

## **Factors Influencing the Industrial Purchasing Decision within Algerian Industrial Organizations: An Analytical Study of the Case of Sonatrach Group**

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### **Abstract:**

This study aims to analyze the factors influencing the industrial purchasing decision within Algerian industrial organizations, through shedding light on the nature of this decision and its basic determinants. The study started from a main problematic stating: what are the factors influencing the industrial purchasing decision, and to what extent does each of them affect in directing this decision inside the Algerian industrial organization? In order to achieve the objectives of the study, the descriptive-analytical method was relied on, through treating the theoretical side based on the related literatures, in addition to an applied study that consisted in analyzing the case of Sonatrach Group relying on secondary data derived from official reports. The study has reached that the industrial purchasing decision is influenced by a set of interrelated factors, headed by technical factors which are related to the quality of inputs and the requirements of industrial activity, followed by economic factors related to cost and efficiency, while organizational and environmental factors play a moderate role in directing the decision, whereas the influence of behavioral factors remains relatively limited. These results highlight that the industrial purchasing decision within large organizations is characterized by a rational and technical nature, and is largely subject to objective considerations, which imposes on industrial organizations the necessity to improve decision-making mechanisms in a way that enhances its competitive efficiency.

**Keywords:** Industrial purchasing decision, influencing factors, Algerian industrial organizations, organizational buying behavior.

**JEL Classification:** D22, M11, M31, L25

### **1. Introduction:**

As a result of the rapid technological development and the increasing intensity of competition under globalization and economic openness, the contemporary world is witnessing accelerated

transformations in various economic and industrial fields, which has led to the emergence of new challenges before institutions, especially the industrial ones, which became required to improve their performance and raise their productive efficiency, through the rationalization of their different managerial decisions, at the head of them the industrial purchasing decision, which is considered among the strategic decisions that directly affects the cost of production, its quality and its continuity, where the industrial purchasing decision is characterized by being a complex process in which a set of factors interrelate, as it is not limited only to the mere selection of a supplier or the acquisition of a specific production input, but it includes a series of stages that require a precise analysis of the available alternatives; under a set of economic, technical, organizational and environmental constraints, in addition to the behavioral factors related to the individuals in charge of decision-making. From this perspective, understanding the nature of these factors and analysing the extent of their impact is considered a necessary matter in order to improve the effectiveness of the purchasing decision within the industrial institution (Sheth, 1973, p. 52).

This issue takes a particular importance in the Algerian context, in light of the state's endeavor to diversify its economy and reduce the dependence on the hydrocarbons sector, through supporting the industrial sector and reinforcing its competitive capacity, and improving the mechanisms of decision-making within industrial institutions, especially the purchasing decision, is considered among the basic factors that can contribute in achieving this objective, through rationalizing expenditures, improving the quality of production inputs, and ensuring the continuity of the industrial activity (World Bank / OECD)

The importance of this study lies in highlighting the central role of the industrial purchasing decision in improving the performance of Algerian industrial institutions, through analysing the factors affecting it, in a way that allows to provide a deeper understanding of the mechanisms of taking this decision, and to contribute in its rationalization in accordance with the requirements of efficiency and competitiveness.

Accordingly, this study aims to analyse the factors affecting the industrial purchasing decision within Algerian industrial institutions, through combining between the theoretical and the applied aspect, with the aim to reach results that may contribute in improving the effectiveness of this decision within the industrial reality.

## **1. Problematic and Hypotheses**

### **2.1 The Problematic:**

In light of the economic transformations that the world is witnessing, and what they impose of challenges on industrial institutions, the industrial purchasing decision has become occupying a central place within administrative decisions, given its direct link with the efficiency of the production process. However, this decision is not made in isolation from a set of interrelated factors, which differ in terms of their nature and the degree of their influence, which raises the problematic of identifying the most important of these factors and the extent of their impact in directing the decision within the industrial institution.

Within this frame, the main problematic of the study can be formulated as follows: What are the factors affecting the industrial purchasing decision within Algerian industrial institutions, and what is the extent of the impact of each of them in directing this decision?

From this problematic, a number of sub-questions derive, among them the questioning about the nature of the industrial purchasing decision within the institution, and the most important factors affecting it, in addition to the extent of the impact of each factor in the Algerian industrial reality, as well as how to interpret the behavior of the industrial institution in taking this decision.

## **2.2 Hypotheses:**

Starting from the proposed problematic, a set of hypotheses has been formulated which aims to explain the nature of the relationship between the studied factors and the industrial purchasing decision, and this as follows:

The main hypothesis is that the industrial purchasing decision within Algerian industrial institutions is affected by a set of economic, technical, organizational, environmental and behavioral factors, however the degree of influence of these factors differs from one factor to another.

From this main hypothesis, a set of sub-hypotheses derive, which can be formulated as follows: There exists a significant relationship between the economic factors and the industrial purchasing decision, where the level of costs, the conditions of payment and the economic return affect in directing the decision within the institution (Kotler & Keller, 2016, p. 203).

There also exists a relationship between the technical factors and the industrial purchasing decision, as the quality of inputs and the technical specifications play a decisive role in determining the choice of suppliers and products (Robinson et al., 1967, p. 15).

There exists also a relationship between the organizational factors and the industrial purchasing decision, where the administrative procedures and the organizational structure affect the way of taking the decision within the institution (Webster & Wind, 1972, p. 18).

In addition to that, there exists a relationship between the environmental factors and the industrial purchasing decision, as the market conditions, the competition and the availability of suppliers affect in directing the purchasing decision (World Bank / OECD)

Finally, there exists a relationship between the behavioral factors and the industrial purchasing decision, however its impact remains relatively limited compared to the rest of the factors, due to the collective and rational character that characterize this decision (Sheth, 1973, p. 52).

## **3. The First Axis: The Theoretical Framework of the Industrial Purchasing Decision**

### **3.1 Concept of the Industrial Purchasing Decision**

The industrial purchasing decision is regarded as one of the fundamental concepts in the field of industrial marketing and purchasing management, and it refers essentially to that process by which an industrial organization determines its needs for production inputs, then it searches for suitable suppliers, and after that it compares the available alternatives that are found before it, before selecting the most appropriate option in a manner that serves the organization's objectives in the best possible way. This decision is not limited to a simple act of buying as one

might think from the first glance; rather, it represents a rather complex organizational activity that involves several interconnected stages and many procedures that often overlap with one another (Robinson et al., 1967, p. 14).

The industrial purchasing decision can also be defined once again as a sequence of decisions that are made by a group of individuals within the organization, and these individuals are known as the "buying center," where they interact with each other within a specific organizational framework so that they can choose the appropriate supplier or product based on defined criteria that are set in advance, such as quality, cost, and also the degree of reliability (Webster & Wind, 1972, p. 12). So this definition highlights the collective and institutional nature of the industrial purchasing decision, which is what distinguishes it clearly from individual purchasing decisions that people make in their daily lives when they buy for personal consumption.

From this standpoint, the industrial purchasing decision may be viewed as a relatively rational process through which the organization seeks to achieve the best possible balance among various considerations that face it. Nevertheless, it remains influenced by several factors that may limit its full objectivity, especially in those situations where information is incomplete or where environmental and organizational pressures do really exist that affect the path of the decision (Sheth, 1973, p. 52).

### **3.1.1 Characteristics of the Industrial Purchasing Decision**

The industrial purchasing decision is characterized by a set of features that reflect its particular nature within the organization, as it is not considered a simple individual decision by any means, but it is in most cases a collective decision in which several parties inside the organization participate, such as the purchasing department, the production department, and also the finance departments, and this interrelation that happens between the different departments contributes to enriching the decision-making process, due to the diversity of experiences and the viewpoints that are presented by different people with different backgrounds (Webster & Wind, 1972, p. 15). And additionally, this type of decisions is marked by a clear degree of complexity, and this appears clearly through the multiplicity of alternatives available to the organization, which are relied upon in the selection process, as the organization does not look only at the price as an ordinary consumer would do, but it takes into consideration quality, delivery conditions, the degree of supplier reliability, and also other elements that might be important for the production process, which is often reflected on the length of the decision-making duration when compared to individual purchasing decisions that are taken much faster (Robinson et al., 1967, p. 18).

The industrial purchasing decision is dominated by a rational and systematic character generally, where reliance is made on the analysis of available information and data with the aim of reaching the best possible choice and reducing risks that might harm the organization. However, this rationality is not absolute in any way, as it may be affected by some factors related to individuals' behavior or to the nature of the organization inside the institution itself (Sheth, 1973, p. 53). Also, the strategic dimension of this decision cannot be neglected in any case, as it is directly related to the quality of production and its cost, which in turn reflects

directly on the competitive ability of the organization in the market. And for this reason the industrial purchasing decision is considered as one of the sensitive decisions that require careful study and planning that is aligned with the general orientations of the organization, especially given that purchases represent an important part of the resources of industrial companies, and any mistake in them could cost a lot.

### **3-1-2 Stages of the Industrial Purchasing Decision**

The process of taking the industrial purchasing decision passes through a group of interrelated stages, which in their whole form a logical path that helps the organization to reach a well-studied decision that is based on facts. This process usually begins with identifying the need, where the existence of a shortage in resources is perceived, or the appearance of a need to acquire new equipment or materials as a result of expansion or development of the activity that the organization undertakes. After that, the organization moves to the stage of searching for suppliers, and in this stage information related to potential suppliers is collected carefully, whether through databases that are available, or by relying on previous experiences that the organization has gained, or through various external sources that can be trusted. Then comes the stage of evaluating alternatives, where the submitted offers are analyzed and compared according to specific criteria that are set in advance, such as price, quality, and delivery conditions (Kotler & Keller, 2016, p. 203). After that, the final decision is taken by selecting the most suitable supplier, and it is a decision that in most cases requires coordination and cooperation between the different concerned departments inside the organization so that everyone agrees on the final choice. And the process does not stop at this level at all, but it extends to the stage of performance evaluation after the implementation of the purchasing process, where the supplier is evaluated with the aim of benefiting from the gained experience and improving the quality of future decisions that will be taken later (Robinson et al., 1967, p. 20).

### **3.2 Factors Affecting the Industrial Purchasing Decision**

The industrial purchasing decision is affected by a number of interrelated factors that differ in their nature and degree of influence, which makes understanding them necessary for analyzing this type of decisions properly. Among the most prominent of these factors are the following:

#### **First: Economic factors**

Economic aspects play a central role in directing the purchasing decision, as the organization seeks to achieve the best possible balance between cost and return that it expects. These factors include:

- price, which is always important
- transportation costs that might add a lot to the final cost
- payment conditions and how flexible they are
- total cost which may include operating and maintenance costs that come after the purchase (Kotler & Keller, 2016, p. 203).

-The concern here is not limited only to the price as some might think, but it extends to achieving a sustainable economic value over the long term rather than just saving money at the moment of purchase.

### **Second: Technical factors**

Technical factors include the degree of reliability of the product or the supplier, as well as the extent of the product compatibility with the requirements of the production process that the organization runs. In many cases, organizations tend to give priority to quality above other considerations, especially when it has a direct impact on the efficiency and continuity of production without interruption (Robinson et al., 1967, p. 15).

### **Third: Organizational factors**

Organizational factors include various aspects related to the internal environment of the organization, such as:

- organizational structure and how clear it is
- administrative procedures that govern the work
- level of coordination between departments and how well they communicate

The clarity of organization and its effectiveness leads to accelerating the decision-making process and improving its accuracy, while weak coordination may lead to slowing down the process and making it more complex than it needs to be (Webster & Wind, 1972, p. 18).

### **Fourth: Environmental factors**

These factors consist of the external influences surrounding the organization from the outside, such as:

- market conditions and their stability
- intensity of competition in the industry
- availability of suppliers in the market
- laws and regulations that govern the business

The impact of these factors increases in unstable environments, where the organization is forced to adapt to continuous changes that happen rapidly (World Bank / OECD).

### **Fifth: Behavioral factors**

These factors reflect the human side in the decision-making process, where the experiences of individuals, their perceptions and personal preferences influence the evaluation of alternatives in ways that might not be completely objective. And despite the presence of this influence, it remains relatively limited in large industrial organizations, due to the reliance of the decision on collective work and systematic analysis that reduces the effect of personal bias (Sheth, 1973, p. 52).

## **4. The Second Axis: The Reality of the Purchasing Decision in Algerian Industrial Organizations**

### **4.1 The Specificity of the Algerian Industrial Organization**

The Algerian industrial organization is characterized by a set of characteristics that are reflected directly on the nature of the decisions it takes, and especially the industrial purchasing decision, and this happens under the economic and organizational environment in which it operates, as this organization does not work within a fully integrated and completely stable industrial system like you find in other places, but rather within a framework characterized by a number of structural and also situational challenges, and this of course affects its behavior in the field of supply and acquisition in different ways.

#### **First: The nature of industrial activity in Algeria**

The industrial activity in Algeria is characterized by a relative concentration on some specific sectors, particularly and especially industries that are related to hydrocarbons and energy, while the contribution of other manufacturing industries remains limited in comparison with the available potentials that exist but not used well, and this situation reflects the nature of the economic structure which till now depends to a large extent on the energy sector as a main source, despite the efforts that were made over the years to diversify it but without great success (World Bank, 2023). Also, the industrial fabric is characterized by the existence of a clear disparity between organizations in terms of size and how they are organized, so we find large public organizations that are often heavy and bureaucratic alongside small and medium organizations that are more flexible, and this leads to differences in the ways of making decision within them, especially concerning the industrial purchasing decision, and this variation in the nature of activity affects the way needs are determined and how suppliers are selected, as large organizations tend to adopt more complex procedures that are more organized and take longer time, whereas small organizations rely on methods that are more flexible and faster and less complicated (OECD, 2020).

#### **Second: The challenges facing the Algerian industrial organization**

The Algerian industrial organization faces a set of real challenges that affect its performance in a direct way and also affect the nature of its decisions, especially in the field of industrial purchasing where these challenges appear clearly, and among the most prominent of these challenges we can say the limited economic diversification, the weakness of industrial productivity which is still below what is expected, in addition to the difficulties of financing and investment that many organizations suffer from and cannot find easy solutions for them. Also, the Algerian economy is affected to a large extent by the fluctuations in oil prices that happen in international markets, and this is reflected on the level of industrial investment and on the stability of economic activity in general, which increases the degree of uncertainty when making decisions inside organizations (World Bank, 2023). So the Algerian industrial organization finds itself obliged to take its purchasing decisions under multiple constraints that are not easy to deal with, and this increases the importance of studying the factors that affect these decisions in a deeper way than what is usually done.

### **Third: Dependence on suppliers**

The Algerian industrial organization is characterized by a considerable degree of dependence on external suppliers that come from outside, especially concerning industrial equipment and raw materials that are not available inside the country, because local production is still not sufficient to cover all the industrial needs that the country has. This dependence leads to increasing the sensitivity of the purchasing decision, because it is related to external factors that the organization cannot control, such as the availability of suppliers in foreign markets and the fluctuations of prices that happen globally, in addition to supply risks that can appear from time to time without warning. And organizations also seek to establish long-term relationships with suppliers that they trust, and they do this with the aim of ensuring continuity of supply and reducing the degree of uncertainty that surrounds their operations all the time (Kotler & Keller, 2016, p. 204).

## **4.2 Factors Affecting the Purchasing Decision in the Algerian Environment**

The industrial purchasing decision inside Algerian organizations is affected, under the previous characteristics that we have mentioned just before, by a set of factors that are related to the surrounding environment, and these factors intersect in many ways with the theoretical factors that were already addressed in the first axis that we talked about earlier, but they take a different form due to the local context that is specific to Algeria.

### **First: Market influence**

The market is considered one of the most important factors that affect the industrial purchasing decision in Algeria, because the conditions of supply and demand control the determination of prices and also the availability of products in the market. And in the Algerian context, the market is characterized by a certain degree of instability that makes things difficult, as a result of economic changes that happen frequently and the dependence on importation in many fields where local production is weak and cannot compete. Also, the limitation of competition in some sectors affects the number of available suppliers that organizations can choose from, and this reduces the opportunities of comparison between alternatives that would normally be available if the market was more competitive, and thus it affects the quality of the purchasing decision in a negative way. And this situation makes the organization more cautious in taking its decisions, especially under the risks that are related to market fluctuations that can happen suddenly without prior notice (OECD, 2020).

### **Second: Suppliers influence**

Suppliers play a central role in directing the industrial purchasing decision inside Algerian organizations, especially under the strong dependence on external suppliers that we mentioned earlier, and the process of selecting suppliers is affected by several factors that must be considered carefully before making any choice, among them product quality, respect of delivery deadlines and whether they commit to them, payment conditions and how flexible they are, in addition to the commercial reputation of the supplier in the market that he operates in. And industrial organizations tend to establish stable relationships with reliable suppliers

that they can trust over time, and they do this with the aim of reducing risks and ensuring the continuity of supply without any interruption that could harm production, and this reflects clearly the importance of suppliers in the whole process of making decision (Kotler & Keller, 2016, p. 204).

### **Third: Economic and organizational constraints**

The Algerian industrial organizations are subject to a set of constraints that affect their purchasing decisions in a direct way, whether these constraints are economic or organizational in their nature, as from the economic side, organizations face real challenges that are related to financing and the fluctuations of prices that are hard to predict and control, while the organizational constraints are represented in the administrative procedures that can be very complicated and the laws that regulate purchasing operations and must be followed strictly without exception. These constraints affect the freedom of the organization in selecting suppliers, and may also lead to delaying the decision making or imposing alternatives that are not optimal in some cases where the organization has no better choice available, and studies have confirmed that the organizational and economic environment plays an important role in directing the behavior of organizations, and this is especially true in developing economies that face structural challenges that are difficult to overcome (World Bank, 2023).

**Table (1): Classification of the factors affecting the industrial purchasing decision and the nature of their impact**

<b>Type of factor</b>	<b>Main elements</b>	<b>Nature of impact</b>
<b>Economic factors</b>	price, transportation costs, payment terms, total cost	rationalization of costs and achieving economic efficiency
<b>Technical factors</b>	quality, technical specifications, reliability, compatibility with production	ensuring the quality of inputs and improving production performance
<b>Organizational factors</b>	purchasing policies, administrative procedures, organizational structure, internal coordination	organizing the decision making process and reducing errors
<b>Environmental factors</b>	market, competition, suppliers, regulations	external influence on the purchasing choices of the organization
<b>Behavioral factors</b>	experience, perception, professional preferences, risk assessment	personal influence in evaluating alternatives and selecting the supplier

**Source:** Prepared by the researcher based on literature and previous studies.

It appears from the table that the industrial purchasing decision is affected by a set of integrated factors that differ in terms of their nature and degree of influence, where the technical and economic factors represent the main determinants of this decision, while the organizational and

environmental factors contribute to framing and directing it within a certain framework, whereas the influence of behavioral factors remains linked to the human aspect of the decision making process.

## **5.The Third Axis: The Applied Study (Analysis of the Case of an Algerian Industrial Organization)**

### **5.1 Study Methodology**

Within the framework of studying the factors that affecting the industrial purchasing decision inside the Algerian industrial organizations, and due to the difficulties that is related to conducting a direct field study that based on questionnaire or any other tool, the descriptive analytical method which based on analyzing secondary data has been adopted for this study. And this method is considered one from the most appropriate methods that can be used for such kind of studies, because it allow the researcher to studying the phenomenon in its real context without interfering, through collecting the available data that can be found from different sources and then analyzing it and linking it to the theoretical framework that was established before (Saunders et al., 2019, p. 178). Also, the case study approach has been adopted as a research strategy through analyzing a large Algerian industrial organization that represent a good example for the study, with the aim of understanding how the factors that affecting the industrial purchasing decision are embodied inside the applied reality. And it has been relied in this process on a set of reliable sources that can be trusted, among them the official annual reports that publish by the organization it self, the published economic data that is available for the public, in addition to the related academic studies that have been done previously, and all of this enhance the credibility of the analysis and give it a scientific character that can be defended (Yin, 2018, p. 15).

### **5.2 Presentation and Analysis of Data**

#### **5.2.1 Presentation of the Organization under Study**

The Sonatrach Group has been selected as a model for the study that we are conducting, because it is the largest industrial organization in Algeria and also the main actor in the energy sector without any competition from others. And the official reports that have been published by the organization indicate that it has achieved a strong financial performance during the recent period, where its turnover reached a high level as a result of the increase in the global demand for energy that happened after the crisis, and it also recorded significant exports during the year 2022 which contributed to the national economy in a positive way (Sonatrach, 2022, p. 12). Also, the organization has concluded a large number of contracts with different operators that working in the same field, whether at the national level or the international level, and this thing reflects the volume of purchasing activity that happening inside it, and it highlight the importance of the purchasing decision as one of the main pillars for its industrial activity that cannot be ignored (Sonatrach, 2022, p. 25). It is worth to mentioning that Sonatrach belongs to the organizations that operate across the whole value chain in the hydrocarbons sector, starting from extraction until distribution, which makes it rely heavily on industrial

purchasing operations, whether with regard to equipment or services or even consulting activities, and this justify its selection as an applied case that is suitable for this study.

### **5.2.2 Analysis of the Factors Affecting the Purchasing Decision**

#### **First: Economic factors**

The economic factors play a central role in directing the purchasing decision inside the Sonatrach organization, because of the magnitude of the investments that is related to its industrial activity which are very large in size. As the organization rely on large budgets that are directed to the acquisition of equipment and services that it need for its operations, and this impose the necessity of controlling costs and achieving economic efficiency in everything that it does. Also, the activity of the organization is directly affected by the fluctuations in oil prices that happen in the global market from time to time, and this thing is reflected directly on its financing capacity and its ability to plan for the future, and it push it to adopt rational purchasing policies that based on rationalizing the expenditures and achieving the best possible value for the money that is spent (World Bank, 2023). Accordingly, the purchasing decision inside the organization does not depend only on the price criterion as a simple factor, but it take into consideration the total cost that include many different elements and also the expected return that will come in the future, and this is consistent with what has been confirmed by the modern literature that has been written in this field (Kotler & Keller, 2016, p. 203).

#### **Second: Technical factors**

The technical factor is considered the most influential determinant in the purchasing decision inside Sonatrach when comparing it with the other factors, due to the complex technical nature of its industrial activity that require a high level of precision. Where the organization rely on advanced equipment that need a high level of quality and reliability to function in a proper way, and this is in accordance with the international standards that are adopted in the energy sector which are very strict and cannot be ignored. Also, the reports that have been published indicate that the organization supervise major industrial projects that require high technical accuracy in every small detail, and this impose the necessity of selecting suppliers that are capable to meet these difficult requirements, and it make the quality a fundamental criterion that cannot be compromised when making the purchasing decision (Sonatrach, 2022, p. 30). Therefore, any defect in the quality of the inputs, even if it is small, may lead to the disruption of the production process or it could cause significant financial losses that are hard to recover, and this thing explain clearly why the technical factor dominate over the other factors in this specific context (Robinson et al., 1967, p. 15).

#### **Third: Organizational factors**

The purchasing decision inside the Sonatrach organization is subject to a precise organizational framework that is well defined and clear, characterized by the presence of strict administrative and legal procedures that must be followed without exception, in addition to the multiplicity of decision making levels that exist inside the organizational hierarchy. And this organization aim to ensure the transparency and the rationalization of expenditure, in line with the nature of the

organization as a public entity that have a strategic importance for the whole country. Also, the process of making decision is carried out in a collective manner, where several departments inside the organization participate in it and give their opinions and feedback, and this thing contribute to improving the quality of the final decision that is taken, although it may lead in some cases to a relative slowness in taking it because of the need for coordination between different parties (Webster & Wind, 1972, p. 18).

#### **Fourth: Environmental factors**

The Sonatrach organization is greatly affected by the external environment that surround it from all sides, especially with regard to the global energy market which is very volatile and unpredictable, the economic fluctuations that happen in the world from time to time, and the geopolitical changes that can affect the supply and demand in a direct way. And the global markets have witnessed during the last years noticeable fluctuations that was not expected by anyone, and this thing affected the demand and the prices in a direct way, and consequently it affected the activity of the organization and its ability to plan for the future (World Bank, 2023). Also, the dependence of the organization on international suppliers that come from different countries around the world makes it exposed to supply risks and price fluctuations that are hard to predict and control, and this impose on it the necessity of adopting flexible purchasing strategies that can adapt to changes, based on diversifying the suppliers and strengthening the partnerships with the reliable ones.

#### **Fifth: Behavioral factors**

Despite the importance of the behavioral factors in explaining the behavior of the individuals when they are working inside organizations, their impact on the purchasing decision inside the Sonatrach organization remains relatively limited when we compare it with the other factors, and this is due to the strict organizational character that distinguish the organization and make it less flexible than the private sector. Also, the purchasing decision is made through multiple organizational structures that involve many people from different departments, and this thing reduce the impact of the individual factors that might come from only one person, and it make the decision more rational and more linked to the objective criteria that can be measured easily, especially the technical and the economic ones (Sheth, 1973, p. 52).

### **5.2.3 Synthetic presentation of the affecting factors**

**Table (2): Degree of influence of the factors on the industrial purchasing decision inside the organization under study**

<b>Factor</b>	<b>Degree of influence</b>	<b>Explanation</b>
<b>Technical factors</b>	very high	nature of the industrial activity and quality requirements
<b>Economic factors</b>	high	size of investments and effect of market fluctuations
<b>Organizational factors</b>	medium	administrative procedures and levels of control

<b>Environmental factors</b>	medium	influence of global market and external conditions
<b>Behavioral factors</b>	weak	collective and rational character of the decision

**Source:** Prepared by the researcher based on (Sonatrach, 2022; World Bank, 2023).

It appears from the table that the technical factors represent the main determinant of the purchasing decision inside the organization under study, and this is related to the nature of the industrial activity which requires a high level of quality and reliability. Also, the economic factors occupy an advanced position due to the size of investments and the effect of market fluctuations, while the organizational and environmental factors play a medium role in framing the decision. As for the behavioral factors, their impact remains relatively limited, which reflects the collective and rational character that distinguishes the process of making the industrial purchasing decision.

### 5.3 Discussion of the results

The results of the analysis have shown that the purchasing decision inside Sonatrach is characterized by a rational and technical character, where it is dominated by technical and economic factors. And this can be explained by the nature of the industrial activity of the organization, which requires a high level of quality and precision, in addition to the size of investments related to the purchasing process.

Also, it was shown that the organizational and environmental factors play an important role in directing the decision, especially under the complexity of the global economic environment, which is consistent with what has been reached by theoretical studies in the field of industrial purchasing (Webster & Wind, 1972).

### 5.4 Testing of hypotheses

Based on the qualitative analysis of the available data, the hypotheses can be evaluated as follows:

The hypothesis related to economic factors is verified, as it has been shown that costs and financial considerations play an important role in directing the purchasing decision (Kotler & Keller, 2016).

Also, the hypothesis related to technical factors is strongly verified, due to the importance of quality and technical specifications in the activity of the organization (Robinson et al., 1967).

The hypotheses related to organizational and environmental factors are also verified, as administrative procedures and market conditions affect the decision making process (Webster & Wind, 1972).

While the hypothesis related to behavioral factors is verified to a weak degree, which is consistent with the collective and rational character of the industrial purchasing decision (Sheth, 1973).

## **6. Conclusion:**

At the end of this study which addressed the factors affecting the industrial purchasing decision inside Algerian industrial organizations, it appears that this decision represents one of the main axes upon which the efficiency of performance inside the organization is based, due to its direct relation with the quality of production inputs and their cost, and consequently its effect on competitiveness and the continuity of industrial activity.

The adopted theoretical framework has allowed to clarify the complex nature of the industrial purchasing decision, as it is a collective process in which several economic, technical, organizational, environmental and behavioral factors intersect, which differ in terms of their degree of influence according to the nature of the organization and the environment in which it operates. Also, the analysis has shown that this decision is not subject only to price considerations, but goes beyond that to include multiple dimensions related to quality, efficiency and reliability.

As for the applied level, the analysis of the case of Sonatrach Group has made it possible to highlight how these factors are embodied in the Algerian industrial reality, where it was shown that technical factors occupy a central position in directing the purchasing decision, due to the complex technical nature of the activity of the organization, followed by economic factors which reflect the importance of controlling costs under the fluctuations of the global energy market. The results have also shown that organizational and environmental factors play an important role in framing the decision, especially under administrative procedures and the influence of the external environment, while the impact of behavioral factors remains relatively limited, as a result of the collective and rational character that distinguishes this type of decisions.

Based on the above, it can be said that the study has contributed in answering the posed problematic, and has confirmed that the industrial purchasing decision inside Algerian organizations is characterized by a rational and technical character, governed primarily by objective considerations, while being at the same time affected by the surrounding economic and organizational environment. These results also reflect the nature of the transformations that the industrial sector in Algeria is witnessing, under the orientation toward improving efficiency and enhancing competitiveness.

Despite the importance of the obtained results, this study remains limited in terms of its reliance on the analysis of the case of a single organization, which opens the field for future studies that can address a larger number of industrial organizations, or rely on quantitative methods to measure the degree of influence of each factor more precisely, in a way that contributes to deepening the scientific understanding of the behavior of the industrial purchasing decision in the Algerian context.

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