MONITORING PUBLIC PROCUREMENT OF CORPORATE TRAVEL SERVICES -A TRIADIC PERSPECTIVE

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ABSTRACT

Policy compliance is a challenge in centralized service procurement, specifically in situations where the service is used by an individual employee who has direct access to service providers. Examples of such services are corporate travel services, where policy noncompliance and maverick buying is often seen as a problem. In this paper we take a triadic perspective, and investigate how a corporate travel buyer in the public sector, a business travel agency, and a technology provider cooperate to monitor travel purchase. The study adds our understanding of how service purchasing and supply processes can be developed in three-party cooperation, focusing on policy compliance and monitoring.

Keywords: Corporate travel, policy compliance, public procurement, maverick buying, case study.

INTRODUCTION

The emergent service sector and the purchase of various services receive increasing interest among researchers (see e.g. Baltacioglu et al., 2007; Li and Choi, 2009; Rossetti and Choi, 2008; Van de Valk and Iwaarden, 2011). Specifically the increase in business-to-business and business-to-government services has led to the growth of the service sector (Axelsson and Wynstra, 2002; Ellram et al., 2007). However, the amount of empirical research in service purchasing is limited (Zheng et al., 2007). One reason to have a closer look at the purchasing processes is the growing need to centralize service purchase and to outsource services (Li and Choi, 2009). The trend is toward a stronger and more centralized purchasing function and supplier base reduction both in private (Gadde et al., 2010) and in public sector (Karjalainen, 2011; Karjalainen et al., 2009).

The current study relies on the relational model of purchasing, where the buyer is an active participant in the purchasing process (Axelsson and Easton, 1992; Ford, 2002; Håkansson, 1982). We take triadic perspective, and investigate activities performed and resources allocated (Håkansson and Snehota, 1995) in corporate travel purchase in the focal triad of a buyer, a business travel agency (travel intermediary) and a technology supplier. Business relationships are generally studied from a dyadic perspective, even though a substantial part of a company's total resource base is located beyond its possession, and controlled in cooperation with other firms (Andersen and Christensen, 2005; Dubois and Gadde, 2000; Gadde, 2004; Holmen et al., 2007). Therefore, cooperation, not only between buyer and suppliers, but also among the suppliers, is important (Dubois and Gadde, 2000). For example, Håkansson et al. (1999) argue that a supplier has a higher likelihood of learning and innovating when it is connected with the buyer's other suppliers.

The purchasing of goods and services in the public sector is crucial. To accomplish its mission, each governmental unit needs supplies to provide services and goods (Thai and Grimm, 2000). Public procurement of goods and services affects both nations' competitiveness and inhabitants' well-being (Bof and Previtali, 2010), and successful contracting and procurement is often an indicator of good management within government. Most people buy things and services in their private lives, and they can understand governments successes or failures in purchasing better than they understand many other government policies (Bartle and LaCourse Korosec, 2003). Public procurement differs from private sector procurement in many ways, specifically regarding the regulations and political constrains (Lian and Laing, 2004). However, also in the public sector, the strategic role of purchasing is increasing and outsourcing is used as an effort to take advantage of a private contractor's experience (Knight et al., 2003; Padovani and Young, 2008).

Companies create codes that guide employee or corporate behavior. These codes are used, for example, to provide consistent normative standards for employees or to avoid legal consequences (Schwartz, 2001). The buying organizations have generally a policy defining how services are purchased, and from which suppliers. Following the policy is important in order to fulfill the established supplier contracts, and to benefit from purchasing synergies (Karjalainen and Kemppainen, 2008). However, monitoring the individual employees' buying behavior is challenging specifically in situations where the end-user of the service is an internal customer who has direct access to the suppliers, and where the service is delivered to the customer without the buyer's involvement (Li and Choi, 2009). Wynstra et al. (2006) categorize these services as 'consumption services'. The category mainly consists of a large variety of items that require significant administrative efforts (Wynstra et al., 2006: 488). In our study, corporate travel purchase provides an example of a consumption service, which is

organized in a centralized way, and where the service is purchased and used by individual employees, business travelers.

Organizational misbehavior and policy non-compliance is a true problem for many organizations (Douglas and Lubbe, 2009; Karjalainen et al., 2009). In this paper, our focus is on travel policy and its monitoring in the corporate travel context, and as a method we use a case study in corporate travel purchase. According to industry surveys (ACTE/Air Plus, 2012; Mason, 2007; Rose, 2008) policy compliance is one of the most effective ways to save in travel costs. Technology provides tools to monitor travel policy compliance, for example, deviating from policies can be made technically difficult (Karjalainen and Raaij, 2011). Therefore, electronic procurement practices are applied in order to enhance policy compliance (Angeles and Nath, 2007; Cox et al., 2005).

Corporate travel is an important support function for public organizations and international companies. However, academic literature has paid relatively little attention to corporate travel and how it can be managed professionally (Gustafsson, 2012). Organizations aim to decrease travel costs, and one way of doing it is to create a travel strategy, centralize travel purchase, and establish a travel policy, which directs the purchase to the preferred suppliers. Our case study investigates Aalto University's travel procurement, which follows the purchasing strategies of the central procurement unit of the Finnish Government, Hansel. *The purpose is to find out how travel purchase is monitored and maverick buying prevented at Aalto University.* We seek answers to two questions: First, *how is cooperation arranged in the focal triad* of Aalto, the business travel agency partner (Finland Travel Bureau) and the technology provider (Amadeus) in order to monitor travel purchase? Monitoring travel purchase refers to travel policy and realizing the terms of the centralized contracts. Monitoring is an essential function for a successful corporate travel management, and an under researched topic in the academic literature. The second question investigates *how Aalto prevents maverick buying*? Typically maverick buying occurs when individual employees buy services outside the established contracts and policies (Karjalainen et al., 2009). To answer the first question, we interviewed Aalto University's Head of Procurement, and his co-operating partners at Finland Travel Bureau, Amadeus and Hansel, and investigated the activities and resources (Håkansson and Snehota, 1995) directed to monitoring travel purchase. For the second question, we interviewed the Head of the Procurement to find out Aalto's approach for preventing maverick buying.

The study will provide us with deeper understanding on procurement of complex business consumption services in a centralized way. We will investigate the phenomenon from a triadic perspective, which provides us with multiple perspectives, and adds our understanding of how three-party cooperation can improve purchasing and supply processes, and specifically policy compliance in service purchase.

The paper is structured in the following way. The second section provides the theoretical background of the study. The third section explains the research methodology, and introduces the focal triad and the case companies. In the fourth section, we will discuss the case study findings. The final section concludes the study, and provides avenues for further research.

THEORETICAL BACKGROUND

In this section, we will first discuss the challenges of centralized purchasing and service outsourcing. Secondly, we will focus on corporate travel purchase and travel policy, where we

base our discussion on academic research, and on industry reports. Thirdly, we will clarify the use of the triadic perspective in the current study.

<div align="center">Challenges in service outsourcing</div>

In the relational model of purchasing, the buyer is seen as an active actor in the purchasing process, and the efficiency and effectiveness of any organization is determined by the operations on its supply side (Dubois and Pedersen, 2002; Gadde et al., 2010). On-going interaction between buyers and suppliers is important specifically in business-to-business service purchase (Tate and van der Valk, 2008). In the service context, attention is paid to the processes involved in service delivery, the actions of both employees and customers, and the management of the activities of which the processes consist (Syson and Perks, 2004).

Åhlsröm and Nordin (2006) revealed four major problems in service purchasing: specification of processes, legal agreements, service delivery and monitoring relationships with the customers. Many companies do not understand the potential of successful supplier relationships (Kakabadse and Kakabadse, 2002). Kessler et al., (1999) found that the majority of service contracts fail to deliver the promised savings. Amaral et al., (2004) emphasize the importance of involving sourcing professionals in service purchases for improved management and control of the services spend. They can benefit in developing better contracts and manage the service delivery process more effectively.

Organizations establish framework agreements with preferred suppliers in order to utilize synergy benefits (Karjalainen et al., 2009). Outsourcing has become popular also in the service sector, because it enables the buyer to concentrate on its core competencies, and to save time and administrative costs by not being involved in the service delivery. Service outsourcing is different from outsourcing in the manufacturing industry, where the buyer may create barriers between the suppliers and end-customers and continue to act as an intermediary. In service outsourcing, it is important for the buyer to continue monitoring the suppliers, and interact actively with the end-customers in order to keep the control over the purchase (Li and Choi, 2009). Gadde and Hulthén (2009) noticed that increasing interaction between the buyer and service provider is beneficial to the outcomes of outsourcing. Cousin and Speckman (2003) call for a new mindset that must be established both in procurement, and across the firm. They emphasize the importance of enterprise wide thinking where functional units inside the firm and key suppliers cooperate to create value.

Monitoring outsourced business consumption services is challenging because they include a large variety of diverse services, which generally involve substantial administrative efforts and require on-going interactions at several organizational levels. Business consumption services are contracted on the basis of competitive bidding, and a limited number of employees represent a large number of users when interacting with suppliers. The suppliers are required to supply the desired service and to adapt it to the specific situation of the customer. The buyer has to be able to translate and communicate the internal end customers' demands to the suppliers on on-going basis. Purchasing is carried out by many individuals who are spread throughout the organization (Wynstra et al., 2006). Furthermore, business consumption services involve two levels. First, the strategic level where the purchasing strategies and policies are created, and where the preferred suppliers are contracted. Second, the operational level with daily interactions related to practical travel arrangements (Holma, 2012; Bask et al., 2012). These two levels have to be investigated simultaneously, because the loss of control may occur due to inadequate interaction between these two levels. Monitoring is especially important in situations where the individual employees have direct access to the suppliers.

Non-compliance and maverick buying, i.e. buying goods and services outside the established contracts or procedures is a severe problem in many organizations (Karjalainen et al., 2009). However, there is very little academic research on this topic. In addition to lost purchasing volumes, maverick buying may lead to increasing indirect process costs, and costs of managing off-contract relationships. Off-purchase may also cause risks for the buying organization, as terms and conditions may not be properly reviewed. Furthermore, the preferred supplier may lose interest in a client who does not meet the agreed volumes (Karjalainen et al., 2009: 246).

Corporate travel

The focus of this study is on corporate travel, which is a business consumption service purchased generally in a centralized way, and used by the end-customers, the business travelers. Corporate travel can be defined as "*travel undertaken by the employees of a particular organization that has a substantial travel volume and where travel arrangements are generally managed and consolidated into a centralized function*" (Douglas and Lubbe, 2006: 1131). Corporate travel is an important support function for many international corporations. It facilitates face-to-face business interactions, which are still important for any international organization, despite the possibilities for virtual communication (Aquilera, 2008; Faulconbridge et al., 2009; Welch et al., 2007). Corporate travel generates costs; it is generally estimated to be the second or the third largest controllable cost after wages and IT (Upton, 2005), and it is often seen as an opportunity for the implementation of cost-cutting strategies. Despite its importance, academic literature has paid relatively little attention to corporate travel and how it could be managed effectively (Gustafsson, 2012; Douglas and Lubbe, 2009; Faulconbridge et al., 2009). Corporations seek to reduce travel costs by decreasing the cost per trip, not by reducing the number of trips (Aquilera, 2008). Reducing the number of trips may have negative impact on an organization's ability to serve, sell or to maintain contacts with their partners and customers (Douglas and Lubbe, 2009).

Travel management is a cross-functional process, which involves internal departments in the organisation, and exploits the resources of preferred suppliers. The key actors taking part in a travel management process are, besides the travelers and the management in the buying organization, business travel agency, and the suppliers providing travel related services. Generally corporations outsource the travel management function, or parts of it to a travel intermediary. Most buying organizations have chosen to maintain a corporate travel manager, and to outsource the day-to-day travel management functions to a business travel agency (ACTE, 2012; Douglas and Lubbe, 2008; Rose, 2008).

The great challenge in managing corporate travel is aligning the potentially conflicting goals of the various actors taking part in the process. For travel agency and the service suppliers it is important to understand the buyer organizations and the travelers' needs. Generally, it is the travel manager who communicates with the management and with the travelers, and acts as a link to the suppliers and the travel agency. The management must be able to support the goals of the travel management programme for it to be effective (Douglas and Lubbe, 2006). Conflicts may arise because the travelers' needs and requirements may not be in line with the company's goals, for example keeping the expenses low. Corporate travelers may also have specific functional needs concerning technology, accommodation and transportation (Cohen, 2001). However, travel is conducted due to work-related tasks, and usually paid by the employer, who decides on the details of the travel and chooses the suppliers (Bell and Morey, 1997; Mason and Gray, 1999).

Travel policy

Corporate buyers manage travel purchase through the development of an effective travel policy (Douglas and Lubbe, 2006; 2009; ACTE, 2012). A travel policy should encourage compliances among travelers by, for example, setting actual and reasonable guidelines, explaining the rations behind them, identifying guidelines for making travel arrangements, establishing parameters for business travel related costs, and describing the penalties for non-compliance (Mason, 2002; Douglas, 2008). The policy has to be reasonable and applicable. It is for the employer's best to minimize stress during the travel, because the traveler's performance may suffer from a stressful travel (Douglas and Lubbe, 2009; Gilbert and Morris, 1995). The organization is responsible for creating a clear and understandable policy with no grey areas, communicating the policy, and ensuring the senior management's commitment (Cohen, 2000; Douglas and Lubbe, 2009; Rose, 2008). Travel policies also increasingly address safety and security issues. When using the preferred travel suppliers and staying within policy guidelines, the travelers can be easily contacted in an emergency situation (Douglas and Lubbe, 2009).

The trend in the majority of the companies is towards stricter travel policies, which means that business travelers cannot make independent decisions regarding their business trips (ACTE, 2012; Hall, 2000; Mason, 2002; McCartney, 2008). As travel policies are more restrictive, they become more difficult to comply (Campbell, 2002). A significant number of companies fail to implement adequate travel policies, or are failing to enforce them (Gustafsson, 2012), and travel policy noncompliance and maverick buying is a serious problem in many organizations (Douglas and Lubbe, 2009; 2010; Leach, 2011; Rose, 2008). According to Schwartz (2001), reasons for complying general corporate codes are self-interest, dissatisfaction with one's job or level of reimbursement, work environment, perception of the company's interest, and ignorance. Complying is generally due to personal values, or fear of discipline and loyalty with the employer. Douglas and Lubbe (2009; 2010) divide underlying reasons for maverick buying in corporate travel to corporate related and person related. *Corporate related factors* refer to effectiveness of the travel policy, business ethics, organizational injustice, and control measures. *Personal related factors* imply individuals' morality, self-interest, corporate traveler satisfaction, and employee deviance. Karjalainen et al. (2009) identified five forms of maverick buying behavior in public procurement: unintentional, forced, casual, well-intentioned, and ill-intentioned. The *unintentional and forced forms of maverick buying* are corporate related, i.e. the employer is not aware of the policy, or there are practical barriers that hinder following the policy. In the *casual, well-intentioned, and ill-intentioned forms of maverick buying* behaviors, the employee is aware of the policy, but does not, for some reason, comply it.

Karjalainen and Raaij (2011: 189) found that when deviating from pre-negotiated contracts and preferred policies are 'technically' difficult, compliance will be higher. For example, a single electronic expense reporting system can help to standardize cash advances and reimbursements (ACTE, 2012; Rose, 2008), and a platform for self-service reservations can enhance travel policy compliance (Lubbe and Douglas, 2009). The travel industry is a forerunner in the field of information technology, and one of the most interesting sectors in terms of the possibilities offered by the internet (Ancar, 2003). Lubbe and Douglas (2009: 460) divide the internet environment into three broad categories: (1) the 'unmanaged' internet, (2) the supplier-driven self-booking systems, and (3) the customer-designed self-booking systems for corporate travel management. The unmanaged internet provides the buyer no possibilities to manage travel purchase, and the travelers can buy trips without any consideration to the travel policy. The supplier-driven self-booking systems link buyers, mainly small and medium sized companies with limited travel budgets to the suppliers'

websites, which allows the buyers to register online and gain the benefits of discounted travel and management information. Finally, the custom-designed self-booking system affords technology partnership between TMCs, suppliers and corporate buyers by making it possible to standardize the employee reservation processes. Mobile technologies provide the latest solutions to corporate travel purchase. Industry reports (BDC travel White Paper, 2011) suggest mobiles to become the platform of en route procurement, travel risk management and expense management. For example, to ensure travel policy compliance, reminders can be sent to travelers' mobile phones during the trip.

Triads in business research

Business relationships are generally studied from a dyadic perspective, and the majority of studies with triads are conducted in manufacturing contexts (for example Choi and Wu, 2009; Havila, 1996; Vedel, 2010; Wu and Choi, 2005, Wu et al., 2010). Many purchasing situations involve three actors. Examples of such situations are a buyer and two competing suppliers (Choi and Wu, 2009; Dubois and Fredriksson, 2008; Peng et al., 2010; Wu and Choi, 2005), two buyers and a supplier (Choi and Kim, 2008), and a 'service triangle' of a customer, service organization, and individual service provider (e.g. Gutek et al., 2002). Further examples of business triads are buyer-supplier-intermediary (Holma et al., 2009; Holma, 2009), and third party logistics provider-buyer-seller (Bask, 2001) relationships.

Outsourcing situation involves always three actors. Along with the increasing service outsourcing, triads have recently raised interest among researchers (Li and Choi, 2009; Niranjan and Metri, 2008; Rossetti and Choi, 2008; van der Valk and van Iwardeen, 2011 Wynstra et al., 2012). The concept of Service Triad has been developed to describe triads where the service is outsourced, and delivered directly to the end-customers (Wynstra et al., 2012). In service triads, the buyer saves in administrative costs by not being involved in service delivery, but as the services bypass the buyer, there is the risk of losing control over the purchase (Li and Choi, 2009; van der Valk and Weele, 2010). The buyer has to sustain close communication with the end customers and get feedback concerning supplier performance. A cooperative relationship between the buyer and supplier before outsourcing is expected to continue promoting trust between the supplier and the end customer (Li and Choi, 2009). However, a matter of concern related to consumptions services is how the buyer can keep control over the purchase in these complicated relationship settings.

In conclusion, monitoring travel purchase is essential for a successful corporate travel management, and an under researched topic in academic literature. In this study, we take a triadic perspective to corporate travel purchase, and focus on the buyer organization, its business travel agency and technology provider partner, and their cooperation. In our focal triad, the buyer is the Aalto University, the travel agency is the Finland Travel Bureau, and the technology provider is Amadeus Finland.

METHODOLOGY

Case-based research is suggested when little is known about the phenomenon, or when the existing perspective is insufficient (Ghauri et al., 2002). Furthermore, the IMP Group recommends case-based research when the aim is to understand the process by which specific relationships develop over time (Håkansson, 1982; Dubois and Gadde, 2002; Halinen and Törnroos, 2005). The business travel industry is network bounded. It is a service industry coping with perishable services where the network and relationships are important. Case

studies in a network context give a full and rich description of the relationships between a multitude of events and factors (Gummesson, 2001; Halinen and Törnroos, 2005).

Qualitative methods provide deepness and richness allowing the researcher to ask the how and why questions (Ellram, 1996). Furthermore, the case study method is useful in the early phases of research, where there may not be prior hypotheses or previous work that could be used for research (Sachan and Datta, 2005). The current study is exploratory in nature, and case study method helps to determine the best research design and data collection method when the problem has not been clearly defined. We apply systematic combining logic (Dubois and Gadde, 2002), which is more open-ended than for example the case study approach by Yin (2003). Neither the phenomenon nor its context is necessarily known prior to starting the research. In systematic combining, the context and boundaries of the phenomenon construct progressively as theory interacts with method and empirical observations. Thus, the research object, and its boundaries and context are developing and unfolding outcomes of the research process (Dubois and Araujo, 2004).

Our case study from corporate travel services is conducted from a triadic perspective. To answer to our first question: How is cooperation arranged in the focal triad of Aalto, the business travel agency partner (Finland Travel Bureau) and technology provider (Amadeus) in order to monitor travel purchase, we conducted in-depth interviews with Aalto University, Finland Travel Bureau, the technology provider Amadeus, and Hansel, which is the central procurement unit of Finnish Government that organizes the tendering (see table 1). The interviews were conducted during the spring 2012, and complemented by telephone interviews and e-mail conversations. For the second question: How does Aalto prevent maverick buying, we interviewed the Head of Procurement. In data collection we have also used other information sources, for example, information publicly available as well as documents provided by the interviewees.

Table 1. Basic information of the interviews.

Institution /company	Date of interview	Length of interview	Position of the interviewee
AALTO	February 3, 2012	2 hours	Head of Procurement
AALTO	May 30, 2012	2 hours	Head of Procurement
FTB	February 13, 2012	1 hour 50 minutes	Managing Director Business Development Manager
Amadeus	February 13, 2012	1 hour 30 minutes	Managing Director Marketing Director Online Portfolio Manager
Hansel	February 14, 2012	1 hour 45 minutes	Category Manager, Travel Management

In the analysis, we discuss how activities and resources are developed in the focal triad in order to enhance monitoring and policy compliance, and to prevent maverick buying.

<center>The focal triad</center>

Aalto purchases its travel services from one travel agency, **FTB**. FTB is the service seller that acts as an intermediary. **Amadeus** is the supplier, which provides services to FTB, and through FTB to Aalto. Amadeus is technology provider and its role in FTB's service offering is highly important. The connection between Aalto and Amadeus is indirect (see Figure 1). Next we describe more in-depth the members of the focal triad, and also **Hansel** that has important connection to the triad.
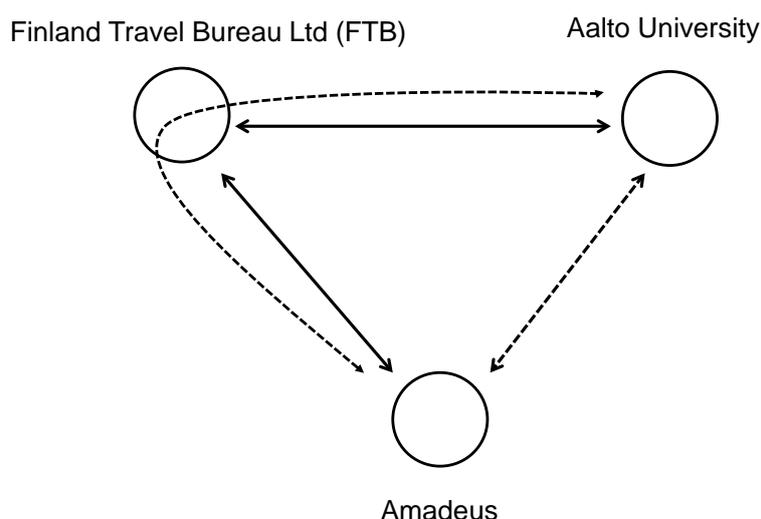

Figure 1 - The focal triad under research. Connections between the focal actors of the study

Aalto University

Aalto (http://www.aalto.fi/en/) is a new university that was established in 2010, and created from the merger of three Finnish universities: The Helsinki School of Economics, Helsinki University of Technology and The University of Art and Design Helsinki. Today, the six schools of Aalto are all leading and renowned institutions in their respective fields and in their own right. The combination of schools opens up new possibilities for strong multi-disciplinary education and research (http://www.aalto.fi/en/about/). Aalto has 20 000 students, and a staff of 4700, of which 340 are professors. In Aalto, the procurement of travel and other services follows the rules given by the national procurement legislation and the directives of the European Union. The rules define the procurement procedures, which consist of different phases in the tendering procedure; drafting of the contract documents, advertising and concluding of public contracts. Public contracts are those which the state, municipalities or federations of municipalities, state enterprises and other contracting authorities enter with external suppliers (http://www.tem.fi/index.phtml?l=en&s=102). Aalto uses Hansel's tendered contracts in many services. Aalto's operational travel management has been outsourced, which allows Aalto to concentrate on its core competencies.

Hansel Ltd, the central procurement unit

Public procurement of goods and services affects both nations' competitiveness and inhabitants' well-being (Bof and Previtali, 2010), and therefore a successful contracting and

procurement is often an indicator of good management within government. Hansel Ltd is the central procurement unit of the Finnish Government, an expert organization that negotiates procurement contracts of the products and services required for the public administration, and provides the related framework agreements. In 2010, Hansel made government procurement agreements which had a value of approximately 553 million EUROs (http://www.hansel.fi/en). Hansel's customers consist of ministries, their subordinate bureaus, other government agencies, and universities, of which Aalto is one. Hansel has 400 suppliers for variety of services and from diverse sectors. Aalto has a co-operation agreement with Hansel for the years 2008-2012 (framework agreement) concerning corporate travel services. These co-operation agreements were made before the foundation of Aalto University, at the time with three separate universities. After the new university was established, the contracts were moved to Aalto. For the years 2008-2012, Hansel has framework agreements with three travel agencies, of which Aalto has chosen FTB as its partner. FTB charges for its services, and updated service charge list is available in the extranet and in TraWell Portal. Aalto has also co-operation agreement with Hansel for the use of electronic M2 travel management system. All Aalto's travelers use M2 system through the whole travel process from travel plans to management reporting. M2 is also used for administration purposes, for example in accounting, and it is connected to FTB's electronic payments.

Finland Travel Bureau (FTB)

FTB is a travel intermediary, which was established in 1909. FTB is a member of American Express Business Travel, a world-wide organization that covers a network of agencies in more than 140 countries. FTB is specialized in corporate travel, and the service concept is tailor-made to meet the requirements of different clients. FTB has developed a product family, TraWell. TraWell provides FTB's clients automated solutions to different phases of the travel management process, which help in saving travel costs, and simplifies the travel process by eliminating manual activities. Clients with large travel budgets can outsource the travel management function, or parts of it to FTB. FTB's TraWell system has the following functions: (1) TraWell Portal, an extranet portal with travel related information that can be linked to the client's intranet. The portal contains (2) TraWell Tem, a travel management solution for travel plans and daily allowances, (3) TraWell Online for travel bookings, which can be tailored to follow the client's travel policy, (4) TraWell Hotel Shop for hotel bookings, (5) M.smt.fi mobile service providing real time information of the bookings and travel destinations, (6) Travel Matkatili, a travel account, (7) TraWell Reports, which helps to report travel costs and travel behavior, and to manage supplies (http://www.smt.fi/).

The technology provider Amadeus

Amadeus is known of its wide service offerings and heavy technology support. Amadeus's customers include several types of b-to-b travel providers, such as airlines, hotels, car rental companies, railway companies, ferry lines, cruise lines, insurance companies, tour operators, travel sellers (travel agencies), and travel buyers (corporations and travelers). Amadeus's four service solution categories are: distribution and content, sales and e-commerce, business management, and services and consulting (http://www.amadeus.com/us/documents/aco/us/Flying_ALa_Carte_Survey.pdf). Today Amadeus has presence in 217 markets worldwide. For travel agencies, Amadeus provides solutions to automate service processes, for example, issuing tickets, invoicing and book-keeping. The solutions help travel agencies to manage the clients' travel policy, the travelers' profiles, and the use of corporate rates (http://www.amadeus.fi/index.htm). Partnerships

between Amadeus and travel agencies allow corporations to buy an online booking solution, which is a part of an integrated travel proposal.

MONITORING AALTO UNIVERSITY'S CORPORATE TRAVEL PURCHASE

In this section, we will focus on Aalto's travel purchase, travel policy and how travel purchase is monitored. We will first provide some background information of Aalto's corporate travel. Second, we will clarify the relationships between the focal actors, and their roles in Aalto's corporate travel. Consequently, we will describe the focal actors' participation in monitoring travel purchase and preventing maverick buying.

Aalto's corporate travel

Aalto's travel costs were 11 million €in 2011. There were c. 2200 travelers, and they made c. 20 000 business trips, mainly for teaching and research purposes. The number of flights yearly is about 6300, of which majority (5600) are international. Aalto's travel policy rests on legislation, and uses the tendered framework agreements when possible. Aalto's travel is funded from several sources: the basic funding, funding from Academy of Finland, Tekes, EU and foundations. Aalto's travel is worldwide. Generally, the hosting partner chooses the travel and accommodation alternatives when Aalto's employees attend workshops and conferences. The internal customers in Aalto are demanding, which puts pressure on the quality of travel management. A further challenge concerns public procurement and the ability to create long-term strategic partnership with the travel agency in process development and integration.

Wynstra et al., (2012) describe the service triad as an outsourcing situation where the buying organization contracts a supplier, and where the service is delivered directly to the buyer's customer. This description expects that buyer's customer is an *organization*. Our case differs from this because Aalto represents both, the buying organization and the customer. In the focal triad of Aalto-FTB-Amadeus, the technology provider Amadeus does not provide services directly to the customer, but only via FTB. However, Amadeus is involved in service development in the focal triad. These aspects increase the complexity of the relationships in the triad and in the network to which it is connected. Focal triads are always connected to several other triads, and thereby to a larger network (Holma, 2012b; Dubois, 2009; Ritter, 2000). Therefore, we need to investigate also the triads that are closely connected to the focal triad, either directly or indirectly. In our case study, Hansel and Logium (the provider of the M2 system) form an important triad with Aalto, which helps in monitoring Aalto's travel purchase. The activities and resources that this triad provides is discussed below, and visualized in the figure 3.

Aalto's travel management follows the definition of corporate travel by Douglas and Lubbe (2006) "*travel undertaken by the employees of a particular organization that has a substantial travel volume and where travel arrangements are generally managed and consolidated into a centralized function*". The travel management function consists of strategic and operational levels. The strategic level entails outsourcing decisions and travel policy issues. Operational travel management implies the daily travel arrangement, and the interface between the travel agency and the travelers. Aalto has outsourced certain parts of its operational travel management (flights), but maintained a corporate travel manager. This is a practice that follows the findings of Douglas and Lubbe (2008) and Rose (2008). The Head of Procurement is responsible for strategic corporate travel purchase, which constitutes 20-30 % of his working hours. As Amaral et al. (2004) notice, involving sourcing professionals in service purchase improves the management and control of the services, and helps in

developing better contracts. When asked how travel procurement differs from other procurement functions, the Head of Procurement mentioned four great challenges; close co-operation with the partners, process integration, an enormous number of transactions, and the high knowledge required to manage the corporate travel function.

Aalto's travel policy

Aalto University has documented financial policies and guidelines for corporate travel. Aalto's Head of Procurement emphasizes the importance of reasonable guidelines in monitoring travel purchase. Furthermore, to avoid maverick buying, the travel services provided to the travelers should be of high quality and competitive with those offered by external service providers. By taking the travelers' needs as a starting point, Aalto has chosen a proactive approach to prevent maverick buying. Furthermore, Aalto has decided to be active in service development. Thus the head of procurement in Aalto takes part in service development through FTB's Service Lab. FTB established the Service Lab in 2011 in co-operation with Aalto and Enfo (an IT service company). The Lab aims to develop, optimize and test new innovative service concepts.

The objective of Aalto's travel policy is to guarantee that each traveler gets adequate support before, during and after the travel. Business travel that follows the policy is economic, appropriate, safe, and takes into account environmental issues. In addition to the Head of Procurement, there are other units taking part in monitoring corporate travel purchase. The financial services provide help in monitoring, reporting, developing and advising in corporate travel related issues at the university level. Controllers and travel secretaries monitor the travel policy compliance at their home units. The Service Center is responsible for payments of travel claims and advising, meanwhile the school offers local support and advice. The travel agency is responsible for travel bookings and the system to book travel. Information of travel policy and rules and guidelines for travel arrangements are available at Aalto's intranet.

Individual travel bookings are always acquired via the FTB's service team or via on-line reservation system. Monitoring travel purchase is at the first hand the buyer's responsibility. However, it is in the interests of the travel agency partner to provide consulting and practical solutions to manage travel in order to fulfill the terms of the contracts. Following the service agreement, the FTB clerks will permanently offer contract prices, or the cheapest means of travel. At the moment, the percentage of online reservations in international travel is about 40%, and in the future the aim is to increase the share of online reservations. To support the travel compliance the online reservation system includes parameters that follow Aalto's travel policy. One motivation to increase technology adoption is to enhance policy compliance, which is in line with the findings of Lubbe and Douglas (2009), who found out that a platform for self-service reservations can enhance travel policy compliance. Another way to support the travel process and travel policy compliance is the travel plan that should be prepared in the M2 travel management system. The travel plan should include a realistic cost-estimate, and making the travel plan well in advance enables the use of early booking prices. The approval follows a predefined process, where also sustainability is considered. The principal chief or person in charge of travel decisions evaluates if travel could be replaced, for example, by a video meeting.

Mobile technology is not used in travel policy compliance. According to the Head of Procurement, sending sms reminders of travel policy would reduce the credibility of the travel management process. Furthermore, a pre-requirement for such a monitoring would be a completely seamless travel management process, to which all the preferred suppliers are integrated, which is the aim in the future tendering processes.

To summarize, for monitoring Aalto's corporate travel, there is the travel policy and specified guidelines available for travelers. Furthermore, travelers use electronic M2 system, provided by Logium, during the whole travel process. Hansel is involved in the process as it organizes the tendering of, for example, travel suppliers and technological solutions related to corporate travel. The use of Hansel's frame agreements regarding scheduled flights is mandatory; using other services is optional for the different state units. FTB provides travel services for Aalto via personal service channel and via customized online reservation system. For the e-services FTB uses Amadeus's technology platform (see Figure 3).
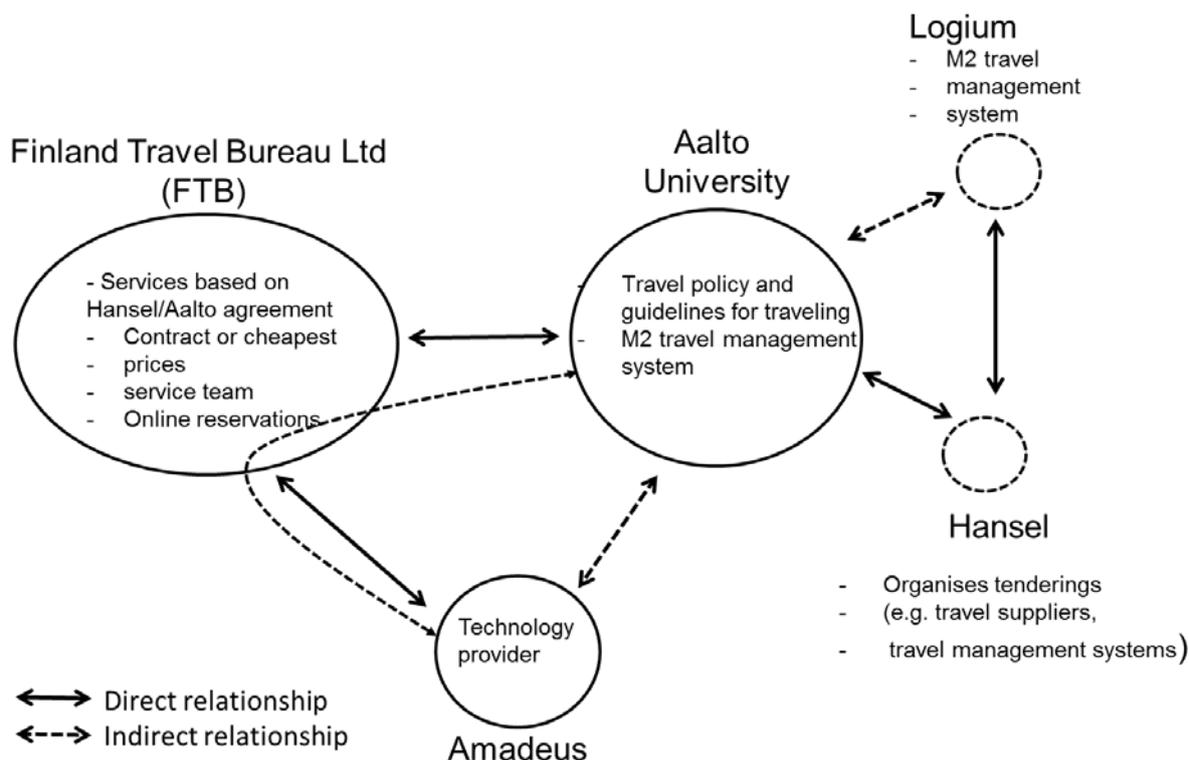

Figure 3: Monitoring of Aalto's travel purchases.

Monitoring travel policy with the help of the focal triad of Aalto, FTB and Amadeus has benefits from the corporate point of view. However, from the travelers' point of view, buying directly from the suppliers would be easier. Therefore, activities and resources of the focal triad should provide some added value to the travel booking process, for example, lower prices and better services.

CONCLUSIONS, CONTRIBUTIONS AND FURTHER RESEARCH

In this paper we took a triadic perspective to corporate travel purchase, and investigated how a corporate travel buyer in the public sector, a business travel agency, and a technology provider cooperate to monitor travel purchase. The case study of Aalto University, Finland Travel Bureau (FTB) and the technology provider Amadeus offered an example of how service procurement of complicated consumption services, corporate travel services, is

monitored in a three party cooperation. Furthermore, we were interested in how Aalto prevents maverick buying.

In Aalto, the procurement of travel and other services is based on the rules given by national procurement legislation and the directives of the European Union. Travel management is a centralized function. At the strategic level, the Head of Procurement is responsible of development of travel services and contracts with travel suppliers. At the operational level, certain functions, for example daily travel arrangements (flights) are outsourced to FTB by contract. Aalto has a new travel policy, which directs travel purchase to the preferred suppliers. Information regarding travel policy and travel guidelines, and link to M2 travel management system are available for travellers in Aalto's intranet. In the focal triad, FTB provides tools to monitor purchasing, and the technology provider Amadeus acts as an enabler to create these tools. Aalto as a buyer has an important role in defining the services to be developed. Also Hansel as the state procurement unit is a demanding customer who enhances suppliers to develop their services.

The main tool to prevent maverick buying is the travel policy that Aalto has created and implemented. Travel policy compliance is monitored at several phases of the travel management process, and in several units, both at the university level, and at the unit level. The school also provides support and advice in travel related questions. The obligatory plan for travel, which every traveler creates at the M2 travel management system, together with the self-booking tool, prevents maverick buying and ensures the use of the contracted suppliers' services and the lowest rates. A network travel of secretaries forward information of travel policy to the individual travelers. Aalto acts proactively towards maverick buying by providing competitive services and by not giving unrealistic and unpractical guidelines to the travelers. Getting the travelers committed to the travel policy by providing added value to the travelers is regarded as more important than forcing travelers to follow the policy, or by setting sanctions.

The contribution of the paper is twofold. First, the study contributes the service triad research, which is a new and emerging research area. Secondly, the study adds our understanding of how service purchasing and supply processes can be developed in three-party cooperation, focusing on policy compliance and monitoring. For practitioners, the paper gives suggestions of effective and efficient travel management practices.

In this study, we applied the service suppliers' and the organizational buyer's perspective to policy compliance. In other words, we investigated how to monitor public procurement of corporate travel services from the strategic perspective. However, the strategies are realized at the operational level. Aalto, with the help of its travel agency and technology partner, has developed monitoring practices to prevent unintentional and forced maverick buying (Karjalainen et al., 2009). The travelers at Aalto are made aware of the policy, and barriers that would impede following the policy have been removed. The upcoming research should include the business travelers' perspective to travel purchase monitoring, and investigate if there are situations where the travelers do not follow the policy. A survey or interviews with regular corporate travelers and/or travel secretaries would reveal how well the travelers are committed to the policy. Investigating the travelers' opinions would allow going deeper into the analysis of travel policy compliance, and to the scale of maverick buying.

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