure 5.15 indicate that environmental considerations have not affected the purchasing criteria of the majority of respondents (80 percent as compared to 20 percent).
Question B3 is constructed as a multiple-choice question and asks the respondent what the company's labour turnout was during the politically motivated stay-away action in August 1992.

Labour turnout was defined as the percentage of employees arriving at their workplace during the stay-away action commencing from August 1992. Figure 5.16 indicates the labour turnout. Alternatives in this question were limited to five options in increments of 20 percent.

**FIGURE 5.16 LABOUR TURNOUT DURING THE AUGUST 1992 STAY-AWAY ACTION**
Figure 5.16 illustrates that 7 tanneries (41 percent) had a labour turnout of between 80-100 percent, during the stay-away action, 2 tanneries had a turnout of between 60-80 percent (12 percent), 3 tanneries a turnout of 40-60 percent (8 percent), 1 tannery a turnout of 20-40 percent (5 percent) and 4 tanneries a turnout of below 20 percent (24 percent).

The high labour turnout at the majority of tanneries may be attributed to their geographical location and to the size of the company. Many of the tanneries are located in former homelands that did not support the political stay-away action.

The size of the tannery may also indirectly influence the results as smaller tanneries employ less staff and may be less susceptible to labour unrest.

Question B4 was structured in the form of a dichotomous question and concerned the partial lifting of economic sanctions against South Africa.

Respondents were asked whether or not the lifting of sanctions had created export opportunities.
The results of this question are shown in figure 5.17 and indicate that the majority (71 percent vs. 29 percent) of respondents found that the lifting of sanction had improved business opportunities in export markets.

**FIGURE 5.17** THE EFFECT OF THE LIFTING OF SANCTION ON SOUTH AFRICAN TANNERIES

<table>
<thead>
<tr>
<th>71%</th>
<th>Yes, partial lifting of economic sanctions against South Africa have created export opportunities.</th>
</tr>
</thead>
<tbody>
<tr>
<td>29%</td>
<td>No, partial lifting of economic sanctions have not created export opportunities.</td>
</tr>
</tbody>
</table>

**Question B4a** follows on to question B4 and was structured as a checklist question. The respondents who answered that they had benefited from the partial lifting of sanctions (question B4) were asked how they had benefited. The reaction from this question (with the alternatives being: increased turnover, larger production capacity, technological information transfer, and other specific benefits) is shown in figure 5.18.
Figure 5.18 shows that 60 percent of the tanneries had experienced an increase in turnover since the lifting of partial sanctions, 27 percent had increased their production capacity due to improved export opportunities, and 13 percent had benefited through the transfer of technological information. The increase in turnover may certainly be the direct result of increased production capacity and improved technological information as indicated in figure 5.18. It seems clear, however, that many of the tanneries that have improved their turnover, have done so with their existing production capacity.
Question B4b follows on to question B4a and provides the respondent with a checklist of countries to which his tannery exports. The results of the question (with alternatives: North America, South America, Asia, Europe and the East block countries) are shown in figure 5.19.

FIGURE 5.19 COUNTRIES EXPORTED TO BY SOUTH AFRICAN TANNERIES

Figure 5.19 shows that 52 percent of those tanneries benefiting from the lifting of sanctions export to Europe, 29 percent to Asia, 14 percent to North America and 5 percent to South America. No South African tannery was exporting to the Eastern block countries at the time of the research.
Question B4c asks the respondent whether or not the tannery had exported to the indicated countries listed in question B4b before the lifting of partial sanctions against South Africa.

**FIGURE 5.20  TANNERIES EXPORTING PRIOR TO THE LIFTING OF ECONOMIC SANCTIONS**

![Chart showing 54% exported and 46% not exported]

Figure 5.20 indicates that 54 percent of South African tanneries, that had benefited from the partial lifting of sanctions, had exported to other countries before the actual easing of trade restrictions. However, 46 percent of tanneries had found new markets.

Question B4d follows on to question B3b and asks the respondent in what stage of production the company exports its products. The respondent is provided with a checklist which includes the alternatives: wet-blue hides, semi-finished leather, finished leather, semi-finished articles,
and other specific forms of production. Figure 5.21 illustrates the result.

FIGURE 5.21 STAGE OF PRODUCTION OF EXPORTS

Amongst the tanneries that had benefited from the lifting of sanctions to export their products 44 percent did so as finished leather, 40 percent as wet-blue hides, 8 percent as finished articles and 8 percent as semi-finished articles.
5.2.3 Company orientation

The aim of this section was twofold, firstly it tried to identify the size of the organisation and secondly it tried to establish whether the buying department of each tannery was centralised, decentralised or split between head office and plant.

Respondents were asked whether or not their company had an established purchasing policy and how formalised this policy was.

In order to obtain an estimate of the relative size of the company, a question relating to the number of employees was included.

The last question concerned the tannery's personnel orientation, and enquired whether the company was dominated by technical, commercial or production personnel.

Question C1 provides the respondent with a checklist in which he is asked how many tanneries were affiliated to his organisation. Figure 5.22 shows the results of this question.
The findings shown in figure 5.22 are consistent with the review of the South African leather industry in Chapter 2.

**FIGURE 5.22 AFFILIATED TANNERIES BELONGING TO ONE GROUP**

<table>
<thead>
<tr>
<th>Number of subsidiary tanneries.</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>10</td>
</tr>
<tr>
<td>2</td>
<td>4</td>
</tr>
<tr>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>4</td>
<td>3</td>
</tr>
</tbody>
</table>

Of the tanneries included in the census, 10 tanneries (59 percent) are single organisations without affiliates. It must be noted that this, however, does not preclude the tannery's involvement in a larger, non-leather, organisation.

Of the remaining tanneries, 4 indicated that they belonged to another subsidiary tannery (24 percent) and 3 tanneries indicated that 3 tanneries were included in their group (17 percent).

**Question C2** presents the respondent with a checklist question. The respondent is asked to describe the buying department's position in the company.
Three alternatives were presented: Centralised, decentralised, and a head office/plant split.

**FIGURE 5.23 THE BUYING DEPARTMENT POSITION IN THE ORGANISATION**

Figure 5.23 clearly shows that the majority of respondents, 82 percent (14 tanneries), indicated their buying departments to be decentralised at plant level. Only one tannery, (6 percent) indicated that its buying department was centralised at a head office, while 12 percent (2 tanneries) indicated that the buying department was split between a head office and Plant.
These findings indicate the importance of the influence of the individual tanneries on buying.

**Question C3** asks the respondent whether or not his company has an established purchasing policy.

**FIGURE 5.24  TANNERIES WITH AN ESTABLISHED PURCHASING POLICY**

![Figure 5.24](image)

The results of this question are shown in figure 5.24 in which 35 percent of all tanneries have no established purchasing policy, whereas 65 percent of the respondents indicated that their company had an established purchasing policy.

**Question C3a** follows on to question C3 and asks those respondents, that had indicated that their companies did have an established purchasing policy, to rate on a scale of 1 to 4 how formalised they would regard their company's
purchasing policy to be.

Value 1 represented the least formalised purchasing policy, and value 4 the highest degree of formalisation.

**FIGURE 5.25 RATING AS TO HOW FORMALISED THE TANNERY'S PURCHASING POLICY IS**

<table>
<thead>
<tr>
<th>Percentage</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>13%</td>
<td>Purchasing policy not formalised.</td>
</tr>
<tr>
<td>27%</td>
<td>Purchasing policy somewhat formalised.</td>
</tr>
<tr>
<td>18%</td>
<td>Purchasing policy fairly formalised.</td>
</tr>
<tr>
<td>37%</td>
<td>Purchasing policy very formalised.</td>
</tr>
</tbody>
</table>

The response shown in figure 5.25 indicates that 18 percent of the tanneries, that had an established purchasing policy, felt that their policy was not formalised. A sizeable number, namely 27 percent, felt their companies purchasing policy was somewhat formalised, 18 percent felt their policy was fairly formalised while 37 percent of the respondents indicated that their purchasing policy of their company was very formalised.
Question C4 asks the respondent how many employees their company has. Ten increments of 40 units each were presented to the respondent in the form of a checklist question.

TABLE 5.2  NUMBER OF EMPLOYEES IN SOUTH AFRICAN TANNERIES

<table>
<thead>
<tr>
<th>NO. OF EMPLOYEES</th>
<th>NO. OF TANNERIES</th>
<th>PERCENTAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-40</td>
<td>5</td>
<td>28</td>
</tr>
<tr>
<td>41-80</td>
<td>2</td>
<td>12</td>
</tr>
<tr>
<td>81-120</td>
<td>3</td>
<td>18</td>
</tr>
<tr>
<td>121-140</td>
<td>2</td>
<td>12</td>
</tr>
<tr>
<td>141-180</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>181-200</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>201-240</td>
<td>2</td>
<td>12</td>
</tr>
<tr>
<td>241-280</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>281-320</td>
<td>1</td>
<td>6</td>
</tr>
<tr>
<td>321-360</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>361 +</td>
<td>2</td>
<td>12</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>17</strong></td>
<td><strong>100 %</strong></td>
</tr>
</tbody>
</table>

Table 5.2 shows that five tanneries included in the study employ between 1 and 40 individuals, two tanneries employ between 41 and 80 employees, three tanneries employ between 81 to 120, and two tanneries employ between 121 and 140.
Two tanneries employ between 201 and 240 employees, one tannery between 281 to 320 employees, and two tanneries more than 360 employees.

It is likely that the tanneries employing more than 360 employees represent major players in their respective markets. Twelve tanneries, however, employ less that 141 individuals indicating that most tanneries are compact in size.

Question C5 requires the respondent to describe his company's personnel orientation. The question was structured as a checklist question. The alternatives, based on the Sheth model (1972) included: technical, commercial and production personnel. The results of this question are shown in figure 5.26.
Figure 5.26 clearly shows that 59 percent of all tanneries have production-orientated personnel, while 35 percent are technically oriented (leather technologists), and only 6 percent commercially orientated.

5.2.4 Product Information Sources and Selection Criteria

Section D of the questionnaire concerns the search for relevant information during the purchasing process for dyestuffs and chemicals and the sources of information consulted. Specific questions are aimed at identifying the selection criteria of dyestuffs and chemicals respectively.
In the last question of this section respondents are asked whether or not other members of the production department have similar product expectations to their own or what their expectations were / might be.

**Question D1** asked the respondent whether or not he actively searched for production information on new dyestuffs or chemicals not purchased before. As shown in figure 5.27 all respondents indicated that during a new purchase situation information on the product would be actively sought.

**FIGURE 5.27 INFORMATION SEARCH DURING A NEW PRODUCT DECISION**

100 % Respondents searching for product information on new products not purchased before.

**Question D2** requested the respondent to identify the type of information sources he would consult, if he should require information about dyestuffs or chemicals. The response to this question (with alternatives being: trade journals, supplier information, trade fairs, newspapers and other
specific information sources) is shown in figure 5.28.

Figure 5.28 indicates that 85 percent of the required information is obtained from the supplier of dyestuffs or chemicals, 9 percent from trade journals, and 6 percent from trade fairs. No newspapers or any other specific information source were indicated by the respondent.

**FIGURE 5.28 INFORMATION SOURCES CONSULTED**

From the above results, it is clear that suppliers are the main source of information to the tanner, with trade journals and trade fairs serving as minor information sources.
These findings may be specific to the South African leather industry as travelling to trade fairs abroad involves great expense in terms of airfares and accommodation. This may serve as a limiting factor.

Question D3 was structured as a ranking question and concerned the selection criteria the respondent would use when purchasing specialised chemicals for the tanning of leather. The question provided the respondent with 5 options which included: biodegradable, concentrated, cost-effective, reliable and easy to handle. The respondent was asked to rank each of the 5 options according to the importance of the criteria.

The results of this question were obtained by addition and are shown in Table 5.3.

TABLE 5.3 SELECTION CRITERIA FOR SPECIALISED CHEMICALS

<table>
<thead>
<tr>
<th>RELATIVE IMPORTANCE</th>
<th>SELECTION CRITERIA</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Product reliability</td>
</tr>
<tr>
<td>2</td>
<td>Concentrated</td>
</tr>
<tr>
<td>3</td>
<td>Cost effective</td>
</tr>
<tr>
<td>4</td>
<td>Easy to handle</td>
</tr>
<tr>
<td>5</td>
<td>Environmentally friendly</td>
</tr>
</tbody>
</table>
Product reliability i.e. ensuring consistent results was found to be the most important selection criterion followed by product concentration, cost-effectiveness, ease of handling and environmental friendliness.

Question D4 concerned the selection criteria the respondent would use when purchasing dyestuffs. The question was structured as a ranking question in the same way as question D3 and provided the respondent with 5 options.

The options included: biodegradable, concentrated, cost-effective, reliable and easy to handle. The respondent was asked to rank these criteria according to importance.

Table 5.4 illustrates the response to this question.

<table>
<thead>
<tr>
<th>RELATIVE IMPORTANCE</th>
<th>SELECTION CRITERIA</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Product reliability</td>
</tr>
<tr>
<td>2</td>
<td>Cost-effective</td>
</tr>
<tr>
<td>3</td>
<td>Concentrated</td>
</tr>
<tr>
<td>4</td>
<td>Easy to handle</td>
</tr>
<tr>
<td>5</td>
<td>Environmentally friendly</td>
</tr>
</tbody>
</table>
As in question D3, which concerned the selection criteria for specialised chemicals, product reliability i.e. ensuring consistent results was found to be the most important selection criterion, followed by the cost-effectiveness of the product, product concentration, ease of handling and environmental friendliness.

Table 5.5 shows the ranking of criteria to be similar for both dyestuffs and chemicals. However, there is a difference.

<table>
<thead>
<tr>
<th>RELATIVE IMPORTANCE</th>
<th>SELECTION CRITERIA FOR SPECIALISED CHEMICALS</th>
<th>RELATIVE IMPORTANCE</th>
<th>SELECTION CRITERIA FOR SPECIALISED DYESTUFFS</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Product reliability</td>
<td>1</td>
<td>Product reliability</td>
</tr>
<tr>
<td>2</td>
<td>Concentrated</td>
<td>2</td>
<td>Cost-effective</td>
</tr>
<tr>
<td>3</td>
<td>Cost-effective</td>
<td>3</td>
<td>Concentrated</td>
</tr>
<tr>
<td>4</td>
<td>Easy to handle</td>
<td>4</td>
<td>Easy to handle</td>
</tr>
<tr>
<td>5</td>
<td>Enviro. friendly</td>
<td>5</td>
<td>Enviro. friendly</td>
</tr>
</tbody>
</table>

The findings show that the most important selection criteria for both dyestuffs and chemicals are the product's reliability which helps to ensure consistent production outputs. This is followed by concentration of specialised chemicals and the cost-effectiveness of dyestuffs.
In third place, the cost-effectiveness of chemicals is important as opposed to dye concentration. Ease of handling and environmental friendliness are ranked next and are of the same importance in the selection of dyestuffs and chemicals.

It is interesting to note, that although 77 percent of all tanneries have become environmentally conscious (as shown in question B1) (figure 5.12), the environmentally friendly product criterion was ranked last in both the selection of dyestuffs and chemicals. This may be attributed to the results found in question B1a (figure 5.13) that indicate that effluent treatment allowed by the recycling of waste was the most commonly used alternative for tanneries that had become environmentally conscious. The importance of the environmentally friendly product criterion may be directly linked to the ability of tanneries to treat their own effluent and waste products effectively.

The results of this question are also consistent with the finding of question B2 and indicate that environmental considerations have not influenced the majority of respondents.
Question D5 was structured as a dichotomous question and asked the respondent's opinion whether or not other members of the production department would have similar selection criteria. Figure 5.29 shows that all respondents felt that other members of the production department shared the same or similar selection criterion for dyestuffs or chemicals.

**FIGURE 5.29 PRODUCT CRITERIA OF PRODUCTION DEPARTMENT**

100% Members of the production department would have similar selection criteria.

5.2.5 Joint Decision Making and Product/Supplier Loyalty

The purpose of this section was to investigate possible conflict that could arise during the joint decision-making process and how differences are solved by the respondents. This section also researches supplier and product loyalty. The first question asks the respondent whether he would approach an existing or new supplier if a new production process were developed involving a new product.
Question E1 concerned the joint decision-making process. The respondent is asked whether he is always, usually, occasionally or never in agreement with his colleagues on the choice of product or supplier. Figure 5.30 illustrates the response to this question.

**FIGURE 5.30** LEVEL OF AGREEMENT DURING JOINT DECISION MAKING

As shown in figure 5.30 the large majority of respondents (71 percent) are usually in agreement with their colleagues in a joint decision-making situation, followed by those that are occasionally in agreement (17 percent) and those are always in agreement (12 percent).
The respondents that indicated they were always in agreement (12 percent) are likely to be the sole decision-makers indicated in question A2 (figure 5.2). Question A2 showed that 33 percent of the respondents took their decisions alone. This finding may certainly have an influence on the answers of those who responded that they were always in agreement. No respondent indicated that they were never in agreement with their colleagues in a joint decision-making situation.

**Question E1a** was constructed as a checklist and follows on from question E1 and asked those respondents who felt they were either occasionally or usually in agreement with their colleagues in a joint decision situation, how they solved their differences. The results of this question (with alternatives being: persuasion, discussion and problem solving, bargaining, using organisational influence, referring the matter to a senior colleague, and, other specific alternatives) are shown in figure 5.31.

The figure illustrates that 45 percent of respondents solve their conflict through discussion and problem solving, 32 percent use their organisational influence, 14 percent use bargaining methods, and 9 percent use persuasion to solve their differences.
Question E2 concerns the loyalty of the respondent to established suppliers and their products. Figure 5.32 shows the result of this question.
Figure 5.32 indicates that 59 percent of all respondents consider themselves to be loyal to their established suppliers and products, and 41 percent felt they were not loyal to suppliers and their products.

An inference between this question and question A5 (figure 5.11) may be suspected. The results of question A5 showed that 47 percent of all respondents indicated that they would only change the product if not satisfied with its performance. This shows a fairly high degree of product loyalty. These results seem consistent with the results of question E2 which showed that the majority of respondents consider themselves to be loyal to their existing suppliers.

**Question E3** concerns the possibility of developing a new production process which involves purchasing a new product. The respondent was provided with a checklist and asked whether he would first approach his existing supplier to assist him with new developments, or whether he would approach a new supplier, or use a combination of new and existing suppliers to develop a new production process.

The results of this question (with alternatives being: the existing supplier, new supplier and several suppliers) are shown in figure 5.33.
As shown in figure 5.33, 47 percent of all respondents indicated that they would approach several suppliers when developing a new process which involves new products. 41 Percent noted that they would contact their existing suppliers that provide the products for the section of production in question, and only 12 percent indicated they would approach a new supplier.
5.2.6 Demographic Indications

The final section of the questionnaire concerned the demographic factors of the respondents.

Respondents were asked how many years they had been in the leather industry working for their present company, their qualification level and annual financial package. The respondents were also asked to indicate whether or not they actively participated in sport or whether they had any hobbies.

Question F1 was constructed as a directed response and asked the respondents how many years they had been in the leather industry. A wide range of answers were received, ranging from 3 to 25 years. The average number of years the respondents had been exposed to the industry was 14.8 years as shown in figure 5.34.

This result indicates that the respondents were mature and experienced and has a bearing on question A4 (figure 5.9) which indicates that the majority of respondents (65 percent) do not experience any time pressure in their work environment. This may be a result of their personal level of experience.
Question F2 asked the respondent how many years he had been employed by his company. The results of this question are shown in figure 5.35 and indicate an average of 6.8 years.

The results of this question reflect a moderate degree of company loyalty from the respondents. This may influence the loyalty of the respondent towards his dyestuff or chemical supplier. Results of question E2, which asked whether or not the respondent perceives himself to be supplier and product loyal, showed that 59 percent of respondents versus 49 percent of respondents considered
The 6.8 year average indicates a fair amount of personnel movement within the leather industry and may possibly influence supplier and product loyalty.

Question F3 asked the respondent whether or not he possessed any special leather qualifications. The results of this question are illustrated in figure 5.36.

The figure shows that the majority of 71 percent of respondents do have a specialised leather qualification versus 29 percent that do not.
The high percentage of respondents possessing specialised qualifications may be indirectly linked to the respondent's willingness to change a product and or supplier in the event of being dissatisfied with their performance. Results from question A5 indicate the respondent's willingness to change the product only (47 percent), and his willingness to change the product and or supplier (53 percent). No respondent indicated that he would change neither the product and nor supplier. The high qualification level of the industry thus seems to indicate the respondent's flexibility in terms of product, supplier and company loyalty.

Question F3a follows on to question F3 and enquires of those respondents that indicated that they possessed specialised qualifications, what type of qualifications were involved. The response to this question (with alternatives: National
The results of question F3a indicate that the majority of respondents, 50 percent, possess an International Technical Diploma, 25 percent, a National Diploma for Leather (N3 level), 17 percent, a Local Technical Diploma and 8 percent, a university degree (Bachelor of Science).
Question F4 asked the respondent how they would rate their annual financial package. Table 5.6 shows the response to this question.

**Table 5.6 Annual Financial Package**

<table>
<thead>
<tr>
<th>Rands per Annum</th>
<th>Respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt; R80,000</td>
<td>3</td>
<td>18</td>
</tr>
<tr>
<td>R80,000-R100,000</td>
<td>6</td>
<td>36</td>
</tr>
<tr>
<td>R100,000-R120,000</td>
<td>5</td>
<td>28</td>
</tr>
<tr>
<td>R120,000-R140,000</td>
<td>2</td>
<td>12</td>
</tr>
<tr>
<td>R140,000+</td>
<td>1</td>
<td>6</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>17</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

The above table illustrates that 3 respondents earn below R80,000 per annum, 6 respondents earn below R100,000, 5 earn below R120,000, 2 earn below R140,000 and only 1 respondent earns more than R140,000 per annum. The majority of respondents, (11 percent) however, earn between R80,000 and R120,000 (65 percent).

Question F5 asked the respondent whether or not he actively played any sport. Figure 5.38 indicates that the majority of respondents do not take part in any sport.
Results of this question did not seem to have any implications on the rest of the questionnaire or on the respondents buying behaviour.

*Question F6* enquired whether the respondent had any hobbies. The results to this question are shown in figure 5.39.
Results of question F6 seem inconclusive as to their effect on the rest of the questionnaire besides the fact that 71 percent of all respondents entertain a hobby activity.

5.3 SUMMARY

This chapter concerned the evaluation of the research results. The research data were discussed according to the specified sections of the questionnaire. The first section, section A, concentrated on the purchasing decision. Specific questions were asked to determine whether the respondent decided jointly or alone on dyestuffs and chemical purchases. Questions were also asked to identify the designation of those members who participated in joint decision-making and their role in the decision-making process.

Respondents were asked to indicate whether or not they would be held responsible for incorrect decisions and whether or not time pressure affected their decision-making. A question was also specifically directed towards establishing whether the respondent would consider changing the product and or supplier if he should be dissatisfied with his purchase.
Section B investigates environmental and economic considerations that may affect the organisational buying behaviour. Questions were put to respondents to establish the environmental awareness of the tannery and whether respondents felt that environmental factors influenced their purchasing behaviour. Respondents were asked whether the politically motivated stay-away action had affected their labour turnout. Most of the tanneries, i.e. 71 percent indicated that their labour turnout was in excess of 40 percent.

Specific questions were also directed to the partial lifting of economic sanctions and whether individual tanneries had benefited from this and to ascertain to which countries they export and whether they had done so before the lifting of sanctions.

Section C of the questionnaire looks at the orientation of the company and identifies the size of the organisation, whether there is a buying department, and whether this department is centralised, decentralised or a split between head office and plant. Respondents were specifically asked whether their company had an established purchasing policy and how formalised the respondents felt it was.
The last question in this section concerned the personnel orientation of the individual tannery and whether it was dominated by technical, commercial or production personnel.

In section D, the questionnaire aims to identify the types of information sources the respondent would consult when purchasing new dyestuffs or chemicals. Questions were asked about which specific selection criteria concerning dyestuffs and chemicals were important to the respondent and whether other production members had similar expectations or not.

The fifth section, section E, investigated the joint decision-making process and identified the level of product and/or supplier loyalty. Specific questions were directed to the respondent to ascertain how differences or conflict situations were resolved in joint decision-making.

The final section, section F, of the questionnaire concerned the demographic features of the respondents. Respondents were asked to indicate how many years they had participated in the leather industry and how long they had been with their specific company. An average amount of years were derived and certain conclusions could be drawn about the industry’s experience and employee loyalty.
The level of specialised education was also determined and whether or not respondents participated in sport or had hobbies.

In chapter 6, the research results will be investigated, the relevant conclusions drawn, and recommendations made about the suitability of the Sheth model of organisational buyer behaviour.
CONCLUSIONS AND RECOMMENDATIONS

6.1 INTRODUCTION

All formal organisations are involved in some degree of organisational buying. Goods and services have to be purchased to further organisational goals and objectives, or bought for resale to other organisational users. The buying process usually involves the specification of needs, the personal interaction between decision-makers, the evaluation of alternatives, and contractual negotiations. This process may be performed by various individuals or groups within the company and is influenced by numerous internal and external forces (Hutt & Speh 1992; Vinson & Sciglimpaglia 1975). Organisational buying behaviour models attempt to provide an integrated and comprehensive scenario of the many factors that explain buying behaviour (Morris 1988).

This study was undertaken to test an organisational buying behaviour model in the South African leather industry, and to provide an insight into its buying habits. It focuses on the purchasing of dyestuffs and chemicals for use in tanneries.
The review of literature pertaining to the South African leather industry, organisational buying behaviour, and research methodology were used as the foundation for this study.

The research method employed was that of telephone interviews. The universe for this study was defined as 17 tanneries located within the geographical boundaries of South Africa. A census was conducted and a 100 percent response rate achieved. Respondents were required to reply to questions that were designed to meet both the primary and secondary objectives of the study.

In analysing the results, it was established that the information obtained was accurate and useful. It is considered that conclusions derived from the findings may be made with confidence, and can be applied to the South African leather industry.

The subsequent paragraphs summarise the findings of this study and give recommendations in terms of the primary and secondary research objectives. This chapter concludes with a recommendation for further research into the field of organisational buying behaviour.
6.2 SUMMARY OF MAIN FINDINGS AND INTERPRETATIONS

The primary objective of this study was to test a model of organisational buying behaviour in the South African leather industry. Four behaviour models were reviewed in Chapter 3. The Sheth model of industrial buying behaviour was selected for this study.

The model commences by explaining the expectations of the individual decision-maker as a function of the individual's background, active search for information, the sources of information, perceptual distortion, and the satisfaction with purchases.

Sheth (1973:53) indicates that the background of the individual may be a significant factor in the buying process. The different educational backgrounds of the various individuals that may be involved in the buying decision may generate substantially different goals and values. The research in this study was limited to a single individual involved in the buying process within each tannery. Research findings indicate that 71 percent of the respondents have specialised training in leather (versus 29 percent that do not have any specialised training). Of the respondents that have specialised training in leather,
50 percent have completed an international leather diploma, 25 percent, a national (South African) leather diploma at an N3 level, 17 percent, a local industry based leather qualification, and 8 percent, a university degree (Bachelor of Science).

The research results indicate that a high degree of technical qualification is present in the local tanning industry. It was also found that the majority of respondents (71 percent) that have specialised training would change both supplier and product if they were not satisfied with the purchase (65 percent versus 35 percent). This is significant to marketers in the dyestuff and chemical industry. Not only will their sales representatives need to be technically qualified to service the leather industry, but continuous monitoring of their customers product and service satisfaction is required to maintain their market share.

With regard to the respondents financial package, the research results indicate that the majority of the respondents earn in excess of R80 000 (82 percent).
The relatively moderate income levels of the individuals can be related to the finding that 67 percent of the respondents do not take decisions on dyestuffs and chemical purchases alone.

Research results indicate that tannery/technical managers often have to refer to a senior colleague as a decision-maker (36 percent), a discussion partner (36 percent), or as an advisor (28 percent).

Marketers to this industry thus need to identify the decision-makers, discussion partners, and advisors in order to include them in discussions, and to optimise their marketing approach.

No consistent correlation of data could be found that the respondents participation in sport or hobbies, had any effect on the buying behaviour of individuals.

Research findings show that the respondents had an average of 14.8 years association with the industry. This indicates a relatively high level of experience. Respondents that had more than the average years of tannery experience (53 percent) tended to be autonomous decision-makers. Therefore it is important that sales representatives approaching these customers be technically trained and secure in their product
knowledge in order to effectively communicate with the identified respondents.

With regard to the respondents' loyalty to their employer, it was found that respondents remain an average of 6.8 years with a particular tannery. This finding may be related to the loyalty towards a particular supplier. The majority (59 percent) of the respondents indicated that they considered themselves to be loyal to established suppliers. However, they indicated that several suppliers (existing and non-existing suppliers) would be approached when developing new processes involving new products. Although marketers in this industry may enjoy a certain amount of customer loyalty, they should not become complacent. Research findings indicate that the respondents are flexible with regard to suppliers when new products and new production processes are involved.

The second and third factors in the model of industrial buyer behaviour (Sheth 1973) concern the information sources and the active search for information. Sheth (1973) reasons that the purchasing staff has a greater exposure to commercial sources of information, and that the information may tend to be biased and biased towards a supplier or particular brand. Pre-testing of the questionnaire,
however, indicated that the purchasing staff, or the purchasing departments, do not actively participate in the decision process.

In all tanneries it was found that the technical or tannery manager is involved in the decision-making process.

The respondents indicated that they would regard the following as the main source of information: supplier (85 percent), trade journals (nine percent), and trade fairs (six percent). Research results clearly indicate that the dyestuff and chemical suppliers to the leather industry are an important source of information. These findings may be specific to the South African industry, in that trade journals may not provide sufficient information for the local tanner and that it is too expensive to attend the trade fairs that are held in Paris and Hong Kong on an annual basis.

The findings also indicate that the suppliers hold a very important position as providers of information which may indicate a very good relationship between the tanner and the technical representative of the various chemical supply houses.
Marketers need to maintain their position as main information suppliers to the industry. Their marketing approach may be successfully influenced by providing pertinent and timeous information to their customers.

The fourth factor that is indicated in Sheth's model (1973:53) concerns the selective distortion and retention of information. Individuals attempt to make objective information consistent with their own prior knowledge and expectations by systematically distorting it. Sheth (1973) reasons that there may be substantial differences in the goals and values of the purchasing, production, and technical personnel of the organisation.

This research was limited to only one individual in the organisation, namely the tannery manager. Pre-testing of the questionnaire indicated that in some of the smaller tanneries, there was no purchasing department and that production, technical, and purchasing responsibilities were handled by the tannery manager. Research results show that all respondents felt that their colleagues held similar views about the selection criteria of dyestuffs and chemicals. This result is supported by the findings about the level of agreement during the joint decision-making process.
Research results indicate that 71 percent of the respondents are usually in agreement, 17 percent occasionally, and 12 percent are always in agreement. It is interesting to note that while many respondents do not decide autonomously on dyestuffs and chemicals, a high degree of agreement does exist when decisions are taken jointly. It is thus important for marketers to impress and convince at least one organisational member involved in the decision-making process to market and sell their products.

The fifth factor that influences the expectations of individuals is the satisfaction with past purchasing experiences. Research findings indicate that the majority of respondents (59 percent) would change both the product and the supplier if not satisfied with past purchases. Marketers need to monitor the performance of their products and ensure that they meet the customers' expectations.

The next section of the Sheth model of industrial buying behaviour concerns the determinants of joint versus autonomous decisions.
Sheth (1973:54) indicates that there are six primary factors which determine whether a specific purchasing decision will be joint or autonomous. Three of the factors can be related to the product or service, and the other three to characteristics of the purchasing organisation.

The three product specific factors are: perceived risk, the type of purchase, and time pressure. Perceived risk can be described as the magnitude of adverse consequences felt by the decision-maker if the wrong decision is made, and the uncertainty under which a decision has to be taken (Sheth 1973:54).

Research findings indicate that the majority of respondents felt that they would be held directly accountable if the selected dyestuffs or chemicals did not perform according to expectations (76 percent versus 24 percent). Of those respondents that felt they would be held responsible, the majority indicated that the technical responsibility lay with them (62 percent), and that they had made their own decisions (38 percent). With regard to those respondents that indicated that they would not be held responsible, 75 percent felt that this was due to the decisions being taken jointly, whereas 25 percent felt that successful pre trial work, before decision-making, minimised the responsibility.
and the perceived risk. Marketers can help the decision-making process in this way by supervising and monitoring pre-trials. Astute marketers may even exchange products or modify the process to satisfy customer requirements during the pre-trial work.

This might not only be of assistance to the decision-maker, but may also help to establish and maintain effective customer relationships which optimise the marketing approach.

The second product specific variable refers to the type of purchase. Sheth (1973) reasons that first purchases may lead to joint decision-making, whereas repetitive or routine decisions are likely to be delegated to one individual. The research for this study presented four purchasing situations to the respondents.

The first situation referred to a one-off purchase, in which the majority of respondents indicated that they would decide autonomously (76 percent versus 24 percent). This finding may be seen as contradictory to Sheth’s reasoning that one-off purchase decisions are usually taken jointly. This may in fact be so when capital equipment is involved. However, this research was limited to the purchasing of dyestuffs and
chemicals and the research results must be viewed in this context.

The second buying situation refers to repetitive and routine buying of dyestuffs and chemicals. Results indicate that most of the respondents decide alone (88 percent versus 12 percent). These findings correlate closely with Sheth (1973) who found that most routine and repetitive buying decisions are delegated to a single individual.

The third situation concerns the buying of a new product from the same supplier. Research results show that 65 percent versus 35 percent of respondents decide autonomously when they purchase new products from an established supplier to the tannery. Sheth (1973) does not describe this buying situation in his industrial buying behaviour model. It is therefore recommended that marketers establish and maintain close relationships with individuals that are involved in the routine and repetitive buying of dyestuffs and chemicals in order to monitor the success of their marketing strategy. Close customer relationships may also be useful in monitoring competitor activities, product performance, and customer satisfaction with products and services rendered by the organisation and its competitors.
The fourth situation put to the respondents, refers to the buying of new products from a new supplier. Research findings indicate that, in this situation, most of the respondents decide jointly with other members of the organisation. Sheth (1973) does not describe this buying situation. Mention is, however, made to the magnitude of perceived risk the buying situation holds. Sheth (1973) hypothesises that the greater the perceived risk and uncertainty of the buying situation, the greater the likelihood that the decision will be made jointly.

The research for this study indicated that the majority of respondents (67 percent versus 33 percent) decide jointly on dyestuffs and chemicals. This indicates high perceived risk to purchasing the wrong or unsuitable dyestuff or chemical. Marketers need to be aware of the perceived risk their products may hold and assist the decision-makers by demonstrating product attributes through pre-trial work if necessary.

It is interesting to note that in three of the four purchasing situations, namely, one-off purchases, repetitive and routine buying, and buying new products from an established tannery supplier, the majority of respondents decide alone.
This high degree of autonomy may indicate that tannery managers are competent to take the necessary decisions for running the tannery on a day-to-day basis, and that only when new products from an non-established supplier are involved, joint decision-making is undertaken.

The third product-related variable is time pressure. Research findings show that only 35 percent of the respondents consider themselves to be under time pressure when deciding on dyestuffs or chemicals. The majority of respondents (65 percent) feel they are not under any time constraints when decisions are taken. The respondents experiencing time pressure are affected in two ways: most of the individuals feel that time pressure leads to decisions that are not always cost-effective (67 percent), and some experience doubts about whether the right product has been purchased (33 percent). Astute marketers need to be aware of possible time pressure and reassure the customer by stressing the products positive attributes such as dyestuff concentration, and tannin content of chemicals which are suited to the specific production process.

Sheth’s (1973) reasoning that decisions taken under time pressure are usually those that have been delegated to one individual is acknowledged by this research.
It was found that respondents experiencing time pressure are usually involved in an autonomous decision making situation (82 percent versus 18 percent).

The three company specific factors are: company orientation, company size, and degree of centralisation. According to Sheth (1973), companies that are technologically orientated tend to be dominated by engineering or technical personnel. Similarly, production-orientated companies tend to be dominated by production personnel.

This research indicates that most South African tanneries are production-oriented (59 percent), followed by those that are technically orientated (35 percent), and those that are commercially orientated companies (six percent).

It is apparent that most tanneries concentrate on production output. This may relate closely to the shoe-upper tanneries that provide a relatively basic product and require a volume throughput of material to remain viable. On the other hand, a significant proportion of respondents indicated that their tannery is technically orientated. This may relate to the automotive tanneries that also require a large throughput of material but provide a finished product to the automotive
industry which has to comply to strict requirements. These requirements stipulate that upholstery leather must meet certain standards before it can be accepted for incorporation into motor vehicles. Requirements include: a high degree of rubbing and light fastness, good print retention, non yellowing and softness. It is therefore important for marketers to establish which exact product requirements are important to the tannery and formulate their marketing approach accordingly.

The second company-specific variable refers to the company's size. According to Sheth (1973), decision-making in a large organisation is more likely to be joint. This is partially supported by the study. Although there is no direct correlation between the number of respondents that indicated that they were joint decision-makers (67 percent), and the size of the organisation, it was interesting to note that 47 percent of the joint decision-makers were employed in companies that had more than one affiliated tannery. The remaining 53 percent of respondents were employed by individual tanneries.

The third company-specific variable concerns the degree of centralisation of the purchasing function. The majority of respondents (82 percent) indicated that the purchasing
function was decentralised at plant level, for 12 percent, a shared responsibility existed between head office and plant, and six percent responded that the purchasing function was centralised at a head office. It is apparent that in most of the tanneries the decision to purchase is taken at the tannery itself.

The process of joint decision making is central to the Sheth industrial buying behaviour model. It includes the initiation of the decision to purchase, collection of data, the evaluation of alternative suppliers, and the resolution of conflict among the joint decision-makers (Sheth 1973:54).

The purchasing decision is mostly initiated because of a continuing need for supply, or the outcome of long-range planning. According to Sheth, (1973) the most important aspects of joint decision-making is the collection of information, the deliberation on it, and the conflict which arises in most joint decisions. Conflict is invariably present when the buying motives and expectations about products and suppliers differ within the decision-making group (Sheth 1973:55). The resulting conflict may not necessarily be detrimental. What is of importance, however, is how the conflict is resolved.
Sheth (1973) indicates that four conflict-resolution methods may be used by joint decision-makers: problem solving, persuasion, bargaining, and politicking. Research results show that 45 percent of the respondents solve their differences through discussion and problem solving. In this manner, conflict is minimised by the active search for additional information. 32 Percent of respondents indicated that their differences were solved by using their influence in the organisation. According to Sheth, (1973) this form of conflict-resolution is common in industrial purchasing. 14 Percent of respondents felt that they resolved their conflict during joint decision-making by bargaining with their colleagues. Sheth (1973) found that the conflict is not resolved by changing the differences in the relative importance of the purchasing goals but that a concept of distributive justice applied. Sheth (1973:55) indicates that both politicking and bargaining are non rational and inefficient methods for resolving conflict situations. Nine percent of the respondents use persuasion to solve differences in which an attempt is made to convince the dissenting member(s) by pointing out general corporate objectives and how individual criteria are likely to achieve these goals (Sheth 1973:55). The majority of respondents, (45 percent) apply discussion and persuasion methods for resolving conflict.
Marketers can assist the decision-making process and reduce or avoid the amount of conflict by providing pertinent and timeous information whenever a conflict situation is perceived.

In addition to the resolution of conflict, the level of agreement during joint decision-making was researched. It was found that 71 percent of the respondents are usually in agreement, 17 percent, occasionally, and 12 percent, always in agreement. This indicates a high level of agreement when decisions are taken about purchasing dyestuffs and chemicals. Research for this study shows that when approval is required for a purchasing decision concerning dyestuffs and chemicals, most respondents indicated that the technical director’s approval (36 percent) was sought, followed by an equal distribution amongst managing directors, and financial, and technical managers (18 percent each). Ten percent of the respondents indicated that the marketing manager’s approval was required. The relatively senior position of the technical director is likely to be the reason for the high degree of agreement that exists when purchasing decisions are taken. To support this finding, respondents were asked to indicate the role the above members played in the actual purchasing decision.
Research findings showed that 36 percent played the role of decision-maker, 36 percent the role of a discussion partner, and 28 percent the role of an advisor. It is apparent that the high level of agreement, during dyestuff and chemical purchasing decisions, is interdependent with the joint decision-makers position in the organisation as well as the role he plays during the actual decision process.

The Sheth model of industrial buying behaviour indicates that the supplier or product choice results from the decision making process. In new process developments research results indicated that most of the respondents (47 percent) would approach several suppliers for technical assistance and information, 41 percent would approach the established tannery suppliers, and 12 percent, new and unestablished suppliers. The findings suggest that competition exists amongst tannery suppliers of dyestuffs and chemicals as most tannery managers would approach more than one supplier for advice and information when faced with a new purchase situation. Many tanneries also display a certain amount of loyalty towards their existing and established suppliers (41 percent). This indicates that several chemical houses have succeeded in establishing close ties to tanneries which is reflected in the respondents' loyalty to their supplier.
The last section of the Sheth model of industrial buying behaviour describes situational factors as influencing the supplier or brand choice. Ad-hoc situational factors which may intervene between the actual choice and any prior decision-making process may include economic or political situations such as sanctions, strikes, and environmental regulations.

With regard to the economic sanctions imposed against South Africa, 71 percent of the respondents felt that since the partial lifting of trading restrictions, their companies had benefited from export opportunities. 29 Percent indicated that no benefits had materialised.

Most tanneries (60 percent) found that export opportunities had increased their turnover, followed by increased production capacity (27 percent), and the transfer of technological information (13 percent). From these findings it is apparent that the majority of tanneries have directly benefited by the lifting of economic sanctions.

With regard to export countries, Europe was the most favoured destination for South African exports (52 percent, followed by Asia (29 percent), North America (14 percent), and South America (five percent).
Research results also show that 54 percent of the tanneries had exported prior to the lifting of economic sanctions.

Most of the material was exported as finished leather (44 percent), followed by wet-blue hides (40 percent), finished articles such as gloves (eight percent), and semi-finished articles such as soles (eight percent).

Imported dyestuffs and chemicals had never been in short supply. The majority of international suppliers are based in Europe, and although trade sanctions had been imposed, the importation of dyestuffs and chemicals for the leather industry was not affected. This allowed the industry to improve its products continuously and to remain in the forefront of technological developments.

During 1992, many organised labour strike actions were experienced. The following labour turnouts during the August 1992 strikes were registered: seven tanneries (41 percent) had a turnout of between 80 and 100 percent, two tanneries (12 percent) a turnout of between 60 and 80 percent, three tanneries (18 percent) between 40 and 60 percent, and one tannery (five percent) between 20 and 40 percent. Four tanneries had a near complete stayaway and reported labour figures of below 20 percent.
Most tanneries were thus not severely afflicted by the mass stay-away campaigns and were able to continue production.

The environmental consciousness of both the consumer and the industry as a whole has resulted in regulations that have affected most organisations. Research findings indicated that most South African tanneries (77 percent versus 23 percent) have become environmentally conscious since 1991. Alternatives used by environmentally conscious tanneries include effluent treatment (69 percent), recycling and reusing waste water (61 percent), the use of environmentally friendly products (20 percent), and the use of emission filters (15 percent).

From these results, it is apparent that most tanneries are environmentally conscious and use a combination of alternatives to reduce their impact on the environment.

The research also indicated that those tanneries (23 percent) that had not become environmentally conscious had reasons for not doing so. It was found that 80 percent of the respondents indicated that environmental regulations were not required nor enforced by law, and 20 percent stated that they did not have sufficient funds to implement environmental measures.
Although only a few tanneries have not implemented environmental measures, it is likely that additional legislation enforced by regional government will result in those tanneries which do not conform to the requirements being financially penalised, closed down, or forced to comply. This is becoming evident in that large tanneries are already being monitored for the electrolyte and solid content in their effluent. At this stage, financial penalties are already being implemented if regulations are not met.

In spite of the environmental consciousness present in the South African leather industry, respondents did not indicate that an environmentally friendly product was the most important selection criterion.

The research shows that in order of importance the selection criteria for dyestuffs were ranked as follows:

- Product reliability
- Cost-effectiveness
- Concentration of dyestuffs
- Ease of handling
- Environmental friendliness of product
The selection criteria for specialised chemicals was ranked as follows:

- Product reliability
- Concentration of chemicals
- Cost-effectiveness
- Ease of handling
- Environmental friendliness of product

The reliability of the product in ensuring consistent results was indicated to be the most important selection criterion for both dyestuffs and specialised chemicals. This finding has possibly been influenced by the economic recession as tanneries are focused on consistent results which tend to ensure repeat orders and organisational survival. The environmental friendliness of dyestuffs and chemicals was ranked in the last position. This is likely to be due to the fact that most tanneries maintain effluent treatment plants and that any effluent discharged is within municipal specifications.
6.3 CONCLUSIONS IN TERMS OF STATED OBJECTIVES

The foregoing paragraphs are a summary of the main findings of the research conducted in the South African leather industry. From the preceding discussion, it is now possible to draw conclusions in terms of the set objectives.

The primary objective of this study was to establish whether a model of industrial buying behaviour could be applied to the South African leather industry, and to obtain pertinent information about the industry's purchasing behaviour. The primary objectives set for this study have been achieved. The study determined that the Sheth industrial model of buyer behaviour can successfully be applied to the industry selected. Through the application of the model, valuable and useful information was gathered that reflected the purchasing behaviour of the selected respondents. The application of the model also achieved the set secondary objectives.

The secondary objective of determining the methods of conflict-resolution during joint decision-making were identified and corresponded with the Sheth model of industrial buying behaviour.
The objective of determining how formalised the tanneries' purchasing policies are, was met, and the level of formalisation identified.

The selection criteria of dyestuffs and chemicals were ranked according to importance to the respondent and deductions made. This achieved the third secondary objective.

The fourth secondary objective concerned the information sources the respondents would consult when confronted with a new purchase situation. The research findings indicate that the suppliers of dyes and chemicals serve as primary information sources.

The last secondary objective was to establish whether South African tanneries had become environmentally conscious. Research results indicated an interesting scenario in which the majority of tanneries had become environmentally conscious, but ranked environmentally friendly product last in the selection criteria for dyes and chemicals.

From the findings, it can be concluded that a high degree of joint decision-making exists when new purchase situations are encountered. Most respondents felt that they would be
held responsible for their decisions, and that time pressure
did not affect their decision-making. With regard to
conflict resolution during joint decision-making,
respondents indicated that discussion and problem solving
methods were the most viable alternative in reaching
consensus.

The impression gained from this study is that the majority
of tanneries have become environmentally conscious, and
apply at least one method of pollution and effluent control.
It has also become evident that municipal effluent
regulations are impacting on tanneries, as stricter measures
and controls are being implemented.

The study showed that many tanneries had exported either
their finished leather or wet-blue hides prior to the
lifting of sanctions. Europe was indicated as the largest
market for South African leather and hides.

The development of the automotive leather sector has
undoubtedly benefited the local leather industry. Several
tanneries have established themselves as major players in
the supply of leather for the automotive market and produce
large quantities destined mainly for the export markets.
It is apparent that most of the larger tanneries belong to one of the five groups of companies that dominate the South African leather industry. Although strong affiliations exist among the various group members, decision-making is taken at individual plant levels. The study also showed that many tanneries have an established and formalised purchasing policy.

The study indicated that the majority of tanneries were production and technically orientated and that most respondents had an average of 14.8 years experience in the industry. It was also found that respondents remained an average of 6.8 years with a particular company, and regarded themselves as being loyal to their established suppliers.

All respondents indicated that they engaged in an active search for information when confronted with a new purchasing situation, and that the supplier of dyestuffs and chemicals served as a major source of information.

The study found that the majority of respondents have a specialised qualification in leather and feel that they are technically responsible for the tannery's production.
6.4 AREAS FOR FUTURE RESEARCH

One of the objectives of this study was to test a model for industrial buying behaviour in the South African leather industry with special reference to the purchasing of dyestuffs and chemicals.

As Sheth (1973) indicates, buying behaviour models can not be applied to all situations and several areas for further research can be identified.

Firstly, research is necessary to establish whether this model, or any other model of industrial buying behaviour, can be applied to other South African industries. Although the South African economy has many attributes of a First World industrialised nation, it remains based in largely Third World environs. It remains to be established whether models of industrial buying behaviour are applicable to other less developed industries.

Secondly, further research is required to establish how new process developments pass through the decision-making process. It is well documented how one-off purchases such as the acquisition of expensive machinery are handled.
However, insufficient reference is made to the development of new production processes, which may influence the organisation's profitability and ultimately its survival.

Thirdly, the influence of purchasing policy on the decision-maker, whether this may be beneficial or restrictive, warrants further research in terms of its impact on suppliers and products.

6.5 CONCLUSION

It is contended that this study has made a start to the above and has provided information on organisational buying behaviour in a section of the South African industry. A model for buying behaviour was selected and tested in the South African leather industry. Although it was possible to apply the model successfully, several areas for future research have been identified.
APPENDIX A

BIBLIOGRAPHY
BIBLIOGRAPHY


APPENDIX B

TELEPHONE QUESTIONNAIRE
TELEPHONE QUESTIONNAIRE

INTRODUCTION

Ask to speak to the TECHNICAL MANAGER.

Good Morning / Afternoon, are you the Tannery Manager? My name is -- ------------, I am phoning in connection with a research dissertation at THE UNIVERSITY OF SOUTH AFRICA.

The information in this research will be kept confidential. Your name, and the name of your company will remain anonymous.

Would you please assist with some information.
SECTION A

I WOULD LIKE TO START OFF BY ASKING YOU ABOUT THE CHEMICALS AND DYES YOUR COMPANY BUYS:

A1) Are YOU involved when decisions are made about which chemicals or dyes are purchased?

<table>
<thead>
<tr>
<th>NO</th>
<th>1</th>
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<tbody>
<tr>
<td>YES</td>
<td>2</td>
</tr>
</tbody>
</table>

A1a) Could you indicate which other persons are involved and their position in the Company

(Terminate interview, thank respondent for his time and recontact indicated person).

A2) When you DECIDE TO PURCHASE Chemicals or Dyes, do you do so on your own, or do you require ANOTHER MEMBER’S or DEPARTMENT’S approval?

<table>
<thead>
<tr>
<th>ALONE</th>
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<tbody>
<tr>
<td>TOGETHER</td>
<td>2</td>
</tr>
</tbody>
</table>

A2a) Which Department: Purchasing:  1
    Technical:  2
    Financial:  3
    Production:  4
    Other:  5

A2b) What is the person’s position in the company?

| Managing Director: 1 |
| Technical Director: 2 |
| Financial Director: 3 |
| Marketing Director: 4 |
| Marketing Manager:  5 |
| Technical Manager:  6 |
| Financial Manager:  7 |
| Purchasing Manager: 8 |
| Other:  9 |

A2c) What role does he play?

| Decision-maker: 1 |
| Advisor: 2 |
| Discussion partner: 3 |
| Supervisor: 4 |
| Other, pls specify: 5 |
A3) Should the chemicals or dyes NOT PERFORM as expected, would YOU be held RESPONSIBLE?

NO : 1
YES : 2

A3a) Why would you NOT be responsible?

A3b) Why would YOU be held responsible?

A4) Are you usually under any TIME PRESSURES when deciding on chemicals and dyes?

NO : 1
YES : 2

A4a) How does TIME PRESSURE affect your DECISION?

A5) If you are NOT satisfied with your purchase of chemicals or dyes would you consider CHANGING the product AND/OR the supplier.

Product : 1
Suppliers : 2
Both : 3
Neither : 4
I will read to you 4 BUYING SITUATIONS, please indicate in which of these situations you DECIDE ALONE or TOGETHER with another member of your company. These situations SPECIALLY REFER to your CHEMICALS AND DYEST PURCHASES.

<table>
<thead>
<tr>
<th></th>
<th>ALONE</th>
<th>TOGETHER</th>
</tr>
</thead>
<tbody>
<tr>
<td>a</td>
<td>1</td>
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</tr>
<tr>
<td>b</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>c</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>d</td>
<td>1</td>
<td>2</td>
</tr>
</tbody>
</table>

A one-off purchase.

Repetitive, routine buying.

Buying new products from the same supplier.

Buying new products from a new supplier.
SECTION B

B1) Next I would like to ask you whether your company has become ENVIRONMENTALLY conscious from 1991?

B1a) YES : ------------  2
       In what way has your company become environmentally conscious?

       Effluent Treatment : ---------  1
       Emission Filters : ---------  2
       Recycling Waste : ---------  3
       Environmentally Friendly Prod. : ---------  4
       Other, please specify : ---------  5

B1b) NO : ------------  1
       For what reason has your company NOT become environmentally conscious?

       Not required by law : ---------  1
       No funds available too expensive : ---------  2
       Not required from customer : ---------  3
       Other, please specify : ---------  4

B2) Have ENVIRONMENTALLY CONSIDERATIONS influenced your purchasing criteria for Chemicals and Dyes.

       NO : ------------  1
       YES : ------------  2

B3) With reference to the POLITICALLY MOTIVATED, national STAYAWAY action in August 1992 we would like to know, what the PERCENTAGE of your labour turnout was?

       ------------ %
       Below 20 % : ------------  1
       21 - 40 % : ------------  2
       41 - 60 % : ------------  3
       61 - 80 % : ------------  4
       81 - 100 % : ------------  5
B4) The partial **lifting of economic sanctions** have created export opportunities for many South African companies. Has your company been able to **benefit** from the lifting of sanctions?

<table>
<thead>
<tr>
<th>NO</th>
<th>YES</th>
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<tbody>
<tr>
<td>1</td>
<td>2</td>
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</tbody>
</table>

B4a) How have you benefited?

- Increased turnover: 1
- Increased production capacity: 2
- Technological Info. transfer: 3
- Other, please specify: 4

B4b) To which countries do you export?

| North America | 1 |
| South America | 2 |
| Asia          | 3 |
| Asian         | 4 |
| East Block Countries | 5 |

B4c) Did you export to these countries, before the official lifting of sanctions?

<table>
<thead>
<tr>
<th>NO</th>
<th>YES</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2</td>
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</tbody>
</table>

B4d) In what stage of production do you export your products?

| Wet-Blue hides | 1 |
| Semi-finished leather | 2 |
| Finished leather | 3 |
| Semi-finished articles | 4 |
| Finished articles | 5 |
| Other, please specify | 6 |
SECTION C

Next I would like to ask you some questions about YOUR COMPANY:

C1) How many SUBSIDIARY COMPANIES / TANNERRIES belong to your organisation?

(do not read out numbers)

<table>
<thead>
<tr>
<th>Number</th>
<th>Category</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 -----</td>
<td>1</td>
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<td>2 -----</td>
<td>2</td>
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<td>3 -----</td>
<td>3</td>
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<tr>
<td>4 -----</td>
<td>4</td>
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<tr>
<td>5 -----</td>
<td>5</td>
</tr>
<tr>
<td>+ 6 -----</td>
<td>Other</td>
</tr>
</tbody>
</table>

C2) How would you best describe your buying department's position in your company. Would you say it is CENTRALISED at Head Office; DECENTRALISED at plant level where the plant buys its own Chemicals or Dyes, or a shared responsibility between Head Office and plant level purchasing?

<table>
<thead>
<tr>
<th>Position</th>
<th>Code</th>
</tr>
</thead>
<tbody>
<tr>
<td>Centralised</td>
<td>1</td>
</tr>
<tr>
<td>Decentralised</td>
<td>2</td>
</tr>
<tr>
<td>Head Office/Plant combination</td>
<td>3</td>
</tr>
</tbody>
</table>

C3) Do you have an ESTABLISHED purchasing policy?

<table>
<thead>
<tr>
<th>Answer</th>
<th>Code</th>
</tr>
</thead>
<tbody>
<tr>
<td>No</td>
<td>1</td>
</tr>
<tr>
<td>Yes</td>
<td>2</td>
</tr>
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</table>

C3a) On a scale of 1 to 4 how FORMALISED would you rate your company's PURCHASING POLICY. 1 Being Formalised and 4 being Very Formalised.

<table>
<thead>
<tr>
<th>Level</th>
<th>Code</th>
</tr>
</thead>
<tbody>
<tr>
<td>Somewhat Formalised</td>
<td>1</td>
</tr>
<tr>
<td>Fairly Formalised</td>
<td>2</td>
</tr>
<tr>
<td>Very Formalised</td>
<td>3</td>
</tr>
<tr>
<td>Formalised</td>
<td>4</td>
</tr>
</tbody>
</table>
C4) How many EMPLOYEES does your company have?

------------ (specific number)

1) 1 - 40
2) 41 - 80
3) 81 - 120
4) 121 - 160
5) 161 - 200
6) 201 - 240
7) 241 - 280
8) 281 - 320
9) 321 - 360
a) 361 +

C5) How would you best describe your company’s PERSONNEL ORIENTATION. Is it DOMINATED by TECHNICAL Personnel, COMMERCIAL Personnel or by PRODUCTION Personnel?

1) Technical : --------- 1
2) Commercial : --------- 2
3) Production : --------- 3
SECTION D

Next I would like to ask you where you OBTAIN your PRODUCT INFORMATION regarding Chemicals and Dyes.

D1) Firstly, when you buy new Chemicals and Dyes, do you ACTIVELY SEARCH for information on these products?

NO : --------------- 1
YES : --------------- 2

D2) What TYPE of INFORMATION SOURCE would you consult if you should require information about these products:

<table>
<thead>
<tr>
<th>Source</th>
<th>Numbers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade Journals</td>
<td>1</td>
</tr>
<tr>
<td>Supplier Information</td>
<td>2</td>
</tr>
<tr>
<td>Trade Fairs</td>
<td>3</td>
</tr>
<tr>
<td>Newspapers</td>
<td>4</td>
</tr>
<tr>
<td>Others, please specify</td>
<td>5</td>
</tr>
</tbody>
</table>

D3) What would your SELECTION CRITERIA be for specialised CHEMICALS?

<table>
<thead>
<tr>
<th>Criterion</th>
<th>Numbers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environmentally Friendly</td>
<td>1</td>
</tr>
<tr>
<td>Concentrated</td>
<td>2</td>
</tr>
<tr>
<td>Cost Effective</td>
<td>3</td>
</tr>
<tr>
<td>Reliable</td>
<td>4</td>
</tr>
<tr>
<td>Easy to Handle</td>
<td>5</td>
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</tbody>
</table>

D4) What would your SELECTION CRITERIA be for DYESTUFFS? Would they have to be:

<table>
<thead>
<tr>
<th>Criterion</th>
<th>Numbers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environmentally Friendly</td>
<td>1</td>
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<tr>
<td>Concentrated</td>
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<tr>
<td>Cost Effective</td>
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<tr>
<td>Reliable</td>
<td>4</td>
</tr>
<tr>
<td>Easy to Handle</td>
<td>5</td>
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</tbody>
</table>

D5) Would YOU say that other members of the production department would have SIMILAR SELECTION CRITERIA?

NO : --------------- 1
YES : --------------- 2
SECTION E

E1) In a situation where you have to DECIDE TOGETHER with ANOTHER MEMBER of the company to buy chemicals or dyes, would you say that you are, ALWAYS, USUALLY, OCCASIONALLY or NEVER in agreement about the product or supplier.

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<tbody>
<tr>
<td>Never</td>
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<td></td>
<td>1</td>
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<tr>
<td>Usually</td>
<td></td>
<td></td>
<td>2</td>
<td></td>
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<tr>
<td>Always</td>
<td></td>
<td>3</td>
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E1a) Do you SOLVE your DIFFERENCES by:

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<th>6</th>
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<tbody>
<tr>
<td>Persuasion</td>
<td></td>
<td></td>
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<td></td>
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<tr>
<td>Discussion and problem solving</td>
<td></td>
<td></td>
<td>2</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bargaining</td>
<td>3</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>By using your Infl. in the Org.</td>
<td>4</td>
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<tr>
<td>Referral to a Senior Colleague</td>
<td>5</td>
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<tr>
<td>Other</td>
<td>6</td>
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</table>

E2) Would you consider yourself to be LOYAL to your established suppliers and their products?

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<tbody>
<tr>
<td>NO</td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>YES</td>
<td></td>
<td>2</td>
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</table>

E3) If you develop A NEW PROCESS which INVOLVES A NEW PRODUCT, would you approach your EXISTING SUPPLIER FIRST, approach a NEW SUPPLIER, or obtain recommendations from several suppliers on which new products to use.

<table>
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<th>3</th>
<th>4</th>
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</thead>
<tbody>
<tr>
<td>Existing supplier</td>
<td></td>
<td></td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>New supplier</td>
<td></td>
<td>2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Several suppliers</td>
<td>3</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Combination of these</td>
<td></td>
<td>4</td>
<td></td>
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</tbody>
</table>
SECTION F

I would like to conclude this questionnaire by asking you some questions about YOURSELF:

F1) How many years have you been in this INDUSTRY? 
-----  Years.

F2) How many years have you been with this COMPANY? 
-----  Years.

F3) Do you have any SPECIALISED QUALIFICATIONS?
NO : 1
YES : 2

F3a) What type of qualification:
National Diploma (Leather/SA) : 1
University Degree (BSc) : 2
Local Technical Diploma (Leather) : 3
Intl. Technical Diploma (Leather) : 4
Certificate of Competence (SA) : 5
Other please specify: 6

F4) How would you rate your ANNUAL financial package
Below - R 80 000 : 1
R 80 000 - R100 000 : 2
R100 000 - R120 000 : 3
R120 000 - R140 000 : 4
R140 000 - : 5

F5) Do you ACTIVELY take part/participate in any SPORT?
NO : 1
YES : 2

F6) Do you have any HOBBIES?
NO : 1
YES : 2

This concludes the interview.

Thank you for your time and co-operation.
APPENDIX C

COVERING LETTER
3 September 1992

TO WHOM IT MAY CONCERN

You will shortly be receiving a call from a Unisa student who is doing research for his Masters in Commerce thesis in Business Economics. Your response to this request for information will be of great importance to the validity of the results and the thesis itself. There will be no sensitive information requested, and confidentiality will be protected at all times. We ask for your support. If there are any questions please contact me at the number listed below:

R Machado  
Department of Business Economics  
Phone: 012 429-4020

Your sincerely

R. Machado  

R Machado  
DEPARTMENT OF BUSINESS ECONOMICS
APPENDIX D

QUESTIONNAIRE PRETESTING
APPENDIX D

Tanneries included in the questionnaire pretesting:

1. Ladysmith Leathers
2. Hanni Bop
3. Kwandebele Tanning
APPENDIX E

INTERVIEWS
APPENDIX E

Interviews held with knowledgeable persons regarding their tanneries production output and market segment.

Western Tanning  Mr. P. van Niekerk
King Tanning  Mr. R. Hensman
Mossop Leathers  Mr. A. Hakimi
Exotan  Mr. D. Boast
Ladysmith Leathers  Mr. I. Stopforth
Hanni Leathers (Nigel)  Mr. R. Delfel
Hanni Bop  Mr. A. Bosi
Sutherlands Tannery  Mr. B. Wyss
East Cape Tanning  Mr. B. Plaaitjies
Bader Bop  Mr. S. Wells
Kwiktan  Mr. J. Lewis
Kwandebele Tanning  Mr. F. van Rensburg
Klein Karoo Landbou Koop.  Mr. P. Swanepoel
Corium Leathers  Mr. G. Tutt
African Game Industries  Mr. A. Pienaar
Bachs Tanners  Mr. A. Ferreira
Pilanssberg Tanners  Mr. T. Ranzoni