Investigating the non-compliant purchasing behavior at Company X
- A case study

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September 16, 2014

Preface

This master thesis is the final part of the Master of Science program in Industrial Management and Engineering Logistics at Lund University. It has been one of the most challenging 20 weeks as a student and as well one of the most worthwhile experience.

I am grateful to the support that I have received from my supervisor, Andreas Norrman, and the valuable guidance he has provided.

I would also like to thank Company X for giving me this opportunity to study such an interesting case. A special thanks to the supervisor at Company X for his help during this time and for the most valuable comments and feedback. Also, a special thanks to the employees at Company X for helping me out with the interviews.

Finally, I would like to thank all the professors and teachers that I have crossed during my five years as a student, it would be possible to gain such knowledge without them.

Lund, September 2015

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Abstract

The purpose of this study was to identify the reasons behind the employees non-compliant purchasing behavior at Company X. Another aim was to find the solutions to the reasons behind the non-compliant purchasing behavior to change that behavior.

This study was carried out by following an abductive approach, where a qualitative case study research was conducted. The chosen case study method was a multiple case study, where six cases was studied by interviews.

It was found that the main reasons behind the employees non-compliant purchasing behavior at Company X is the unfamiliarity with frame agreements and the lack of training in IT-systems. These reason are seen as un-intentional and forced purchasing behavior, though the employees intention are not to harm the company.

The conclusion drawn from this study is that employees that are to do purchasing needs education in general purchasing and training in using the IT-systems. Employees that have knowledge in purchasing tends to now fall into non-compliant purchasing behavior.

Keywords: *non-compliant purchasing behavior, reasons, solutions*

Contents

List of Figures

List of Tables

Chapter 1

Introduction

This chapter will provide the general background on the topic and background for this master thesis. I will discuss the purpose of this study and what questions are to be addressed. Further, this chapter will clarify the targeted audience and the delimitation of this study. Finally, it will provide an outline for this study.

1.1 Introduction

As the market is becoming more and more competitive, an increased pressure is put on companies to continuously improve and make their supply chain more effective. Purchasing and supply chains management are functions that receive increased attention from top managers and are recognized as key business drivers. The importance can be considered since most of today's companies spend more than 50% of their sales turnover on purchased parts, material and services (Weele, 2010; Joyce, 2006).

In the literature there are many various organizational purchasing structures, each applicable to different strategies. Some of the major structures used are the centralized purchasing structure, the de-centralized purchasing structure, Line-staff organization and Hybrid structure (E.g. Weele, 2010; Pooler *et al.*, 2005). Nowadays, companies move towards a more centralized purchasing and corporate-wide structure, though these strategies intend to lower purchasing costs. Mainly from reducing number of suppliers and increasing leverage buying (Karjalainen *et al.*, 2008). In a centralized structure, a purchasing specialist operate in the strategic and tactical level with supplier selection, contracting and general purchase conditions (van Wheele, 2010). The centralized purchase structure may require very complex purchasing processes and good coordination between departments. Engineers, purchasing and accounting must cooperate closely to ensure that specifications, design and expected quality are met. Good cooperation requires good information flow. E.g. when the engineers receive a shipment, the purchasing department must be notified to ascertain delivery and the accounting department to proceed with the payment (Joyce, 2006). The information is often proceeded automatically with advanced IT-system through all the departments. But it is required that an employee trigger the information process. Usually the companies have guidelines and procedures on how to deal with this kind of tasks. At the same time companies are struggling with

employees avoiding the procedures, often referred as non-complaint behavior in the literature. An example within purchasing is maverick-buying, meaning employees purchase items outside agreed contracts. Some other general terms used are organizational misbehavior, unconventional practices at work, counterproductive behavior, anti-social behavior or sabotage (Karjalainen emphet al., 2008). Robinson & Bennet (1995) defined deviant behavior as:

> *[...] voluntary behavior that violates significant organizational norms and in so doing threatens the well-being of an organization, its members, or both.*

The question is why do employees fall into this non-compliant behavior and what can the companies do to avoid it? This paper will investigate the reasons behind the non-compliant behavior by doing a case study at Company X. Company X is a industrial company who will remain unknown due the secrecy. This paper will use the same definition as Robinson & Bennett (1995) and for simplicity the term for avoiding organizational norm and procedures will be non-compliant behavior. To make an understanding around non-compliant behavior a literature study will be done following the model in figure 1.1. The literature study will follow the steps in the model. From a pre-study different forms of non-compliant have been found, therefore the study will start by identifying those followed by the different reasons behind non-compliant behavior. To close up the literature study, different solutions will be presented to solve the non-compliant behavior.
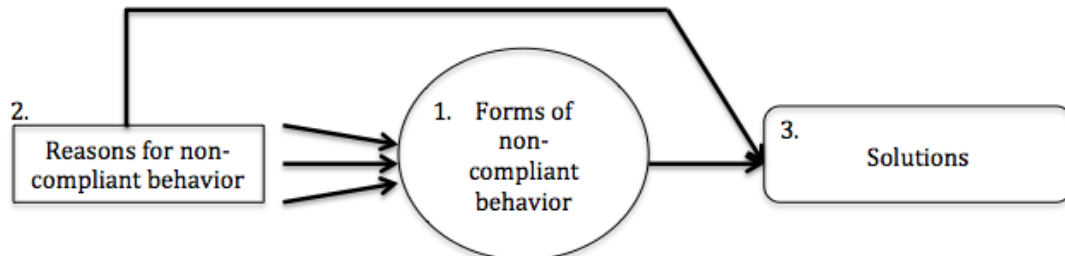
Figure 1.1: Model for literature study

1.2 Problem Background

Company X is a leading industrial utility company providing utilities and utility technologies in around the world. In the Nordic countries, Company X is available in four, Sweden, Denmark, Norway and Finland. Their biggest and most important markets in the Nordics are Sweden and Denmark. Since their competitors are coming around the corner, Company X has to continuously improve their supply chain to gain competitive advantage to survive in the business.

One of Company X's focuses has been on the purchasing function and its organizational structure. The centralized purchasing structure is in place to ensure their purchasing strategy, to lowering their purchasing cost and maintain the control of
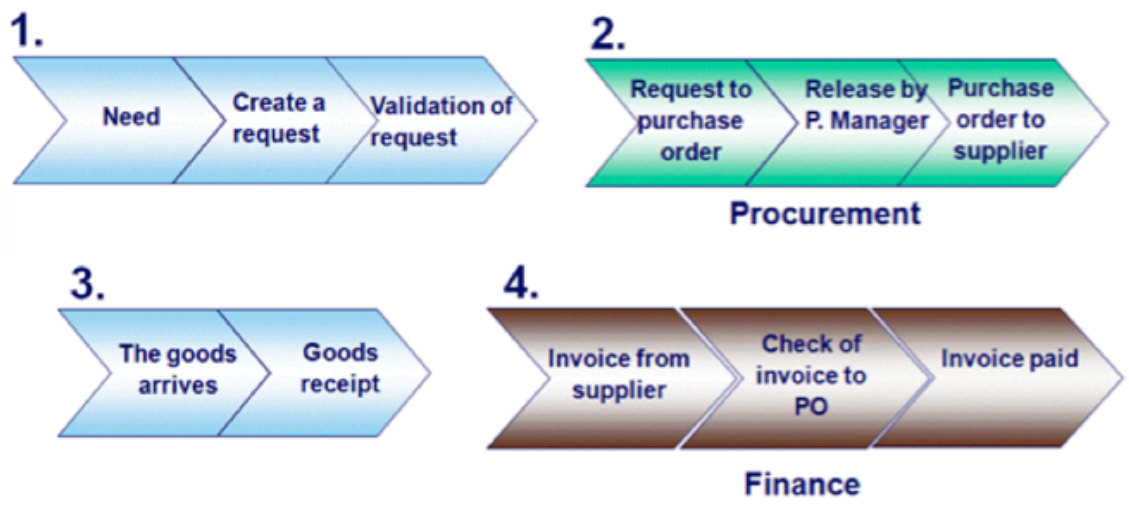
Figure 1.2: The Procure-to-Pay process used at Company X

the suppliers and their performance. The purchasing function for the Nordic countries is placed in the southern part of Sweden, existing of six purchasers responsible for all buying activities in the Nordic countries. The buying activities vary from operational purchasing to strategic purchasing including contracting suppliers and developing frame agreements. With this structure Company X aims to increase leverage buying, maintain the supplier agreements, control the performance of their supplier and have increased visibility over the purchasing process. However, Company X have been struggling with their purchasing process, employees falling in to non-compliant behavior, resulting in increased cost, not meeting frame agreements and maverick buying. The purchasing process can be described as *"Procure-to-Pay"* and is summarized in figure 1.2.

The process is divided in four steps. The initiation begins when a production site around the Nordic countries identifies a need. It can be the engineers, the maintenance employees or the production managers who are in need of an item or a service. To order the item or the service the employees must go through a Purchase Request Maker (PR Maker), who is the only one with access to the ordering system. The PR Makers are appointed by the purchasing managers and have the PR Maker activity as a secondary job activity, which can mean that e.g. a site manager can be the one responsible for the requests for all the employees for his site. All PR makers are educated on how to use the system.

Step 1: When an item or service is needed the PR Maker creates a request in the SAP-system. The procurement department must then validate the request before an order can be sent. If an order exceed 3500 euro, the procurement manager must validate the request before it is sent away. Further, new investments and projects must go through the CEO and finance department before an order can be created.

Step 2: When the request has been validated the procurement department can release the order to the supplier.

3

Step 3: When the goods arrive to the employees the PR Maker must be notified so a receipt can be created in the SAP-system. The receipt contains all needed information, such as delivery date, goods condition etc., for controlling the purchase order. If there is any problems or wrong goods, the procurement department will have a chance to follow-up with the supplier.

Step 4: The last step in the procurement process is to match the invoice sent by the supplier with the receipt created by the PR Maker. This is done automatically and when there is a match the finance department will pay the invoice without any questions.

The procedures are strict and very simple to handle. However, the procurement manager is struggling with employees that do not follow the process resulting in unpaid invoices, overridden budgets, maverick buying, contract breaches and even purchase orders from blacklisted suppliers. All these affecting the results negatively and increasing the purchasing costs. The purchasing manager explains that 1 out of 3 invoices have no information that the production sites have received the goods and therefore it is impossible to measure the suppliers' performance. In order to accomplish the overall purchasing strategy, the employees have to follow the procedures. Company X has aroused the questions: *Why are the employees avoiding the procedures and how can we change their mindset?*

1.3 Purpose

The overall purpose set by Company X is to raise awareness amongst their managers of the employees' non-compliant behavior and how managers can create a positive attitude towards using the procedures in the purchasing process.

1.4 Research questions

Centralized purchasing structures are widely known to maximize purchasing efficiency in organization with the centralized contracts, however managers tend to overlook the implementation and usage of the contracts and the organizational structures resulting in non-compliant behavior such as, for example, maverick buying (Karjalainen *et al.*, 2008). This leads us to the research questions:

1) Why do employees at Company X fall into non-compliant behavior in the purchasing process?

2) How can we change that behavior?

1.5   Focus and delimitations

The focus of this study will be to investigate the reasons behind the non-compliant behavior and will not analyze any redefinitions of any procedures or processes. Moreover, the different culture differences between the countries will not be taken into consideration and results will be generalized for the Nordic countries as a whole. Further, there will be no distinction between direct- and indirect material, since the direct material exist in the nature. Finally, the main focus will be Sweden and Denmark since these are the most crucial markets.

1.6   Target audience

The target audiences for this study is mainly managers at Company X. Others who may find this study interesting are master students in the faculty of engineering with a major in logistics and managers with similar existing problems. Researchers within non-complaint behavior may also find this study interesting. Moreover, everyone interested in the subject and has advanced knowledge within logistics may find this study interesting, due the terminology and concepts used in the study. Hence, only the main concepts will be explained and elaborated.

1.7   Outline of the study

This study will follow the outline presented in figure 1.3. It summarizes the chapters in short for the reader to visualize the outline and to give a quick overview on what chapter are included in this study.

Introduction
- The introduction gives an overview of the existing problem at Company X and why a study is needed. Which, in turn provide a purpose of the study and questions to be answered.

Theoretical framework
- In the theory section a theoretical framework is presented to make an understanding of the underlying issues of non-compliant behavior. The different forms of non-compliant purchasing behavior with related reason wil be presented followed by the solutions to change that behavior.

Method
- In this section different methodolgies are discussed and compared to find the most appropriate for this study. This section also present data collection protocol and the analysis tool that will be used in this study. The section will end by a discussion of the quality of this study.

Empirics
- The collected data will be presented in this chapter, case by case.

Analysis
- For the analysis the gathered data will be discussed and compared to the theory, first by analyzing each case individualy and then by doing a cross case analysis.

Conclusion
- In the last section a conclusion will be presented to answer the research questions and to present the theoretical contribuition of this study. Also, a recommendation for Company X will be presented in this chapter and will be wraped up by limitation and future reasearch.
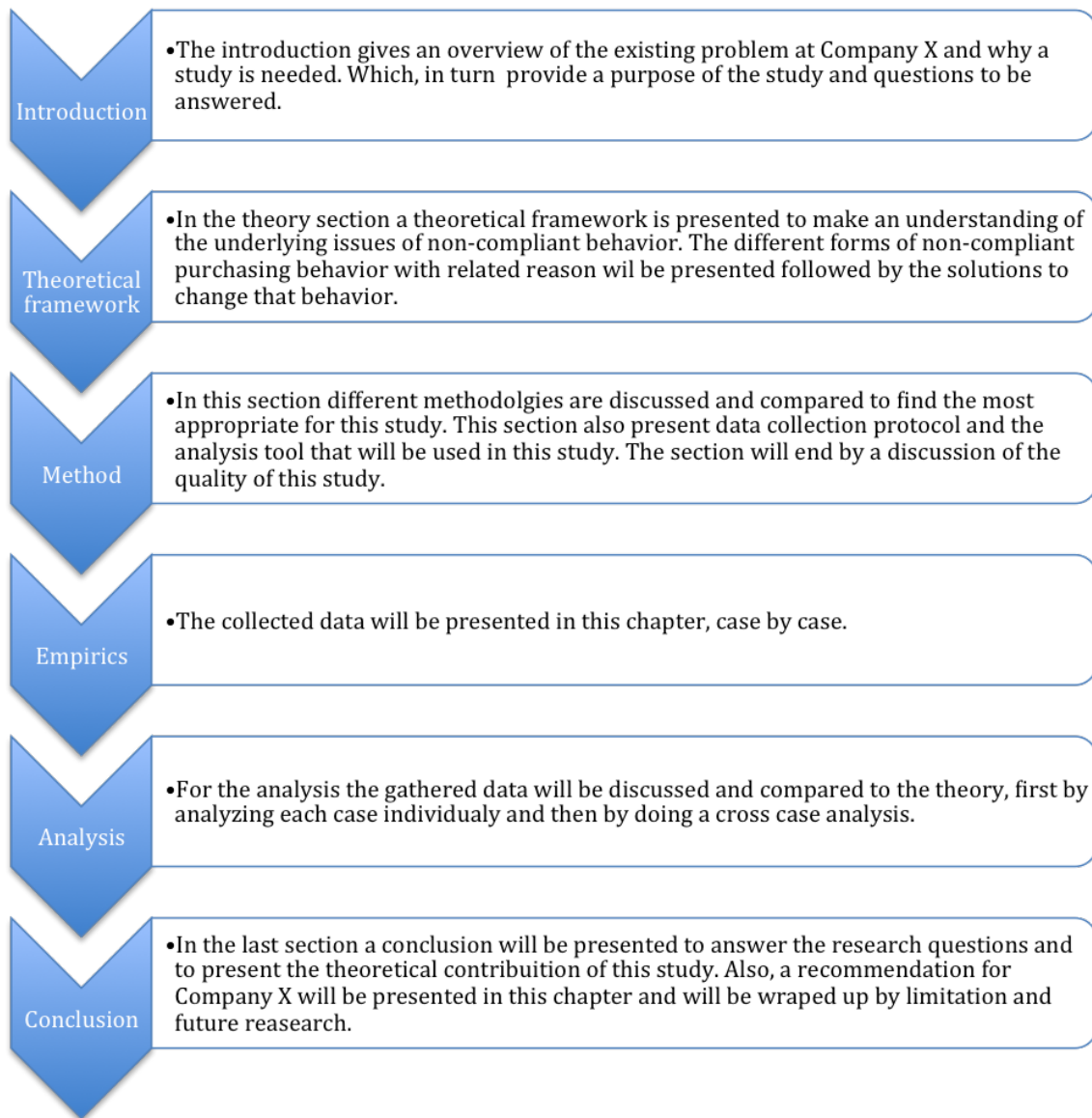
Figure 1.3: The outline used in this study

Chapter 2

Theoretical framework

This chapter presents the theoretical research done to increase the understanding behind the non-compliant purchasing behavior. The first part describes the phenomenon in general; the second part describes the five forms of non-compliant purchasing behavior found in the theory and the reasons behind. In the final part the theory behind how to solve non-compliant purchasing behavior will be presented.

2.1 Literature review

The workplace is an important part of your life. People spend many hours at work and it somehow becomes a life-style hence the work is of great importance for individuals' self-definition. Adults spend upward 20% of their adult live to work and it has a great influence of people's well being (Levy *et al.*, 2012). The work environment involves at the same time rivalry, injustice, humiliation and downgrading, which in turn provide anxiety, burnout, depression and also embitterment. The last-mentioned is considered as the one, which causes the biggest damage for the individual and their environment resulting in impairment and costs. Yu-Li (2013) did a research to investigate if injustice lead to non-complaint behavior and found out that the non-compliant behavior is the reaction to injustice, to regain the sense of justice, which is also supported by Henle (2005). Justice will be discussed more later on in this chapter.

Injustice can be in form of treatment from management or organizational power (Lawrence & Robinson, 2007) but can also come from organizational miss-fitted structures and amongst many other reasons (E.g. Spell & Bezrukova, 2012). Further, the power can either be accepted or rejected by the personnel involved (Lawrence & Robinson, 2007). A case study from Sims (2009) supports the power theory:

> *[...] CEO Fiorina set expectations that she was the primary contact with the media. This expectation is a form of power. It was accepted by some board members, but resisted by others. For those who resisted, frustration likely grew out of a loss of autonomy (being hold of whom they could communicate) and lack of respect for their long service and importance of their role...*

Even though most managers know about the power of being fair, many managers and organizations do not treat their employees fair (Everton *et al.*, 2005), resulting

in non-compliant behaviour. The literature around non-compliant behavior varies with different definitions and different types.

2.2   Five forms of non-compliant purchasing behavior

Karjalainen *et al.* (2008) identified five different forms of non-compliant purchasing behavior. The term used in Karjalainen *et al.* (2008) paper for non-compliant behavior is maverick buying, but for this study I will use the term non-compliant behavior. The forms are: *Un-intentional-, forced-, casual-, well-intentioned-* and *ill-intentioned non-compliant purchasing behavior*. These forms of behavior are often related to personal- and organizational factors, which occurs from many different reasons. These reasons will be discussed in the next section.

Un-intentional non-compliant purchasing behaviors are behaviors that are not intendant to harm the company. Usually these kinds of behavior are strongly related to that the employees are unfamiliar with the company's frame agreements and procedures (Cuganesan & Lee, 2006). Lack of internal information about the frame agreements may lead to un-intentional non-compliant behavior. Un-intentional purchasing behavior may also occur when employees are not educated about the advantages of following the organizations strategy, e.g. buying from negotiated suppliers to reach leverage buying. This form of non-compliant behavior is one of the most common in purchasing (Karjalainen *et al.*, 2008, referred to Kulp *et al.*, 2006).

Forced non-compliant purchasing behaviors is an answer to the procedures and norms that force the employees to engage in non-compliant behavior. When the goals are set to high, employees may break the norms to achieve the goals. Important is to differentiate this behavior to the ones with bad intentions. Other reasons behind this form may be lack of education in the computer system, which force the employees to either skip the system and fix it themselves or put in wrong information. Kulp *et al.* (2006) found that new items that are not in the frame contracts force the employees to order outside the contract, which are a non-compliant behavior. Further, when an emergency occurs and there is a need of fast delivery, employees may avoid the implemented procedures though it takes time to complete the procedures and fire away the issue (Ferneley & Sobreperez, 2006). This form on non-compliant purchasing behavior occurs when employees are aware of the processes but encounter the barriers in the procedures to achieve their goals (Karjalainen *et al.*, 2008).

Casual non-compliant purchasing behaviors is mostly related to personal factors driven by self-interest. Employees do not feel for changing their old purchasing behaviors, because managers are not leading enough towards preferred procedures. Meaning that, the employees are aware of the processes and procedures but ignore them for self-interest and not for harming the company. Lack of organizational

incentives to push towards preferred procedures may affect the non-compliant behavior (Karjalainen *et al.*, 2008).

Well-intentioned non-compliant purchasing behaviors is a form, where the employees knows about the procedures and rules but still goes into non-compliant behavior to tackle the problems they are facing for the better good of the company. The term used in the literature was positive non-compliance (Galpering, 2002). Spreitzer & Sonenshein (2004) defines positive deviance as: intentional behaviors that depart from the norms of a referent group in honorable ways (Karjalainen *et al.*, 2008). Such reasons are when the company empowers employees to be innovative. E.g. when new products are developed and needs to be tested, the employees cannot wait for new framework agreements and goes outside the procedures. Another common reason is when the employees are told to minimize costs; this encourages employees to act when they find cheaper alternatives. This is very common in the purchasing functions (Karjalainen *el al.*, 2008).

Ill-mentioned non-compliant purchasing behavior is a behavior from employees that are aware of the processes and procedures but choose to not follow to harm the organization or other individuals. Karjalainen *et al.* (2008) identified two reasons behind this behavior, opportunism and injustice. Injustice, as described before, can be in forms of mistreatment from organizational factors or management (Lawrence & Robinson, 2007), unbalanced award- and punishment systems (Henle, 2005; Trevino & Brown 2005) or unrealistic goals (Greenberg & Barling, 1999). The employees then engage in non-compliant behavior to mark their disappointment. The opportunism can be in form of withholding the information to gain advantage (Thornton *et al.*, 2013) or act outside the organizational norms for self-benefiting, e.g. if a person is in need (Vardi & Wiener, 1996). Other non-compliant behaviour suited in this form of behavior is the non-compliance behavior from organizational culture. If everyone is stealing then all employees can steal, as Sieh (1987) described in his research. Further, researchers identified that unfair procedures may enhance non-compliant behavior Greenberg & Barling (1999). These reasons may involve lack of time in their schedule, to many activities or wrong qualifications.

2.3   Reasons behind non-compliant behavior

Vardi & Wiener (1996) proposed two different types, from their theoretical research, of antecedents for non-compliance behavior: *Individual-level* and *organizational-level*. On the individual-level they focus on five individual types that motivate the engagement for non-compliant behavior. The types are listed in table 3.1.

Individual level	Organizational level
Personality	Built in opportunity
Person organized value congruence	Control systems
Generalized value of loyalty and duty	Organizational culture
Personal circumstances	Organizational cohesiveness
Dissatisfaction of personal needs by the organization	Organizational goals

Table 2.1: The two types of antecedents proposed by Vardi & Wiener (1996)

The different types will be discussed in the upcoming sections to make an understanding of why non-compliant behaviors occur.

2.3.1 Non-compliant behavior on individual-level

On the individual-level Vardi & Wiener (1996) present five types of reasons behind non-compliant bahavior. The types are discussed below:

Personality. The degree of sociopathic predisposition. Meaning the lack of respect for social norms without feeling any guilt. A literature study from Mazzola & Kessler (2012) found that individuals who do expect to get caught and punished is more likely to fall in non-compliant behaviour. Henle *et al.* (2005) uses the term person-based perspective to explain the individuals behavior, which is reflected form their personality. Another perspective from Henle (2005), is that the non-compliant behavior is not connected to the personal characteristics, rather from the workplace environment, referred as situation-based behavior.

Person organized value congruence. This antecedent are the differences' between personal values held by the individual and the values held by the organization. The bigger the differences, the more likely it is for non-compliant behavior. An employee's view on work responsibilities can differ from the employers. However, this can be avoided by clarification of the job description but it is often not there leading to different view of what the employee's values are (Folger, 1993).

Generalized value of loyalty and duty. Individuals that are loyal and see duty as a must, regardless of their values, tends to behave accordingly to the procedures, whilst individuals that score low on loyalty and duty fall into non-compliant behavior. Gardner & Macky (2012) studied if there are any differences between the generations, youngster and older people, and their conclusion is that there are some differences but managers should not focus in grouping people. The focus should instead be in treating people individual and support them in their own way. Managers need to identify the individual together with the organizational factors, such as, organizational culture, work practices and management.

Personal circumstances. If an individual is in need, material need or anything else, it is more likely that they will fall in to non-compliant behavior.

Dissatisfaction of personal needs by the organization. When the individual is being mistreated by the organization, misbehavior for self-benefiting may occur. (E.g. Greenberg, 1990). Further, employees that are happy and passionate about their work will most likely not engage in non-compliant behavior (Hirschi, 1969).

2.3.2 Non-compliant behavior on organizational-level

On the organizational-level Vardi & Wiener (1996) have listed five types of factors that encourage non-compliant behavior towards the organization. The factors are connected to the tasks of the organization and are discussed below:

Built in opportunity. Certain tasks in the organization that are hard to control can encourage misbehavior. E.g. operating with cash machines, usage of office material, inventory counts etc. Another view is that members of the supply chain follow its own course to obtain its strategy for self-interest (Fawcett *et al.*, 2006). Meaning, that there is no good communication and coordination between the supply chain partners. By involving top management together with the rest of the supply chain it is easier to attain harmonized policies and procedures, which are easier to control, removing the built in opportunity (Fawcett *et al.*, 2006). Another perspective of built in opportunity is when companies enable their employees to think new and empowers them to improve their work, in this case the employees are more likely to engage in non-compliant behavior. However, this behavior often has positive attitude, though it is meant to benefit the organization (Appelbaum *et al.*, 2007)

Control systems can have both a positive and negative impact on compliance. Good monitoring and disciplinary systems can have an effective controlling behavior and avoid the non-compliance. Whilst, a non-effective control system may enhance non-compliance. There must be some carefulness though too much control and too much effort to reduce non-compliance may lead to the opposite (Lawrence & Robinson, 2007)

Organizational culture & Organizational cohesiveness. Organizational culture is widely known that it form the organizational core values. If the stronger dominant group, e.g. managers, have a positive attitude towards the organizations core values, the more likely it is that all members follow. Similar finding by Sieh (1987), where personnel stole because "everyone else" did it. *Organizational cohesiveness* is similar to organizational culture, if a group of people have negative attitude towards the core values, the more likely it is to spread out through the whole organization. Similar findings have been found by Appelbaum *et al.* (2005). This is crucial if the company wants to obtain sufficient and optimize their supply chain. If one function of the supply chain differentiates in their attitude towards core values the more likely it is for the rest to do the same.

Organizational goals. If the goal of an organization is very demanding and un-

realistic to reach, individuals may feel that it is not worth it and will fall in to non-compliant work behavior, which also is supported by Bennet & Robinson (2003). Further, Greenberg & Barling (1999) found that employees who find their work and procedures being unfair are more likely to behave aggressively towards managers or the organization. Another view on the organizational goals is if a goal is reached or exceeded the employee either sees it as loyalty, what is required from me, or hopes to get rewarded for its achievements, especially if the employee has followed the organizations guidelines. If the reward seems low for the effort given by the employee the motivation for improving will decrease, and even lead to non-compliant behavior (Folger, 1993). Galperin (2002) explains that non-compliant behavior can be seen as positive when the behavior intends to break the rules, which is not authorized by management, for reaching the financial or economic goals. These behaviors can be innovative behavior, non-compliance with dysfunctional directives, and criticizing incompetent superiors.

Moreover, Bennet & Robinson (2000), grouped non-compliance work behavior, workplace deviance as they mention it, in two categories, inter-personal deviance and organizational deviance. The organizational deviance are alike the research from Vardi & Wiener (1996) and is directed towards the organization, whilst the inter-personal are acts towards another person. In a more recent study research investigated the counterproductive work behavior in supply chain relations and found that behavior is counterproductive in supply chain context if it has negative impact. Behavior that is not mentioned to be counterproductive can be seen as counterproductive if it harms the supply chain negatively. Such behavior is "passive" or "withdrawal" behavior. Passive can be seen as avoiding to share information with supply chain partners to avoid contact, mainly to avoid conflict. Another behavior that is seen as harmful is the "withholding" of information, to gain advantage, either personal or organizational, which is crucial for efficient supply chain (Thornton *et al*, 2013).

Furthermore, studies by Osgood *et al.*, (1996) suggest that the major determinant for non-compliant behavior is the company's task structure. Well-structured activities within the workplace, which are distributed to a specific individual, will often make the individual take responsibility for their social control within the task. This will in turn, seldom offer opportunities to engage in non-compliant behavior.

Finally, we are coming back to organizational justice, as one of the reasons behind non-compliant behavior, gaining more and more attention by researchers. A research by Henle (2005) claims that employees compare their ratio between inputs and outcomes with other employees. When the employees experience similar ratios as their coworkers, the employees experience equity. On the contrary if they experience different outcomes with the same input they will most likely engage in non-compliant behavior. At the same time, if an employee catch a co-worker breaking the rules and no punishment is received, a message will be sent to the colleagues that the non-compliant behavior is accepted (Trevino & Brown, 2005). Whilst, if the employees who breaks the rules get punished, e.g. by paying for the damage, a message will be sent to the rest that non-compliant behavior is not accepted.

Trevino & Brown (2005) enhance the importance of today's leaders responsibility in providing rewards and punishments, when needed.

2.4 Solutions to non-compliant purchasing behavior

Leaders who are viewed as ethical and are trusted by employees may increase the level of organizational justice (Demirtas, 2013). Erkutlu & Chafra (2013) argues that the organizational level of non-compliance has a direct link to lack of trust and psychological contract violation between managers and employees'. This is supported by Mayer & Gavin (2005) who suggests that employees who do not trust their managers will fall into non-compliant behavior. Thus, to counter this form of non-compliance, the trust between employees and managers must be solid (Erkutlu & Chafra, 2013). This can be related to the reason organizational culture, where the organizational culture is a form of trust between employees and managers. Employees trust their managers to follow their own norms and procedures. If this trust disappears, employees may fall into the non-compliant behavior related to the organizational culture. Trust can also be connected to the organizational justice where employees trust their managers to be fair. Everton *et al.*, (2005) uses the framework from Colquitt *et al.*, (2001), as discussed before, to make recommendations for reducing the non-complaint behavior. Their recommendations are presented below:

Distributive Justice:

- Distribute rewards equitably. Meaning that, the rewards should go to the employees that deserve it and should not be politicized. Therefore, it is important to define and communicate the basis of awards ahead of time. The basis can be e.g. on equality, equity or need. When the definition and reward system are set, the managers need to stick to it.

Procedural Justice:

- Allow employees to be heard in the processes. Listen to the employees and let them ask the questions they need to ask. Employees will feel more appreciated even if they do not receive the outcome they wanted.
- Procedures should be unbiased and as valid as possible. For example, when a reward is to take place it is not enough to listen on one employee.
- Procedures should have to possibility to be corrected if an error occurs.

Interactional justice:

- Be respectful for others dignity and make sure you meet up, face to face, with the subordinates.
- Communicate that incivility will not be tolerated.

- When decisions are made explain why these decision were made. Use the "because" as it has a great impact when employees are to understand the underlying decisions.

Others:

- Get to know the organizations culture and the local climate, and make sure to always act as a role model with respectable behavior
- Create a comprehensive program in forehand with clearly tied award and punishment system
- Make resource easier to obtain, it will reduce the frustration amongst employees, which in turn will reduce the non-compliant behavior.

Although these solutions have a general view of non-compliant behavior, they can be adapted to non-compliant purchasing behavior since they are more or less of the same character.

Further, Karjalainen & Raiij (2011) research on the contributing factors to non-compliant purchasing behavior showed that effective training on the different aspects of purchasing, helps not only the purchasing skills, but also to raise awareness about the purchasing process. Employees that have knowledge about the company's purchasing process and strategy will be more compliant. Similar findings have been found about the IT-systems from Karjalainen *et al.*, (2008). Good IT-system may decrease the non-compliant purchasing behavior, but the most important part is the right training and to reach internal satisfaction for the IT-system in place. Moreover, employees that are involved in the purchasing strategy, e.g. choosing suppliers, are more convinced that the terms and conditions in the frame agreements satisfy their purchasing needs (Karjalainen & Raiij, 2011). Thereby, decreasing the non-compliant purchasing reason of trying to reduce cost by finding new suppliers and better prices. It may also remove the non-compliant purchasing behavior that occurs when items are not available in the frame agreements. Feisel *et al.*, (2010) research revealed that internal workshops on regular basis promoted internal knowledge sharing. Sharing knowledge between employees increases the understanding of processes, contracts and about actual projects. The workshops also increased the communication between different locations exchanging experience and creating better cooperation.

2.5 Summary

The summary of the theoretical framework can be found in figure 2.1. This figure is an extension to the theoretical model, figure 1.1, presented in section 1.1. The figure presents, from the left to the right, the forms of non-compliant behavior, the reasons that belongs to these forms and finally what the solutions are to these non-complaint purchasing behavior.
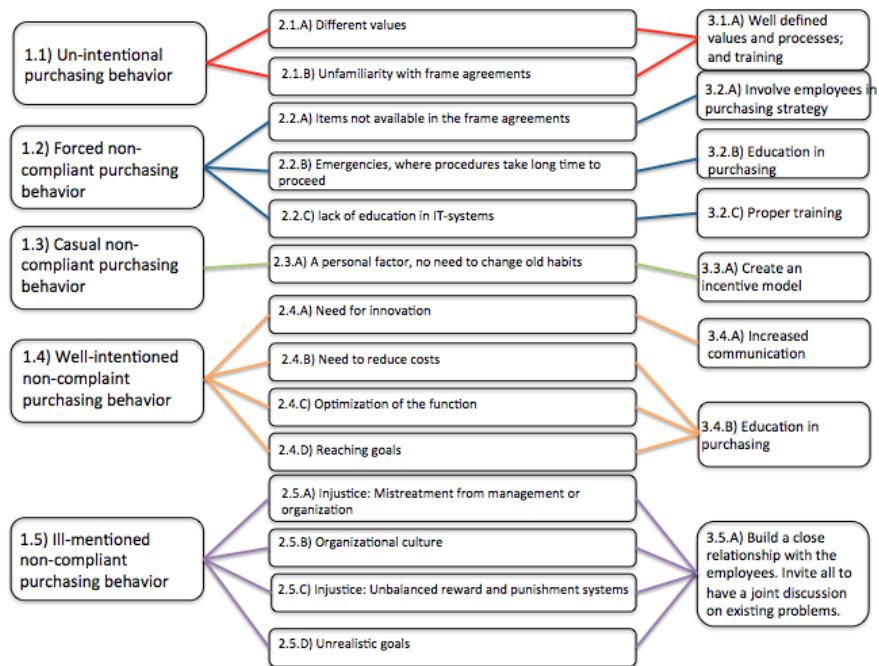
Figure 2.1: Summary of non-compliant purchasing forms, reasons and solutions

This figure present a short summary to theoretical findings from the theoretical research. A more explicit discussion around these findings will be done under the method section, see figure 3.5-3.8.

Chapter 3

Method

In this chapter the methods of research will be discussed with the aim to find the appropriate method for this study. The design of the study will also be presented here together with the analysis model. The last part will discuss the quality of this study.

3.1 Method approaches and processes

There are different approaches and schools on methodologies, each applicable to different research questions and different ways of thinking. Mangan, *et al.* (2004, p. 566) has quoted Naslund (2002): *"People view the world differently"*. This has a great impact, in logistics and other disciplines, on researchers and their choice of research approach (Mangan,*et al.*, 2004). Seuring *et al.* (2005) provides evidence that there is no right or wrong research methodology, as long as it is applied carefully. When reviewing research in logistics, Mentzer & Kahn (1995) found that the positivistic approach were over-represented in logistics. Gammelgaard (2003) argues that the positivistic research only represent one approach to research, where the quantitative research method is heavily preferred. Researchers argues further that both quantitative and qualitative research is needed since all questions can not be solved with the same approach and for reaching a balance between internal and external validity (E.g. Golicic *et al.*, 2005; Näslund, 2002; Mangan *et al.*, 2004). Mangan *et al.* (2004) found two schools of philosophy in the management research, generally referred as positivism and phenomenology, adapted from Gummeson (2000) and Hussey & Hussey (1997). Table 2.1 shows the key features in the two different philosophies.

	Positivist Paradigm	Phenomenological Paradigm
Basic beliefs	The world is external and objective	The world is socially constructed and subjective
	Observer is independent	Observer is part of what is observed
	Science is value-free	Science is driven by human interests
Researcher should	Focus on facts	Focus on meanings
	Look for causality and fundamental laws	Try to understand what is happening
	Reduce phenomena to simplest events	Look at the totality of each situation
	Formulate hypotheses and then test them	Develop ideas through induction from data
Preferred methods include	Operationalising concepts so that they can be measured	Using multiple methods to establish different views of the phenomena
	Taking large examples	Small samples investigate in-depth or over time

Table 3.1: Key features in the two different philosophies. Adapted from Mangan *et al.*, (2004). The term philosophy will be used in this study instead of paradigm.

Mangan *et al.* (2004, p. 568) derives an example from the two philosophies and regards to research in decision-making in logistics: " it could be suggested that positivism is relevant for getting an overview and for considering the broad structure of decisions, whereas phenomenology is useful in finding out the micro level about the behavior of the decision-maker".

Hence, the phenomenological philosophy will suit best for this study, though it aims to reveal the reasons behind non-compliant behavior. This will require an in-depth investigation of employees' behavior. A positivistic philosophy can also be used, though a more extensive literature has been found.

In logistics research three main approaches can be found: the deduction-, induction- and abduction approach (Kovacs & Spens, 2005). What distinguishes the three approaches is the research process. Each process follows a certain path to achieve a common advanced knowledge (Spens & Kovacs, 2005). Figure 3.1 illustrates the three processes and three indicators to distinguish them apart.

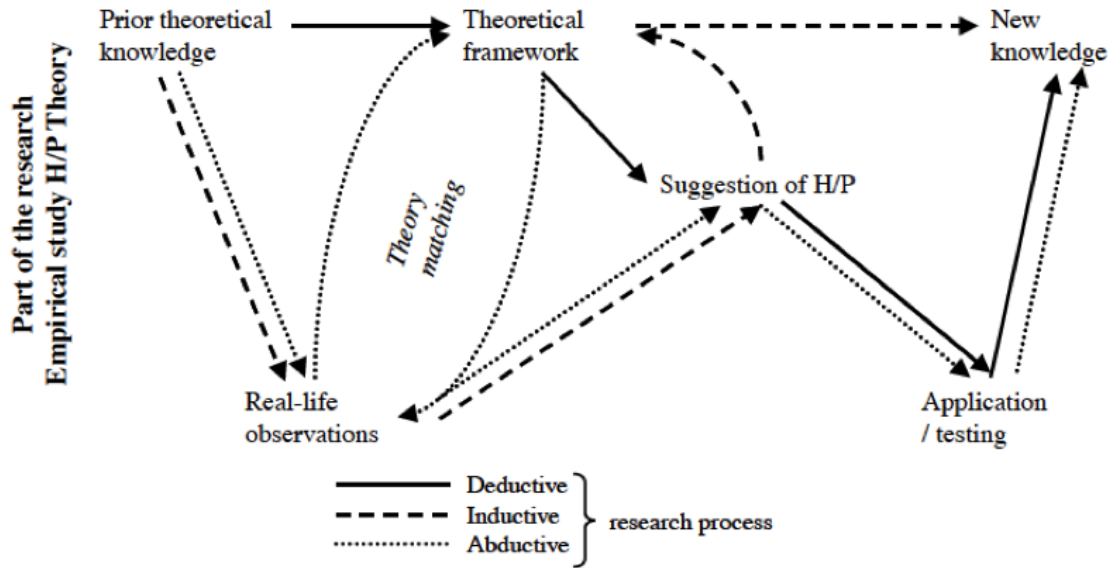The three indicators that distinguish the processes are:

Figure 3.1: Three different research approaches (Spens & Kovacs, 2005, pp.376)

1. the starting point of the research;

2. the aim of the research; *and*

3. the point in time at which hypothesis (H) and propositions (P) are developed and whether they are further applied.

The most dominant approach in business logistics is the deductive approach. Deductive research approach is based on testing existing theory by building hypothesis and propositions, which are later, tested by gathering empirical data (Kovacs & Spens, 2005). The deductive approach is in line with the positivistic philosophy, where concepts are outlined and tested to reach acceptance or rejection (Kovacs & Spens, 2005; Mangan *et al.*, 2005; Hussey & Hussey, 1997). The inductive approach calls for a phenomenological philosophy, where a theory framework is constructed from real life observations (Kovacs & Spens, 2005) and therefore the prior theoretical framework is less comprehensive. If you mix the deductive and the inductive approach a third approach will arise, the abductive approach. The abductive approach is a combination of the two and may remove the bias from using only one approach (Kovacs & Spens, 2005). To recall the purpose of this study and the philosophy used in this study an abductive approach will be preferred. Firstly by, creating a literature overview of the phenomenon and secondly doing a qualitative research to dig deeper and create deeper knowledge. From the literature review proposals will be derived on what the reasons behind the non-compliant behaviour might be. Also, on how these behaviors can be eliminated. These proposals will then be investigated at Company X to help this study make a deeper understanding of the reasons behind the non-compliant behavior at Company X.

3.2 Selection of Method

There are many different methods used in research, each with its own strategy and different ways of conducting the research. The most important thing when deciding on a specific method is that you need to know the advantages and disadvantages of each method to decide on which is the most appropriate for your study (Yin, 1994). Also, the chosen method should be aligned with the authors philosophy. Ellram (1996) lists some of the more popular and frequently used methods e.g. experiment, case study, survey, grounded theory participant observation and ethnography. The important thing is to plan carefully on which method to use to make sure that you do not choose one type but another is more advantageous for your study (Yin, 1994). Yin (1994, p.4) describe three condition to take into consideration:

1. the type of research question

2. the extent of control an investigator has over actual behavioral events, *and*

3. the degree of focus on contemporary as opposed to historical events

Figure 3.3 shows the difference between some more popular research methods and how they are related to the condition described by Yin (1994).

As we can see in figure 3.3 there are three methods that would be appropriate for this study as the research question are formulated as *"How"* and *"Why"*. Further, the history method focuses on the past whilst case study focuses on contemporary events. Hence, case study is preferred since this study will be carried out in contemporary events. Finally, the distinction between experiment and case study are that in the experiment method the investigator can manipulate the events whilst in case study there should not be any control over the event. Therefore, the case study method based on Yin's (1994) framework will be used in this study.

3.3 Selection of Case Study

When you have decided to use a qualitative case study, the next step is to decide what type of study that will be conducted. There are many different; Baxter & Jack (2008) have summarized the different *types* of case studies, which they adapted from Yin (2003) and Stake (1995). Yin (2003) categorizes the case studies as explanatory, exploratory or descriptive, whilst Stake (1995) categorizes them as intrinsic, instrumental or collective. Table 3.3 provides the definitions of these case types.

As discussed before, this study will be build on an explanatory type and try to explain the phenomenon. Although, there are different ways of doing it, Yin (2003) differentiate between single-, holistic- and multiple-case studies.

Case study type	Definition
Explanatory	This type of case study would be used if you were seeking to answer a question that sought to explain the presumed causal links in real-life interventions that are too complex for the survey or experimental strategies. In evaluation language, the explanations would link program implementation with program effects (Yin, 2003).
Exploratory	This type of case study is used to describe an intervention or phenomenon and the real-life context in which it occurred (Yin, 2003).
Multiple-case studies	A multiple case study enables the researcher to explore differences within and between cases. The goal is to replicate findings across cases. Because comparisons will be drawn, it is imperative that the cases are chosen carefully so that the researcher can predict similar results across cases, or predict contrasting results based on a theory (Yin, 2003).
Intrinsic	Stake (1995) uses the term intrinsic and suggests that researchers who have a genuine interest in the case should use this approach when the intent is to better understand the case. It is not undertaken primarily because the case represents other cases or because it illustrates a particular trait or problem, but because in all its particularity and ordinariness, the case itself is of interest. The purpose is NOT to come to understand some abstract construct or generic phenomenon. The purpose is NOT to build theory (although that is an option; Stake, 1995).
Instrumental	Is used to accomplish something other than understanding a particular situation. It provides insight into an issue or helps to refine a theory. The case is of secondary interest; it plays a supportive role, facilitating our understanding of something else. The case is often looked at in depth, its contexts scrutinized, its ordinary activities detailed, and because it helps the researcher pursue the external interest. The case may or may not be seen as typical of other cases (Stake, 1995).
Collective	Collective case studies are similar in nature and description to multiple case studies (Yin, 2003)

Table 3.3: Definitions of different types adapted from Baxter & Jack (2008), reffered to Yin (2003) and Stake (1995)

Yin (1994) distinguishes between single- and multiple-case studies. A decision needs to be made, whether a single or multiple case design is going to be used to address the questions. Yin (1994) explains three rationales for using single-case design: critical case, unique case and revelatory case. The critical case is when the researcher has found a critical case where the well-formulated theory can be tested on. The unique case is when there is rare case, which cannot be replicated or found elsewhere. Moreover, the revelatory is appropriate when the researcher has found a phenomenon who has not been accessible before. Finally, the single-case design can have a holistic design or an embedded design. The holistic design is appropriate when the study aims to examine an overall phenomenon, whilst the embedded design gives attention to subunits (Yin, 1994). E.g. if the study is about a single purchasing organization, the analysis can include individual decisions and outcomes.

The multiple case design involve different cases, where each case has a specific purpose within the overall scope. One logic is to create "replication" of the cases to identify similarities or contrasting result from the theoretical framework. The replication approach in multiple-case studies can bee seen in figure 3.2, which is adapted from Yin (1993, p.49).
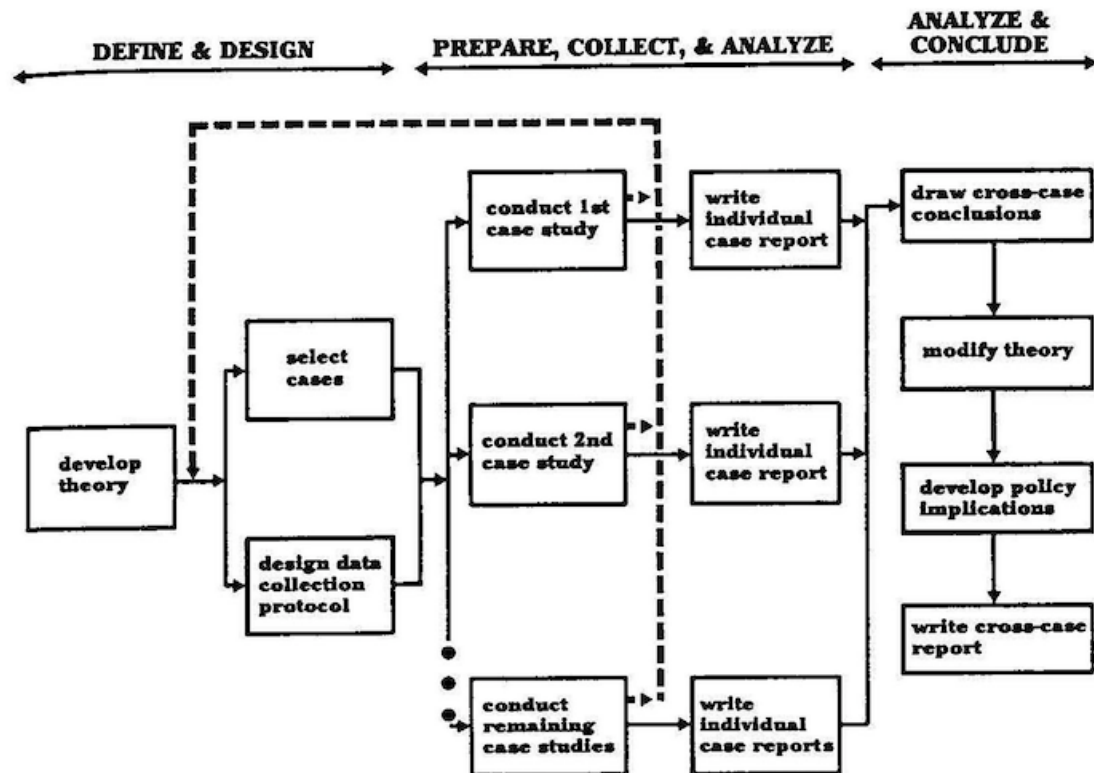

Figure 3.2: The multiple-case design with a replication approach adapted from Yin (1994, p.49

The important with this approach is to identify similarities or contrasting results from the cases. In a similar way as single-cases they choice between holistic and

embedded must be considered. This study will follow the replication approach by doing a multiple case study. The study will benefit from this approach in several ways. First, evidence on why employees fall into non-compliant behavior will be found from one case and then will be replicated to second case to search if there is logical reasoning behind, predict similar results. Secondly, if there is any contrasting results, it can be used to find deeper understanding of the phenomenon. Lastly, the replication approach is build upon rich theoretical framework where the literature is "tested". Since the non-compliant topic has long research history it is favourable to test the existed literature.

3.4 Case Study Design

The research design is the logical steps of which connects the empirical data to the initial research questions and conclusions (Yin, 1994). It is important to have a well-designed research plan or else you may miss the purpose of the study and the evidence may not address the issue. For case studies, Yin (1994) has identified five components that are important to consider when creating a research design:

1. a study's questions,

2. its propositions, if any,

3. its unit(s) of analysis,

4. the logic linking the data to the propositions, *and*

5. the criteria for interpreting the findings.

Study questions is the first task, to clarify the research questions and decide on appropriate strategy. The questions for this study as stated before are: Why do employees at Company X fall into non-compliant behavior in the purchasing process and how can we change that behavior.

Study propositions as the second component, directs the attention on what should be examined. Yin (1994, p. 21) explains that only if you are forced to state some propositions will you move in the right direction. These propositions should in addition reflect on important theoretical issues and will point out where to start looking for evidence. However, the propositions are not necessary for case studies and since the theoretical framework for this study is narrow and very precise no propositions will be presented.

Unit of analysis is the definition of the "case" that the study aims to examine. For example, a case can be an individual person, whereas the individual is the primary unit of analysis. The unit of analysis should reflect back to the initial research question Yin (1994, p. 22). Further, it is important to specify time boundaries for the definition of beginning and end of the case. For this study a discussion has

been made with the supervisor at the university and the supervisor at Company X to reduce the confusion around the case and setting up the boundaries. Important is also to define what the case study will not be to avoid falling into looking at all different kind of answers leading to missing the real questions Baxter & Jack (2008). It will be discussed under the case selection section.

Linking the data to propositions, and *criteria for interpreting the findings* are the two last components in the research design. There are different ways of linking the data to the propositions and there is no right or wrong. However, the way of connecting the data should reflect back on the research question and the case type. For example, studying a specific pattern within a case, where two different patterns are described. The different patterns can be matched towards the propositions from the theory to find a "best" match (Yin, 1994). The last component *criteria for interpreting the findings* is finding criteria's to evaluate the data that it actually contrast the propositions. The latter components will be discussed more in depth in the upcoming sections.

3.5 Develop Theory

The theoretical framework has been constructed mostly by searching for relevant literature on the Internet. Several search engines have been used and Lund University's Internet library has been the base for findings relevant literature. Other search engines such as Science Direct, Emerald and Web of Science have been additional search engines.

The literature is mainly from journals that are widely admitted from professionals within logistics, such as *International Journal of Physical Distribution & Logistics Management and Journal of Purchasing and Supply Management*. These journals have been used as base for finding relevant literature. Further, the supervisor has been recommending these journals as relevant journals for this study.

To find the relevant literature on non-compliant purchasing behavior some main keywords have been used: *maverick-buying, non-compliant work behavior, non-compliant purchasing behavior, deviant work behavior etc.* These keywords also lead to finding literature for the solutions to non-compliant behavior.

3.6 Selecting case and unit of analysis

Defining the case is very crucial and can be very hard to do (Yin, 1994). By using propositions it is easier to find relevant case for the study and defining the start of a case and the end. Since this study will not have propositions a model has been developed to help selecting the case and the unit of analysis. From the theoretical research and the background described earlier, two axis have been identified, the level of compliance and the individuals involved. The level of compliance is divided in two factors, non-compliant behavior and compliant behavior. The individuals are also divided in two factors, the individuals within purchasing and others that do

buying activities, see figure 3.3.

Figure 3.3: Number of cases in each quadrant

From the model four possible scenarios are available. In each scenario we can find different individuals, each representing a case. The aim is to have at least two cases per scenario to find similarities and identify patterns. To recall the purpose of this study, why employees fall into non-compliant purchasing behavior and how we can change that behavior, the unit of analysis will logically be the reason behind the *non-compliant behavior or the compliant behavior* in each case.

The criteria for choosing the cases will be as followed:

1. For the non-compliang purchasing behavior: Employees that repeatedly breaks the purchasing process. For compliant purchasing behavior: Employees that follow the process and have not done a purchase activity outside the process

2. Geographical availability

3. Willingness to take part in the investigation

Before conducting the case studies a clear data protocol must be in place to ensure that correct data is collected and how it will be collected. This will be discussed in the next section.

3.7 Design data collection and protocol

The importance of having a clear data collection protocol is highlighted by Yin (1994). Therefore, it is important to develop a protocol on what information that needs to be collected and why. To help the study find the correct data a interview guide has been developed, see appendix 1. It will also help the study to link the data to the literature and evaluate it, as discussed under section 3.4. A model has been created from the literature review to visualize what the collected data need to answer and how it is connected.

3.7.1   Un-intentional purchasing behavior protocol

The reasons connected to un-intentional purchasing behavior, figure 3.4, are two: Different values and unfamiliarity with frame agreements and procedures, see figure 3.4. Different values arise from when employees do not share the same view on work responsibilities as the organization they might fall into non-compliant behavior without knowing it (Vardi & Wiener, 1996). Thus, it will be categorized as un-intentional purchasing behavior. An example is the different view on what is most important for the organization. E.g. an employee might have the view that the work is to serve the site and the purchasing activity comes in second hand, if at all. Whilst, purchasing managers have the view that the purchasing activity must be done before engaging in other activities. Other references on what the values may differentiate between managers and employees are: what is *good, benefitial, useful, desirable* etc. for the company (Rokeach, 1973). A definition for personal values is priorities that influence the behavioral decisions (Rohan, 2000). The data that needed to be collected here is the different views of work responsibilities and values held by the employees to match it against the views from the organization. Such data can be collected be asking questions as: *What are your work responsibilities? Which order do you rank your responsibilities?* etc, see appendix 1 for the whole questionnaire. The importance is to be aware of keywords that link the data to this form of non-compliance work behavior. Such keywords are: *Not my responsibility, other priorities, not in work description.*

The second reason, unfamiliarity with frame agreements and procedures, is when employees are not aware of that the company have frame agreements or does not understand what a frame agreement is. The term may need deeper explanation on what it is and why the company use it. Thus, the data connected to this behavior is, whether the employees know that the company uses frame agreements and why it is used. The same goes for the procedures used within the company. Questions to be asked here are: *Do you know what the term "frame agreement" means? How do you think the company can profit from it?*, see appendix 1 for all questions. Here might be some bias answers from the interviewee in form of that the say they know the term but the reality is different. By letting the interviewee explain the frame agreement a more true answer will be found. Some keywords within this reason of non-compliance are: *No frame agreements exist, no understanding of its benefits, nothing is gained.*

Employees, whose compliance are identified under the form of un-intentional purchasing behavior, are not the big risk factor, although their behavior still leads to unnecessary costs. From the literature some possible solutions have been identified under this section. However, the solutions are very similar and therefore one joint solution will be presented, which represent both cases of reason behind non-compliant behavior. An important factor to consider is to have well defined values and processes, which the employees have taken part of. They should be described in detail and easy to understand to avoid misunderstandings. The definitions should be done together with managers from different functions to avoid conflicts in the definitions. The conflict can be in form of that the e.g. purchasing manager has different views

from the operation manager. Another important aspect is the training around the processes and general training about purchasing. Here, it is important to include the values in the training so employees can learn to relate them. General purchasing training will make employees understand the importance of the strategy behind the company's processes and by that increasing the compliant behavior. Important is to collect data on how the employees define purchasing processes try to identify the value these processes have to the employees.
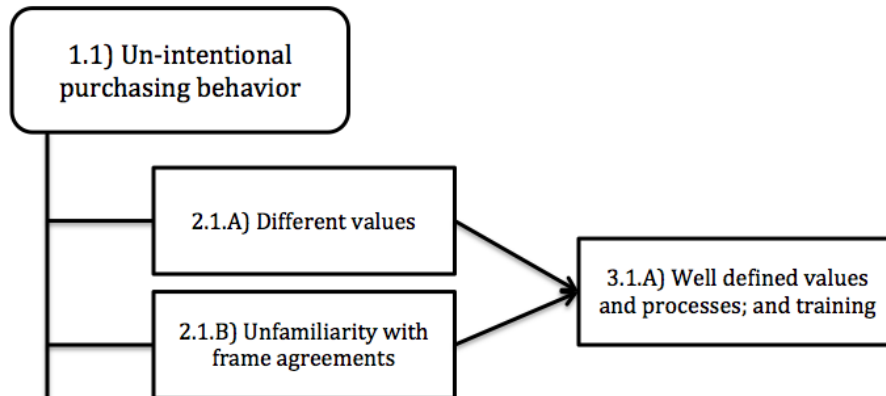

Figure 3.4: Un-intentional purchasing behavior model with reasons and solutions

3.7.2 Forced purchasing behavior protocol

Forced purchasing behavior, figure 3.5, may occur from three different reasons: When the items are not available in existed frame agreements, in emergency situations and when the education around the IT-system is not enough.

The availability of items can be that a specific item is required to complete the work, but in the frame agreement only a universal item exists. An example is, the company has a frame agreement to buy all machine oil from one supplier. At the same time they have a machine, bought from another supplier that require specific machine oil for the warranty to apply. This forces the purchasers to engage in non-compliant behavior to follow their work. Example of question to be asked here are: *Have you bought items yourself because it could not be found in the system?*. See appendix 1 for the rest of the questions. This reason is similar to buying outside the process in the area of innovation. These are separate things; innovation is for new items, whilst here we talk more about regular items, as e.g. oil

Emergency situations are categorized under forced purchasing behavior as described earlier in the literature research. The reasons behind is mainly that employees has to act fast when an emergency situation occur, so that the production do not stop. This is strongly related to the fact that the purchase process takes longer time than ordering yourself by e.g. picking up the phone. Most of the time managers are aware of this kind of reason for purchasing behavior and it is more or less accepted. However, it does happen that bigger emergency purchasing mistakes have had fatal outcomes. The purchasing manager at Company X explains a situation where an

employee bought a new machine for 10 million euro when the old one broke down, from a blacklisted supplier with no guarantees. Therefore, it is important to identify employees purchasing behavior when emergencies occur to encounter forced purchasing behavior that has fatal outcomes. Questions to ask here are such as: *How do you act when an emergency occurs and you need to purchase an item?*. Important is to capture the knowledge about the frame agreements and processes, whether the employees are aware of them but avoid them to ensure quick fix or if they are not aware. The importance is due the distinction between forced- and un-intentional non-compliant behaviors. If the employees are not aware of the frameworks and do emergency purchasing, then it is classified as un-intentional. If they are aware and pursue in non-complaint purchasing behavior due to the emergency then it will be classified as forced non-compliant behavior. Keywords to be looking for during the data collection are such as: *no time to follow the process*

The third reason in this form of non-compliant purchasing behavior is the lack of education in IT-systems. If the employees do not receive well-structured and relevant training on the IT-system, they may become forced to either put in wrong information in the system or use other procedures to complete their purchase. This reason may seem to have close relationship with casual non-compliant purchase behavior, where the reasons are "no need to change", making the education not efficient. However, this study will differentiate them and assume that the lack of education is not connected to the willingness to learn new systems. Further, if the employees feels that the IT-system is problematic, slow, takes long time to place an order, it will be classified as if is they received not sufficient education. This is mainly due the assumption that IT-tools are used more and more efficient work. To identify this reason question that will be asked are, for example, *Have you received any training about the IT-system?*. For all questions, see appendix 1. Some keywords to be aware of during the interview are: *not enough time was given to learn the system, bad introduction, the IT-system is hard to use*. The training for learning the IT-systems may have different forms, it can be only one time introduction or introduction on every update made in the system. It can also be repeated training on monthly or yearly basis to work as refreshing the IT-skills.

To counter the issues with items not existing in the frame agreements, the company must involve the employees, with purchasing activities, in the purchasing strategy, as found in the literature. Emergency buying is much harder to solve, especially when the focus is the customer. Data connected to forced purchasing behavior will need to train the employees in thinking as a purchaser when they are to buy in an emergency situation. The employees will avoid making premature buying and always think a step further, instead of thinking for solving the problem for the next days. The training is also the solution for the lack of training in the IT-system. The important thing to cover here is to make sure that the employees feel secure in using the IT-system. Introducing the employees in how to use the system in not enough, they should be given time to learn, make mistakes, correct their mistakes and also be able to ask questions to the educator, which should be given time to be able to answer the questions. Workshops are one way of creating a good environment to learn the IT-systems well. Additional data that need to be collected is whether the

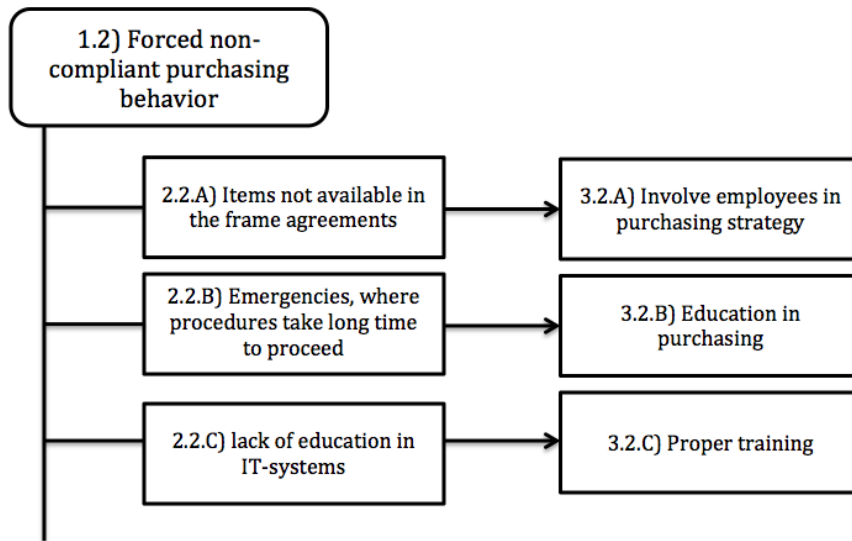employees learn from workshops and the existing training.

Figure 3.5: Forced purchasing behavior model with reasons and solutions

3.7.3 Casual purchasing behavior protocol

Only one reason has been found in theory under the casual purchasing behavior, which is connected to the personal factors, described in the theory chapter, see figure 3.6. As Karjalainen *et al.*, (2008) has proposed in his findings, about casual non-compliant purchasing behavior, the reason is "no reason to change". The interesting data to collect here is why employees resist in changing their purchasing behavior. Karjalainen *et al.*, (2008) gives one possible cause to be the that managers do not lead enough towards using the process. If employees feel that the work gets done even if they do not follow the process and they do not gain anything by following the process, then they are engaging in casual non-compliant purchasing behavior. Questions to help the study understand whether employees are categorized under casual non-compliant purchasing behavior are not directly found; instead the focus should be to identify keywords that helps categorize employees under casual. These keyword are such as: *purchase gets done anyway, why should I follow the process?, I have been doing like this for years.*

If the data collected match with casual purchasing behavior then a possible solution to the non-compliance would be to create incentives for following the purchasing process, which will reduce this kind of behavior. An incentive model could be to share the savings that comes from when the employees follow the purchasing process. It is important to see if the employees would trigger to follow a process if they would have incentives to follow the process.
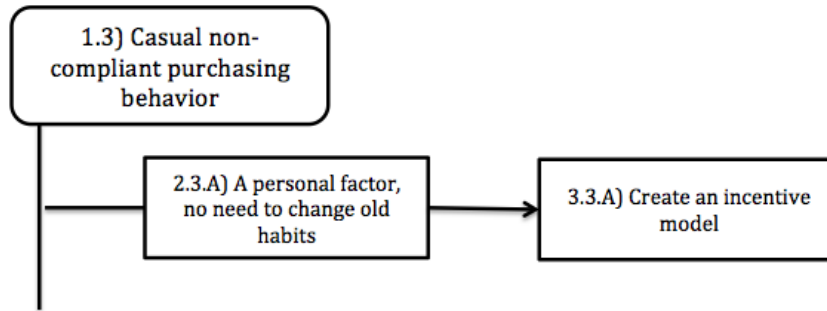
Figure 3.6: Casual purchasing behavior model with reasons and solutions

3.7.4 Well-intentioned purchasing behavior protocol

Under the form of well-intentioned purchasing behavior employees can be categorized from four different reasons: Need for innovation, need to reduce costs, optimization of the function and reaching goals, see figure 3.7. The data needed to identify well-intentioned purchasing behavior are when employees avoid the procedures to gain better performance. Examples to identify these behaviors are by asking more general questions, such as: *Does it happens that you buy outside the purchasing process and when is that?*, see appendix 1 for all questions. With this kind of questions the employees will provide data on when they buy outside the process, and if the reason match with anyone mentioned above, the conclusion will be that their non-compliant purchasing behavior is well-mentioned. The need for innovation has been discussed earlier.

The need for innovation has been discussed earlier and the important aspect to cover here from the managers is the communication between the employees working with innovative products and the central purchasing function. By having a clear communication the manager can help the employees finding the right supplier because they have the wider view of existing suppliers. They can even match with similar project form other parts of the company. The solution will therefore be better communication. The data to be collected here is how employees communicate with different departments, especially with the purchasing department. The need to reduce costs and reach goals is strongly related to the education around purchasing strategy, the employees must understand by following the strategies, e.g. by having frame agreements, the cost for the whole company will decrease. The solution to this behavior will once again be proper training. The data that needs to be collected here is also the same as discussed before in section 3.7.1 and 3.7.2.
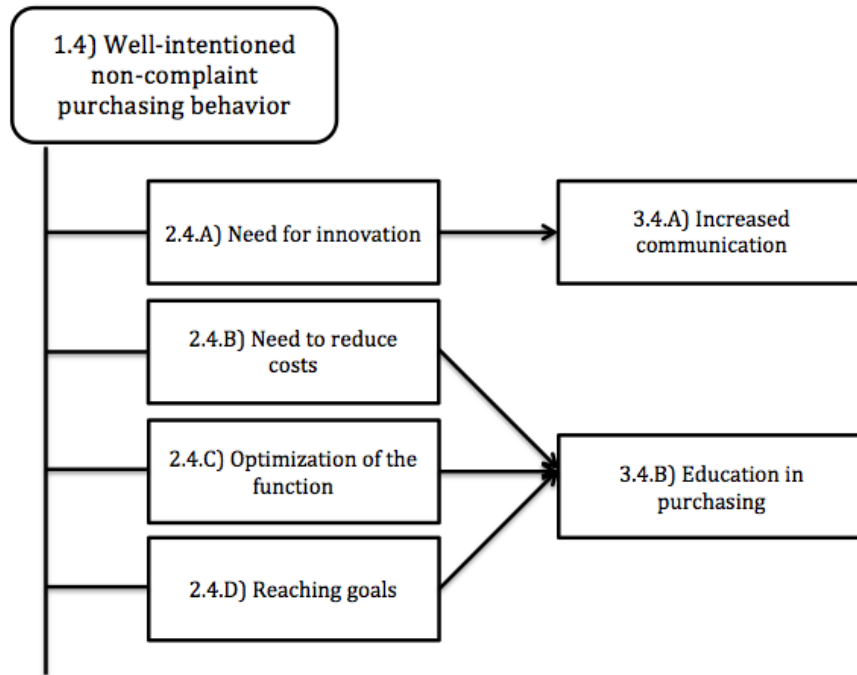
Figure 3.7: Well-intentioned purchasing behavior model with reasons and solutions

3.7.5 Ill-mentioned purchasing behavior protocol

The reasons connected to ill-mentioned purchasing behavior will be categorized in four different reasons: Injustice by mistreatment from managers or organization, organizational culture, injustice by unbalanced reward and punishment systems, and finally unrealistic goals, see figure 3.8.

Mistreatment from managers or the organization will be one of the hardest reasons to allocate. I make the assumption that employees will give bias answers to have a neutral position because they might fear that it would harm them if they answer wrong. The approach in the interview guide will be more of a general point of view and try to make an understanding from the other questions whether there is some mistreatment from the managers or the organization. Some keywords to search for is: *They do not listen to me so I will do they way I want, they do not care so I will not care, their behavior is not accepted.* This reason is close to organizational culture, where this kind of reasons will be identified with keywords such as: *everyone is doing it like this, managers do not follow their own process, etc..*

Asking direct questions will reveal the third reason, unbalanced reward and punishment system, such as: *Does reward and punishment system exist, and what do you think about them?*

The final reason, unrealistic goals will also be identified by asking if the employees has any goals to reach and second by asking if they find the goals to be realistic. Important here is to make an understanding if the unrealistic goals are the driver to the non-complaint purchasing behavior or not. For example, if the employee states that the goals are impossible to reach and therefore they will not even try to reach

them, then the goals will probably be unrealistic.

The solutions to these kind of ill-mentioned reasons are all of the same character. Managers should sit down with the employees to have an open discussion, where both have the possibility to express their feelings and their thoughts. It is important to communicate the reward and punishment system in the beginning and not to let it be politicized. Further, it is important for all to understand the company's local climate and together create an image of how the role model should look and act like. The data connect to these solutions are to gather information if such meetings have occurred and to try to understand if the parts are aligned.
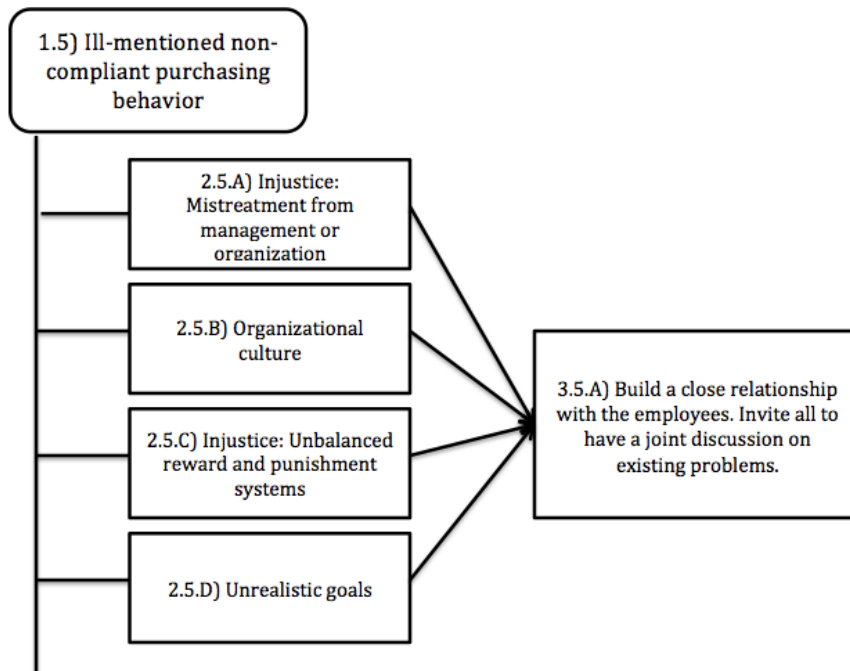
Figure 3.8: Ill-mentioned purchasing behavior model with reasons and solutions

3.8 Data collection

In this study six interviews were held. The aim from the beginning was to reach at least eight interviews, two from each quadrant as seen in figure 3.3. However, only six gave a response to participate in the interviews. The interviewees were contacted by email and by phone call, were a presentation of the study was given. The interviewees did not receive any detailed explanation of the study to avoid any bias answers. Further, the questions were not sent to the participants in advance to avoid planned answers.

The planned time for each interview was 45-60 minutes and to be able to get everything back to the analysis stage the interview was banded. This was to avoid forgetting answers from the interview. After the interview the gathered data was summarized on paper and sent to the interviewee to get a confirmation that the

summarized data was accepted from their side.

Moreover, the interviews was held in English to be able to reach out for keywords that were presented in the protocol, see section 3.7. It was also the only available language due nationality differences.

The number of cases per quadrant, see figure 3.9, was one or two, due the lack of interviewees.
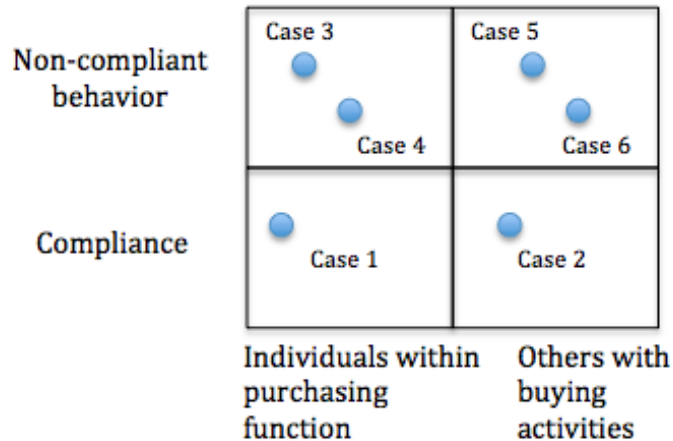
Figure 3.9: Ill-mentioned purchasing behavior model with reasons and solutions

3.9 Analysis method

The next step in the multiple-case approach is to conduct the case study. The first cases that will be conducted are the ones that are categorized as compliant to be able to gain knowledge in the success factors in forehand. This may give additional information that may lead to the need to change the interview guide. The non-compliant case studies will be performed next, and each case will be handled individually, meaning that each case will be analyzed individually. This is to see if there are any similarities or contrasting results between the cases, as discussed earlier with the replication approach by Yin (1994). After each case are analyzed individually a cross-case conclusion will be drawn where the cases can influence each other to help create a deeper understanding of the reasons behind non-compliant purchasing behavior.

When the data was gathered from each case, it was analyzed towards the data design model, figures 3.4-3.8, to see where the case fits best. The design model showed us what the reasons behind the non-compliant purchasing behavior are and also how we can change that behavior by giving the solution, which was found in the theory and as well in the cases where the employees are compliant.

3.10 Criteria for judging the quality of research design

The quality of the study is important for trustworthy results and conclusions. Yin (1994) and Ellram (1996) uses four tests to reach a good quality of the study. A good study requires construct validity, internal validity, external validity and reliability. To reach these qualities there are different tactics to follow during different phases, as seen in figure 3.9.

Tests	Case study tactic	Phase of research in which tactic occurs
Construct validity	Use multiple sources of evidence	Data collection
	Establish chain of evidence	Data collection
	Have key informant review draft case study report	Composition
Internal validity	Do pattern-matching	Data analysis
	Do explanation building	Data analysis
	Do time-series analysis	Data analysis
External validity	Use replication logic in multiple case studies	Research design
Reliability	Use case study protocol	Data collection
	Develop case study database	Data collection

Figure 3.10: Case Study tactics for Four Design Tests adapted from Yin (1994, p.33)

The four tests will be discussed below to ensure that this study will reach good quality.

3.10.1 Construct Validity

Constructing validity is about establishing proper measures for the concepts to be measured. Ellram (1996) and Yin (1994) uses three elements to achieve construct validity: Multiple data sources, establish and maintain a chain of evidence and have the draft of the case study report reviewed by key informants.

As discussed before, this study aims to use multiple data sources, also defined as triangulation. With triangulation the study aims to remove the bias from the data collection, mainly by data triangulation. Since this study involved interviewing humans, there was a high risk of bias answers (Ellram, 1996). Further, the interviews was recorded to ensure that nothing was misunderstood. However, it was not possible to find multiple sources for each case, therefore only one source was used in each case.

The second element, establishing and maintain a chain of evidence constructs validity by having an external observer follow the case from initial research questions to the final conclusion. This study have been constantly overviewed by the

supervisor from the university and the supervisor from Company X to make sure that the study has logic flow of evidence, clarity and quality of the content. The supervisors have also been the key informants who have reviewed the overall of this case study. Further, master students have reviewed the report of this study and acted as opponents to verify the quality of the reasons behind chosen approaches. Finally, an examiner from the university had a last overview to ensure a good quality of the study.

3.10.2 Internal Validity

This element considers the researcher trying to demonstrate that some outcome was caused by an independent variable (Ellram, 1996). The internal validity also relates to the inference from the data collected, considering if the data is correct, the evidence is convergent and the related tactics (Yin, 1994). The internal validity is achieved in the analytic tactic phase. Three analytical tactics for achieving internal validity are: explanation-building, pattern-matching and series analysis. For this study the explanation-building approach was used, where the goal was to build explanation about the case (Yin, 1994). Explaining the phenomenon was done by finding links to the to theories and other cases, which comes to turns with the replication approach.

3.10.3 External Validity

The external validity is about how accurately the results represent the phenomenon studied (Ellram, 1996) and whether a study's findings are generalizable (Yin, 1994). One tactic is to use replication of the cases as in the logics within multiple-case studies. By studying individuals in different sites within Company X this study have reached external validity. The sites was independent of each other to further improve the external validity. This study can also be applied at other companies due the fact that it is not locked for a special function within Company X, but have a more generalized picture.

3.10.4 Reliability

The final element is creating reliability. Meaning that, if a later investigator followed the exact same procedure as described by the study, the investigator will find the same conclusions as the earlier study (Yin, 1994). There are two key elements to deal with reliability: the use of case study protocol, see section 3.7 and case study database, see appendix 1. This study is divided in different steps to make the procedures more visible and easy to follow, see figure 1.2 for an overview of the steps in this study.

Chapter 4

Empirics

In this chapter the empirics will be presented from each case individually. In total there is six cases where the first the two cases with a complaint purchasing behavior followed by the four cases with a non-compliant purchasing behavior.

4.1   Case 1

The first interviewee (I1) is identified as a compliant purchaser acting as purchasing requester. I1 has no background within purchasing but started with purchasing activities when he got the current position. The interviewee has been working within the company for many years and has been involved in creating the purchasing process, which has given the interviewee understanding on the purchasing process and its benefits. For example, the interviewee was well aware of frame agreements and the benefits a company may receive from such agreements.

The training received was not extensive and it included the basic need to be able to perform the purchasing tasks, although the interviewee feels that it was enough to make an understanding around the importance of the purchasing process and how to use the IT-systems correct. However, if there were any new changes in the purchasing process the interviewee would like to receive additional training on the changes.

The employee feels that the IT-system in general works fine, but Bali[1] works better than SAP. The advantages with Bali is the possibility to create templates to make easier purchasing tasks in the future, since it is mostly the same items that are ordered. However, he thinks that there should be a bigger catalogue with more items than there is today, but the interviewee does not see this as a problem when it is time to perform the purchasing task. When an item is missing or hard to define the interviewee is following the purchasing process by contacting the central purchasing to receive help to find a solution. The support from purchasing manager and direct manager are good and both have understanding of the situations that may occur, connected to the time spent on purchasing activities, since the interviewee has more than one job activity.

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[1]Bali is an IT-system used at Company X. The systems works as a internet web shop where employees can find several items to buy.

Regarding goals and bonuses the interviewee feels that there is nothing to do regarding saving costs that are related to purchasing since the frame agreements are done centrally.

4.2 Case 2

Interviewee two (I2) is a compliant purchaser, from others who do buying activities, buying mostly big investments products. I2 has a degree from university and has been working within the company for many years.

These kinds of products are very technical and require a lot of knowledge within the field. Therefore, I2 is the one doing all market screening and negotiation with the suppliers. If the central purchasing function where to do the negotiations, I2 fears that he will not get what he really wants. He differentiates the purchasing process in two different ways, the standard way of doing it and the way I2 does it. The standard way is very complex and difficult, especially when every product is unique and the suppliers are limited. The other way is to make all the contact and negotiation with suppliers himself and then pass it forward to the central purchasing. The way he does it has been accepted from the central purchasing because he most often has negotiated good prices and he makes sure to have all the information needed before sending it to the central purchasing. The acceptance from central purchasing may also come from that I2 has great knowledge in purchasing and the thinking around it. He is aware of the different frame agreements that exist within the company and also knows how to use them.

Further, the full support from managers make the work for him easier, because he do not have to think about if they way he does it will be approved or not.

Finally, there is no goal-; reward- or punishment system related to purchasing, I2 has goals to reach within his main area, making sure the production is running.

4.3 Case 3

Interviewee three (I3) is identified as a non-compliant purchasing requester. The interviewee has been within the company for many years and has no education on higher level. As a purchase requester he feels that the purchasing process is good but the SAP-system is less good. The problem with the SAP-system is that it is impossible to make changes when an order is put in wrongly and therefore he sometimes receives wrong items.

The interviewee has received training in how to use the IT-systems but only once and it was when he became purchase requester many years ago. Since the systems have changed through the years the interviewee feels that he would like to receive additional training to keep up with the changes. It would help him to refresh the memory on how to order regular items, which are the most common, but also new items that he never purchased before.

To order items today, the interviewee calls the supplier to get an offer, which is then compared to the suppliers in the Bali and SAP-system. If the offer is lower

than those who exist he will add an order with the offer he got in the system. The bad thing with placing an order in the systems is that it has too many steps before it can be completed but when you are to order the same order as last time it goes really fast and is very effective.

Further, the interviewee has no knowledge in frame agreements, neither any knowledge in purchasing in general. Moreover, the interviewee feels that he has the right support from both direct manager and purchasing manager. Finally, he does not have any goals to reach, neither any reward or punishment system, at least what he knows about.

4.4 Case 4

Interviewee four (I4) is a non-compliant purchasing requester buying items for the own company and for some of their customers. I4 has been within the company for many years, started as technician, and has various responsibilities such as machine worker, seller, technician and purchase requester.

He has no higher education and his relation to the purchasing process is good. However, his reaction is bad to the system they use, especially Bali, which is the most common. He explains that, when the process works everything is fine, but sometimes the order gets stuck somewhere in the process and the supplier do not receive any order. That is a big problem for I4 because he does not have any information whether the order is processed or is lost and therefore he does not know if he will receive any items or not. Another issue I4 is struggling with, is that the items they need do most often not exist in Bali, which force them to find new vendors. Therefore, when he has identified a need he calls a supplier located in locally, usually a friend or a known supplier, and request an offer for the item needed. When he has received the offer he goes in to the Bali system and place an order, he thinks Bali is a good system when the orders are processed and sent to the supplier, but really bad if the orders are not sent, as said before. I4 also adds that, it takes too much of their time to add new suppliers in the system, but it is necessary to complete their work.

Further, the interviewee feels that the training he received about the purchasing process in the beginning was enough and more training would not be necessary. He thinks that more focus should be in modifying Bali and to find the right items in Bali to make the purchasing process easier for the user.

Finally, I4 is happy with the support he receives from the managers, even if they may have different approaches sometimes. For example, the direct manager may allow him to skip the purchasing process to serve the customer in the best way, even if that harms the purchasing activities.

4.5 Case 5

Interviewee five (I5) has not been within the company for long and are classified as non-compliant purchaser from others with buying activities. He has a degree in

engineering but nothing related to purchasing and therefore no knowledge in frame agreements.

I5 finds the purchasing process to be OK but is less positive to the delivery time it takes to receive the item when it is ordered from the system. Therefore, some items are ordered outside from the company's supplier base. I5 explains that his priority is the customer, and will do anything he can to make sure the customer is happy. An example is, that I5 can only order spare parts in a bunt, which means that the prices are much higher and it affects the customer. To avoid buying in bunts he has to order from other suppliers, in some cases at the competitors. Further, the interviewee emphasize, that all buying activities goes through the PR maker, I5 does not do any purchasing activities himself. At the same time he explains that if they need an item fast they will just pick up the phone and call. It would take to long time to order from the system especially when there is long delivery time. Moreover, I5 explains that the catalogue in the SAP system is hard to use and have many different items making it hard to know where to look for the item needed. Also, I5 feels that he does not receive information about the new items that are added in the SAP system making it even harder to look for the items that are needed.

Finally, the interviewee feels that he has the support he needs from the management and the reward and punishment system does not exist.

4.6 Case 6

Interviewee six (I6) is a non-compliant purchase requester and has been within the company for less than three years. I6 has a degree in project engineering with no relation to purchasing.

His purchasing activities are mostly for bigger investments, which needs to be approved by the purchasing manager and therefore I6 finds the purchasing process to be bad. The problem is that the purchasing order takes to long time to be sent to the supplier and sometimes the interviewee and the supplier receives a copy, that the order is accepted, but the order is never sent out. Another problem I6 is struggling with is that he needs to add new suppliers in the system because of his projects are very unique. This takes too long time to get through. The effect of the slow process is that the project will be delayed and the company will receive penalties. Receiving penalties are not an option; therefore I6 must find another ways of buying things.

The support from the direct manager are really good but I6 feels that the purchasing manager should give more effort to understand the problems I6 is struggling with. Further, I6 explains that his main work responsibility is to finish the project and not spending time with purchasing since it is the purchasing departments work to send an order to the supplier, receive an order confirmation and pass it to the purchase requester. Sometimes the interviewee tells the supplier to not send an invoice to the purchasing department until they have received an order because it will be rejected.

Moreover, I6 has some knowledge about purchasing and frame agreements, but is

not aware of that the company uses frame agreements. He does know they have some discounts and several suppliers but that is all. He has not receive any training about purchasing at all and would like to receive some training to be able to understand what is happening when he is buying items. The only training he received so far was how to place an order in the SAP system.

The reward and punishment system has no relation to I6's work.

Chapter 5

Analysis

In this chapter the analysis will be presented from each case individually. First the two cases with a complaint purchasing behavior followed by the four cases with a non-compliant purchasing behavior. This chapter will be closed by discussing the cross-case analysis.

5.1 Case 1

The data collected from case 1 has been summarized in figure 5.1 to give an overview of the findings behind the reasons.

Reasons	Case 1	Case 2	Case 3	Case 4	Case 5	Case 6
Different values	-					
Unfamiliarity with frame agreements	Familiar					
Items not available	No reason					
Emergency buying	-					
Lack of training in IT-systems	Training was enough					
No need to change old habits	-					
Need for innovation	-					
Need to reduce cost	-					
Function optimization	-					
Reaching goals	No					
Injustice	Good support from management					
Organizational culture	-					
Unrealistic goals	-					

Figure 5.1: Data collected from case 1 regarding reasons for non-complaint purchasing behavior

From the first case we can see clearly that the involvement of creating the purchasing process has given the employee great knowledge and understanding in purchasing. The knowledge around purchasing has helped the employee to understand the importance of following the purchasing process. This is supported by the fact that even if there are some problems when it is time to make a purchase the employee will not solve it by finding shortcuts, but rather follow the process and contact the central purchasing for advice.

I can with confidence say that the knowledge of the purchasing process and purchasing in general contribute to the compliant behavior. This supports the findings from Karjalainen & Raiij (20011), that employees that have knowledge of the company's purchasing process and strategy will be more compliant. It also strengthens the solution that training the employees in purchasing will solve many of the reasons, see figure 3.4, behind non-compliant purchasing behavior. Further, the support from managers may contribute to the compliant behavior since the employee feels he has the support he needs. This may motivate the employee to follow the process because he knows that he will get the help he needs. The support can be seen as trust between the employee and the managers, and from the theory we can see that trust is important for compliant behavior (Demitras, 2003; Erkutlu & Chafra, 2013; Mayer & Gavin, 2005)

5.2 Case 2

The data collected from case 2 has been summarized in table 5.2 to give an overview of the findings behind the reasons.

Reasons	Case 1	Case 2	Case 3	Case 4	Case 5	Case 6
Different values	-	-				
Unfamiliarity with frame agreements	Familiar	Familiar				
Items not available	No reason	No reason				
Emergency buying	-	-				
Lack of training in IT-systems	Training was enough	No training				
No need to change old habits	-	-				
Need for innovation	-	-				
Need to reduce cost	-	-				
Function optimization	-	-				
Reaching goals	No	No				
Injustice	Good support from management	Good support from management				
Organizational culture	-	-				
Unrealistic goals	-	-				

Figure 5.2: Data collected from case 2 regarding reasons for non-complaint purchasing behavior

We can see that knowledge in purchasing is one of the solutions to the employee being compliant in purchasing. The central purchasing has made an exception for I2 to do his purchasing in his own way. This can not been seen as non-compliant purchasing behavior because it accepted by the central purchasing department and therefore it will be seen as he is following the process. This exception comes from that the central purchasing department are aware of the knowledge that I2 has, from this we can conclude that the knowledge is the solution to why I2 is a compliant purchaser. However, the exception that is made here can be a contributing factor to why others fall into non-compliant purchasing behavior. If the other employee sees that I2 do it his way and gets away with it, then they may do the same. It is the same principle that Trevino & Brown (2005) discovered, if an employee discovers that a co-worker breaks the rules and do not get punished then the message will be sent that it is ok to break the rules and procedures.

5.3 Case 3

The data collected from case 3 has been summarized in table 5.3 to give an overview
of the findings behind the reasons.

Reasons	Case 1	Case 2	Case 3	Case 4	Case 5	Case 6
Different values	-	-	-			
Unfamiliarity with frame agreements	Familiar	Familiar	Unfamiliar			
Items not available	No reason	No reason	No reason			
Emergency buying	-	-	-			
Lack of training in IT-systems	Training was enough	No training	Not enough training			
No need to change old habits	-	-	-			
Need for innovation	-	-	-			
Need to reduce cost	-	-	Yes			
Function optimization	-	-	-			
Reaching goals	No	No	No			
Injustice	Good support from management	Good support from management	Good support from management			
Organizational culture	-	-	-			
Unrealistic goals	-	-	-			

Figure 5.3: Data collected from case 3 regarding reasons for non-complaint purchasing behavior

Case three gives two possible reasons to the non-compliant purchasing behavior. The
first is that the employee has not received needed training in using the IT-system
and the second one is unfamiliarity with frame agreements. It is clear that I3 has
problems with ordering since he sometimes receives wrong items because of wrong
information in the ordering process. This would fit under forced non-compliant
purchasing behavior, figure 3.5, where lack of training in the IT-systems force the
employee to put in wrong information to be able to order. It can be seen as the
employee accidently put in wrong information, but since it is done repeatedly it is
more likely that he put in the information and hopes that the right item is received.
This non-compliant behavior can be addressed to the findings from Karjalainen *et
al.* (2008).

The second reason is an un-intentional purchasing behavior for the I3 wants to
reduce cost by finding cheaper alternatives. It could be a well-intentioned purchasing
behavior but since I3 has no knowledge in frame agreements the non-complaint
purchasing behavior is un-intentional, see section 3.6 for a more thorough discussion.

From the model found in figure 3.4 and figure 3.5 we can see that the solutions
to these two reasons of non-complaint behavior are to train I3 in general purchasing
and use proper training on how to use the IT-systems. By training I3 in purchasing,

he will learn the importance of why to use the existing suppliers and follow the process. An effective training will increase the compliance (Karjalainen & Raiij, 2011). Further, by having proper training in the usage of IT-systems internal satisfaction will be reached to I3, meaning that he will be able to make correct orders.

In figure 5.4 we can see a summary of the analysis for case 3, which will visualize the forms, reasons and solution.
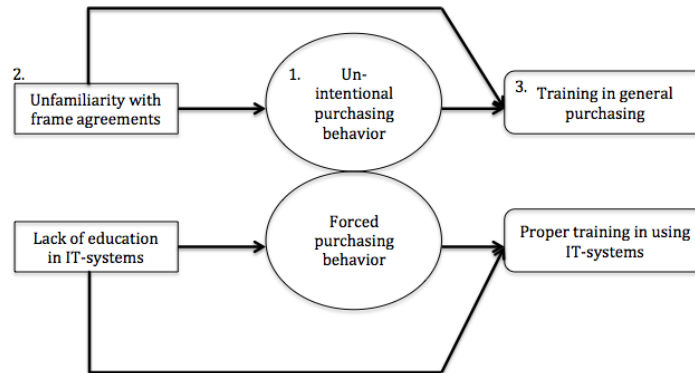

Figure 5.4: Case 3 analysis summary

5.4 Case 4

The data collected from case 4 has been summarized in figure 5.5 to give an overview of the findings behind the reasons.

Reasons	Case 1	Case 2	Case 3	Case 4	Case 5	Case 6
Different values	-	-	-	-		
Unfamiliarity with frame agreements	Familiar	Familiar	Unfamiliar	Unfamiliar		
Items not available	No reason	No reason	No reason	Main reason		
Emergency buying	-	-	-	-		
Lack of training in IT-systems	Training was enough	No training	Not enough training	Training was enough		
No need to change old habits	-	-	-	-		
Need for innovation	-	-	-	-		
Need to reduce cost	-	-	Yes	-		
Function optimization	-	-	-	-		
Reaching goals	No	No	No	No		
Injustice	Good support from management	Good support from management	Good support from management	Good support from management		
Organizational culture	-	-	-	-		
Unrealistic goals	-	-	-	-		

Figure 5.5: Data collected from case 4 regarding reasons for non-complaint purchasing behavior

In case four we have two possible reasons behind non-compliant purchasing behavior. The first is unfamiliarity with frame agreements. I4 does not know about the frame agreements that exist within the company. He tends do use the Bali system to do the buying activities but miss out all of the items that exist within the SAP-system. Whenever he cannot find the item in Bali, he will call the supplier and find an offer for the item he needs, missing out on all the suppliers that exist within the SAP-system. This may also be a reason for confusion between central purchasing and I4. The central purchasing may wonder why I4 adds new supplier when they already have some available in the SAP system. This may also be the cause to the problem I4 has when he does not now what is happening with the orders, if it is sent away or not. It is clearly that there is a lack of understanding of the purchasing process and lack of training in the IT-systems. I4 thinks that the training on the IT-system is enough, but one can see that he does not know how to use the systems correctly.

The second reason is the availability of items. Since I4 has problems finding the items he needs in the system he will look for the items somewhere else, leading to buying activities outside of the purchasing departments knowingness and buying outside contracts, which is a form forced purchasing behavior. However, the later reason for non-compliant purchasing behavior, items not available in the frame agreements, is a logic reaction when I4 does not have knowledge in the in frame agreements. Also, I4 is missing out on many possible suppliers by not using all the system that Company X uses. Therefore, it is more likely that the reason behind non-compliant purchasing behavior is the one discussed first, the unfamiliarity with the frame agreements.

To solve this non-compliant purchasing behavior action must be taken in educating and train the employee in purchasing, see figure 3.4. If I4 receives the right training in purchasing and its processes he will have the wider picture of what is happening when an order is placed. I4 will also learn how to use the different systems Company X have in place. By learning to use all available systems he will also gain access to a much wider network of suppliers, which in turn will solve the problem he have with not finding the items in the system he uses.

In figure 5.6 we can see a summary of the analysis for case 4, which will visualize the forms, reasons and solution.
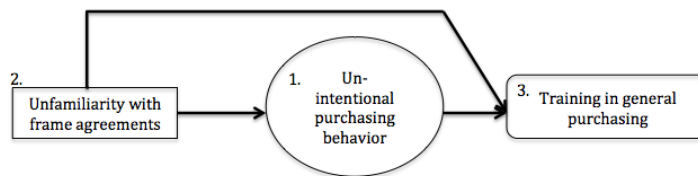

Figure 5.6: Case 4 analysis summary

5.5 Case 5

The data collected from case 5 has been summarized in figure 5.7 to give an overview of the findings behind the reasons.

Reasons	Case 1	Case 2	Case 3	Case 4	Case 5	Case 6
Different values	-	-	-	-	-	
Unfamiliarity with frame agreements	Familiar	Familiar	Unfamiliar	Unfamiliar	Unfamiliar	
Items not available	No reason	No reason	No reason	Main reason	Main reason	
Emergency buying	-	-	-	-	Some	
Lack of training in IT-systems	Training was enough	No training	Not enough training	Training was enough	Not enough	
No need to change old habits	-	-	-	-	-	
Need for innovation	-	-	-	-	-	
Need to reduce cost	-	-	Yes	-	-	
Function optimization	-	-	-	-	-	
Reaching goals	No	No	No	No	No	
Injustice	Good support from management	Good support from management	Good support from management	Good support from management	Good support from the management	
Organizational culture	-	-	-	-	-	
Unrealistic goals	-	-	-	-	-	

Figure 5.7: Data collected from case 5 regarding reasons for non-complaint purchasing behavior

In the fifth case there are several possible reason to non-compliant purchasing behavior. One possible is that the employee is forced to do emergency buying since it takes to long time to order. However, as discussed under the method chapter 3.7.1, the emergency buying may not be seen as forced purchasing behavior, since I5 has no knowledge in frame agreements, neither any knowledge in purchasing, it will be seen as un-intentional purchasing behavior. Further, I5 thinks that the delivery times to get the items are too long, which also makes him find alternative ways to buy the items. This also adds support to the missing knowledge in purchasing. Moreover, I5 explain that it is hard to find items in the SAP-system, which enforce him to use other methods to look for the items, e.g. finding a supplier by him self. This can be directly linked to the model under forced purchasing behavior, figure 3.5, with lack of education in IT-systems.

In this case we have two different reasons behind non-compliant purchasing behavior, unfamiliarity with frame agreements and lack of training in IT-systems. From the theory and figures 3.4-3.5 we can see that solutions for these reason a very similar. Training I4 in purchasing processes can change non-compliant purchasing behavior result by the unfamiliarity with frame agreements. If I4 increase his knowledge in frame agreements and understand why such agreements exist then he will be more open to use the existing contracts and also look deeper to find existing contracts.

In the same way, by training I4 in using the IT-systems, the forced non-compliant purchasing behavior will not occur because of that he will be able to find the existing suppliers in the system.

In figure 5.8 we can see a summary of the analysis for case 5, which will visualize the forms, reasons and solution.
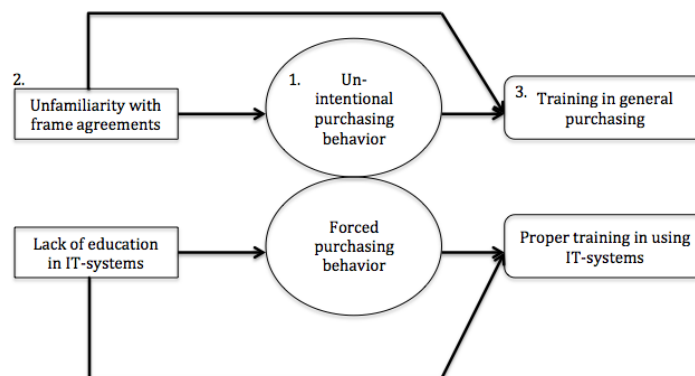

Figure 5.8: Case 5 analysis summary

5.6 Case 6

The data collected from case 6 has been summarized in figure 5.9 to give an overview of the findings behind the reasons.

Reasons	Case 1	Case 2	Case 3	Case 4	Case 5	Case 6
Different values	-	-	-	-	-	-
Unfamiliarity with frame agreements	Familiar	Familiar	Unfamiliar	Unfamiliar	Unfamiliar	Unfamiliar
Items not available	No reason	No reason	No reason	Main reason	Main reason	Main reason
Emergency buying	-	-	-	-	Some	-
Lack of training in IT-systems	Training was enough	No training	Not enough training	Training was enough	Not enough training	Not enough training
No need to change old habits	-	-	-	-	-	-
Need for innovation	-	-	-	-	-	-
Need to reduce cost	-	-	Yes	-	-	-
Function optimization	-	-	-	-	-	-
Reaching goals	No	No	No	No	No	No
Injustice	Good support from management	Good support from management	Good support from management	Good support from management	Good support from the management	Need for better support
Organizational culture	-	-	-	-	-	-
Unrealistic goals	-	-	-	-	-	-

Figure 5.9: Data collected from case 6 regarding reasons for non-complaint purchasing behavior

I6 is having problems with the time it takes to order an item, which leads to that he needs to avoid the process and order by calling his own supplier. This can be seen as a form of forced purchasing behavior. However, since he has no knowledge or understanding behind why the process is build as it is, it will be seen as the reason behind the non-compliant purchasing behavior is unfamiliarity with frame agreements and purchasing process. Also, I6 feels that he needs additional training in purchasing to be able to understand what is happening when he is ordering.

One can also state that the form behind the purchasing behavior could be forced purchasing behavior since most of the items or services' I6 is buying is unique and requires new suppliers. The reason behind could then be that the items are not available in the frame agreements. However, since I6 lacks training in the IT-systems, he states that it takes too long time to add new suppliers, the reason behind non-compliant purchasing behavior is more likely to be lack of training in the IT-systems. Another possible reason could be injustice from management, in the form of ill-mentioned purchasing behavior due the fact that I6 feels that the purchasing manager should give more effort to understand him. Since he is not stating anything that can clarify that his behavior is due any misbehavior from management I cannot draw that conclusion.

In this case it is clear that I6's purchasing behavior is un-intentional due the fact that the main reason for his behavior is the unfamiliarity with frame agreements and purchasing processes. A possible solution to this reason of non-compliant purchasing behavior is to train I6 in general purchasing and its processes, as can be seen in figure 3.4. By training I6 in general purchasing he will understand why processes exist and

why they should not be avoided. This will also increase the understanding that slow processes, for e.g. long time to order an item, has a background to why it is build that way. It will also help I6 present the problems and his view of the purchasing processes to the central purchasing team to push a change instead of doing it his own way.

Further, I6 needs training in his practical purchasing role, to learn how to use the IT-system. By having knowledge in how to use the IT-systems I6 will be more positive in using the system, which will in turn solve the problem that it takes to long time to add new suppliers.

In figure 5.10 we can see a summary of the analysis for case 6, which will visualize the forms, reasons and solution.
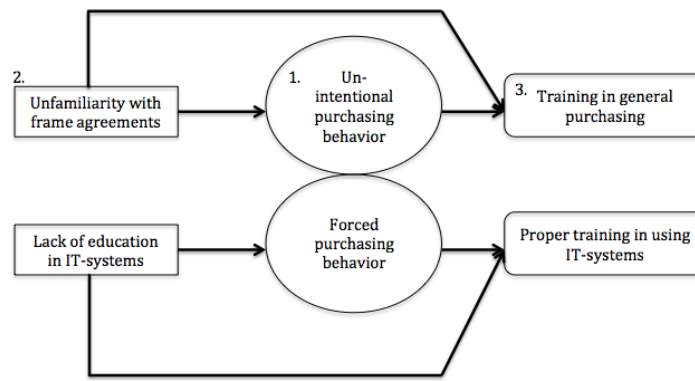

Figure 5.10: Case 6 analysis summary

5.7 Cross case analysis

Comparing the analysis from the non-compliant cases, case three to case six, we can see that all cases have two common reasons behind the non-compliant purchasing behavior. *Unfamiliarity with frame agreements* and *lack of education in IT-systems* are the reasons that have been found in all four non-compliant cases. Regarding the unfamiliarity with frame agreements it is clear that the employees are not trained in purchasing and its processes, which in turn result in non-compliant purchasing. This reason is, as found in the theory, a form of an *un-intentional behavior* due that the employees are not aware that they are non-compliant. This finding is not of a surprise because of the findings from Kulp *et al.*, (2006), where this reason behind non-compliant purchasing behavior is one of the most common in purchasing. Company X seems to not differ from other companies in this subject, as one of the answers to the research question on why employees fall into non-compliant behavior is the unfamiliarity with frame agreements. The unfamiliarity of the frame agreements results in different non-compliant purchasing behavior for the employees, e.g. buying items from the cheapest supplier, buying items from the first supplier they can find or buying items from supplier that do not exist in the system, because the supplier fill the employees own needs better. However, all of the above-mentioned

non-compliant purchasing behaviors found from the cases have the same possible solution, *effective training on the different aspects of purchasing* (Karjalainen & Raiij, 2011). To change the non-compliant purchasing behavior, Company X needs to give the *training needed* for the employees to really understand what purchasing strategy is and how it works. The training and the understanding of the purchasing process are not only found in the theoretical framework, but also in the findings from the compliant case from this study, case one and two. These cases support the findings from Karjalainen & Raiij (2008), that training in purchasing will decrease the non-compliant purchasing behavior. We can see that both cases have a compliant purchasing behavior due to their knowledge in purchasing. In case one the knowledge comes from involvement of creating the purchasing process at Company X, which clarifies the theory from Karjalainen & Raiij (2011) that one solution to change the non-compliant purchasing behavior is to involve employees in the creating of the purchasing process. It is also a great opportunity for Company X to use internal knowledge to spread it throughout the company. Feisel *et al.* (2010) suggests internal workshops on regular basis for the employees to share their knowledge. This would also be a great opportunity for the purchasing managers to see where they are having problems in the purchasing. Moreover, the managers will gain a closer relation to their employees, as they will be working together in the workshops and facing the problems together. This will generate trust from their employees, which is important when employees need to follow the process, as discussed by Erkutlu & Chafra (2013). However, Company X does now struggle with trust issues from their employees but it is important to have that in mind.

The second main reason for non-compliant purchasing behavior at Company X, lack of education in IT-systems, is the form of forced purchasing behavior. In all of the four non-compliant cases we can see that the lack of education in IT-systems enforce them to find alternative ways of buying items for they are not able to use the system. It is clearly that the education in using the IT-systems has not been working properly within Company X. Employees are not secure in using the system, they tend to avoid the system due to they find it complex and hard to use. This reason is related to the unfamiliarity with frame agreements, were the both reasons lacks training and education. These reasons seems to be connected together, since it doesn't matter how much knowledge the employees have in purchasing if they cannot use the tools dedicated for purchasing and this goes vice versa. Once again the solution is to train the employees in how to use the systems, to make the employees comfortable in using the system. If the employees find the usage of the system simple and easy to use they will me more positive in using it. This is supported by the finding from Karjalainen *et al.* (2008), were their solution to avoid this kind of non-compliant behavior is to have proper training for the employees. Evidence has also been found from case one, were the employee knows how to use the system but also knows his boundaries. The employee explained that when something new happens in the system he would like to be updated to be able to handle the new situations. Again it comes back to the importance of having training and workshops on regular basis to keep employees updated and informed (Feisel *et al.*, 2010).

Moreover, Company X seems to not have problems with *casual-, well-intentioned*

or *ill-mentioned non-complaint purchasing* behavior. These forms of non-compliance often occur when employees have knowledge in purchasing but for some reason need to avoid the process. In this study all non-complaint cases had no knowledge in purchasing, which made them fall into un-intentional purchasing behavior or forced purchasing behavior. However, it is important to have these forms on non-complaint purchasing behavior in mind when a company is to change the existing non-compliant purchasing behavior. Managers must have the whole picture of non-compliant purchasing behavior and not just focusing on solving the existing problems because solving one small problem can lead to opening a new one.

Chapter 6

Conclusion

Final conclusion will be presented in the last chapter. Moreover, a recommendation for Company X will discussed and finally, future theoretical research will be presented.

6.1 Conclusion

It is clear that the non-compliant employees at Company X, that have purchasing activities in their daily work, lacks the training needed to be able to perform their purchasing tasks. Even though the possible forms behind non-complaint purchasing behavior are many, Company X is only facing two of these forms, un-intentional- and forced purchasing behavior. These forms are the softer ones, where employees do purchasing outside the company's process unaware of the non-compliance. It may not be seen as harsh due to that the employees do not do it with purpose but the non-compliance may harm the company economically.

The interviewees from the employees with non-compliant purchasing behavior revealed that the reasons behind their non-compliant purchasing behavior are mainly two, the unfamiliarity with frame agreements and lack of training in the IT-systems. It is very important to give the employees the right conditions to be able to perform their tasks, which has not been the case at Company X. The employees do not have the knowledge or the training that is required to understand purchasing and its processes, which in turn leads to non-compliant purchasing behavior.

Above all, to reflect back to the second research question, how to change the non-compliant purchasing behavior, the findings shows two solutions with similar meaning. Train and educate the employees in general purchasing and as well to train them in using the IT-systems correctly. The knowledge in purchasing will make the employees understand the importance of using the purchasing process as it is designed.

These solutions to non-complaint behavior needs however a deeper research on how the training and education should be done. One recommendation for Company X is to study the employees that are compliant in the purchasing process and try to find how these employees learn from their trainings and how they use their knowledge. Further, as discussed in the analysis, Company X should have internal workshops with their employees so that knowledge and experienced is shared within

the company, since there are employees that are complaint in the purchasing process.

Although, there are many good theoretical solutions for non-compliant purchasing behavior there are some questions that need to be answered. One of the main questions that are remained to be answered is: *How do companies train the employees in the best way to obtain general knowledge in purchasing behavior? How extenesive does such training need to be?* and last but not least, *how do companies motivate employees to attend such training with a positive attitude?.*

Chapter

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Chapter

Appendix 1

Age:
Background:
Years within the company and current position:

1) What do you think about the purchasing process? IT-system?
2) Have you received any training about the company's purchasing process?
3) What items do you buy the most?
4) When you have identified a need, how do you order from supplier?
5) What are the pros and cons with placing an order in the system?
6) Do you know what the term "frame agreement" means?
7) What is you main work responsibility?
8) Do you have the support you need from direct management and purchasing department? (Terms of: work distribution)
9) Do you have any goals to reach related to purchasing? (E.g. save money by X percent, reach compliance by X order, etc.)?
10) How about reward and punishment systems, does such system exist?