A SURVEY OF CORPORATE TRAVELLERS IN SOUTH AFRICA: TOWARDS A MODEL FOR TRAVEL POLICY COMPLIANCE

by

ANNELI DOUGLAS

Submitted in fulfilment of the requirements for the DCom in Tourism Management in the Faculty of Economic and Management Sciences

UNIVERSITY OF PRETORIA

PROMOTER: PROFESSOR B.A. LUBBE

AUGUST 2008
DECLARATION

I declare that the Doctor’s thesis, which I hereby submit for the degree DCom Tourism Management at the University of Pretoria, is my own work and has not previously been submitted by me for a degree at another university.
I wish to express my sincere gratitude and appreciation to the following people and institutions for their contribution to this thesis:

My supervisor Professor Berendien Lubbe. Thank you for being more than a supervisor, but a constant source of encouragement, motivation, inspiration, professional advice and support. You went beyond your call of duty and were always available and accessible to assist and to guide me throughout this study.

My husband, Jannie, for your continuous support, encouragement and love. I could never have completed this endeavour without you. You are truly my pillar of strength.

My parents, who have encouraged me to continue with my studies and to pursue my dreams. Words can never express my gratitude and love for you.

My family and friends, for showing interest and for motivating and supporting me when I needed it most.

The Department of Statistics at the University of Pretoria, especially Jaqui Sommerville and Rene Ehlers, for the analysis of the data.

The National Research Foundation (NRF) for granting me a scarce skills scholarship to complete this Degree full time.

Mr. Gregory Graham-Smith for the editing of this dissertation.

MY SAVIOUR, JESUS CHRIST: I can do all things because You strengthen me (Philippians 4:13). U is alles vir my, en U is genoeg.

“PSALM 118:1 Oh give thanks to the Lord, for He is good; for His steadfast love endures forever!”
Financial assistance provided by the National Research Foundation (NRF) in respect of the costs of this research is hereby acknowledged. Opinions or conclusions that have been expressed in this study are those of the writer and must not be seen to represent the views, opinions and conclusions of the NRF.
ABSTRACT

A travel management programme allows an organisation to manage corporate travel expenditure, and through a well-formulated travel policy, to control its travel expenses. Traveller non-compliance of the travel policy is an increasing area of concern with surveys conducted amongst travellers showing various reasons for non-compliance, both deliberate and unknowing. This study goes beyond established reasons and argues that non-compliance may also be the result of underlying factors not yet fully investigated or recognised by management and industry in general. Two broadly conceptualised factors that influence travel policy compliance are identified. The first is termed corporate related factors and the second, personal related factors. The overall purpose of this study was to conceptualise and test a model of travel policy compliance based on these factors. To achieve this, a literature review as well as empirical research was conducted. Finally, a conceptual model for policy compliance was proposed which served as the framework for the empirical research and from which hypotheses were derived and tested.

The empirical research was conducted as a formal, descriptive and explanatory study. Corporate travel management, Travel Management Companies (TMCs) and corporate travellers made up the target populations of the study. Non-probability sampling methods, namely purposive and convenience sampling were used in this study. The researcher used qualitative as well as quantitative methods to gather data. In depth interviews and the Delphi technique, a qualitative method; was used to collect data from TMCs and management for the purpose of establishing an exhaustive list of possible determinants of policy non-compliance. Quantitative methods used to collect data from corporate travellers included self-administered, structured questionnaires. A multinomial logistic regression modelling technique was used to test the conceptual model in order to identify the factors that have the most significant influence on policy compliance. A limitation of the study within which data analysis occurred was the low response rate. This limitation was taken into account in the interpretation of the results and the recommendations. The study shows a number of significant results and as such provides a valuable contribution to the corporate travel literature by being the first study of its kind to measure the impact of factors not previously identified. This study shows that travel policy non-compliance within organisations needs to be viewed at a much deeper level than previously considered. The
results show corporate-related factors such as an ineffective travel policy, lacking control measures and perceived organisational injustice have a significant influence on policy compliance. Personal related factors such as self-interest could also impact policy compliance significantly. The results should enable corporate travel management to identify factors within their organisations that could lead to non-compliance. The implementation of the tested model could lead to a higher compliance rate within organisations and ultimately to considerable cost-savings.
LIST OF CONTENT

CHAPTER 1: INTRODUCTION

1.1 Introduction and background 1
1.2 Problem identification 4
1.3 Objectives 8
1.4 Approach / Methodology 9
   1.4.1 The Research Process 9
   1.4.2 The Empirical Research 10
   1.4.3 Sample 11
   1.4.4 Data analysis and results 12
1.5 Academic significance/Benefit of the research 12
1.6 Industry feasibility and impact of the research 14
1.7 Exposition of chapters 14
1.8 Conclusion 16

CHAPTER 2: AN OVERVIEW OF CORPORATE TRAVEL

2.1 Introduction 17
2.2 Corporate travel management 18
2.3 A conceptual model for the corporate travel management process 21
2.4 Internal input factors 23
   2.4.1 Organisational profile 23
      2.4.1.1 Organisational structure 24
      2.4.1.2 Organisation size 27
      2.4.1.3 Organisational culture 27
      2.4.1.4 Private or public sector 29
   2.4.2 The corporate travel department and senior management 30
   2.4.3 The needs and demands of corporate travellers 33
      2.4.3.1 General needs and demands of corporate travellers 33
      2.4.3.2 Technological needs 34
      2.4.3.3 Air transportation needs 37
CHAPTER 3: FACTORS THAT INFLUENCE THE CORPORATE TRAVELLER’S COMPLIANCE WITH THE CORPORATE TRAVEL POLICY

3.1 Introduction 91
3.2 The impact of non-compliance 93
3.3 Areas of non-compliance 96
3.4 Corporate-related factors 99
   3.4.1 Inadequacies inherent in the travel policy as a determinant of non-compliance 99
   3.4.2 Policy control measures as a determinant of non-compliance 102
   3.4.3 Business ethics as a determinant of non-compliance 103
   3.4.4 Organisational Injustice as a determinant of non-compliance 110
3.5 Personal-Related Factors 112
   3.5.1 Individual morality as a determinant of non-compliance 112
   3.5.2 Self-interest as a determinant of non-compliance 116
CHAPTER 4: METHODOLOGY

4.1 Introduction 131
4.2 Qualitative research 132
  4.2.1 The difference between qualitative and quantitative research 132
  4.2.2 The Delphi method 134
  4.2.3 Applying the Delphi method in this study 135
4.3 Quantitative research 137
4.4 The research design 137
4.5 Sampling 140
  4.5.1 The relevant target population 140
  4.5.2 Type of sampling method 140
  4.5.3 Sample size 142
4.6 Data collection 143
4.7 Measurement instruments 146
4.8 Hypotheses 149
4.9 Qualitative data analysis 151
4.10 Quantitative data analysis 152
  4.10.1 Frequency analysis 152
  4.10.2 Measures of central tendency and dispersion 153
  4.10.3 Cross-tabulation of variables 153
  4.10.4 Logistic regression modelling 154
4.11 Conclusion 155
CHAPTER 5: RESULTS

5.1 Introduction 156
5.2 Results from the qualitative Delphi technique 157
5.3 Results from the quantitative survey 160
  5.3.1 Questionnaire structure 160
  5.3.2 Descriptive statistics 161
5.4 Cross-tabulation 183
5.5 Hypotheses testing 188
5.6 Logistic regression modelling 194
  5.6.1 Corporate logistic regression model 196
  5.6.2 Personal logistic regression model 199
5.7 Conclusion 202

CHAPTER 6: CONCLUSIONS AND RECOMMENDATIONS

6.1 Introduction 204
6.2 Limitations 205
6.3 Conclusions drawn from the results 207
  6.3.1 Corporate-related factors 208
  6.3.2 Personal-related factors 212
  6.3.3 Travel policy compliance 216
6.4 Recommendations 217
  6.4.1 Corporate-related factors 218
  6.4.2 Personal-related factors 222
  6.4.3 Success factors for an effective corporate travel policy 223
6.5 Directions for future research 227
6.6 Contribution of the thesis 228
6.7 Conclusion 229

List of references 231
| Figure 1.1: | Non-compliance research process | 10 |
| Figure 1.2: | The empirical research design | 10 |
| Figure 2.1: | The corporate travel management model | 23 |
| Figure 2.2: | Actions taken to control compliance | 74 |
| Figure 2.3: | Main driver to implement a self-booking tool | 79 |
| Figure 2.4: | Biggest challenge in implementation and adoption | 80 |
| Figure 2.5: | Biggest hurdle to implement and adopt a SBT | 80 |
| Figure 3.1: | Frequency with which non-compliance problems are experienced | 95 |
| Figure 3.2: | Ramifications for non-compliance | 96 |
| Figure 3.3: | Reasons for non-compliance with the policy (2003 and 2006) | 98 |
| Figure 3.4: | Model of corporate travel policy compliance | 128 |
| Figure 5.1: | Private or Public sector | 162 |
| Figure 5.2: | Place of residence | 162 |
| Figure 5.3: | Position in the organisation | 163 |
| Figure 5.4: | Marital status | 163 |
| Figure 5.5: | Gender | 164 |
| Figure 5.6: | Person responsible for making travel reservations | 165 |
| Figure 5.7: | Is the travel management function in your organisation part of: | 165 |
| Figure 5.8: | Does your organisation have a(n): | 166 |
| Figure 5.9: | Are your business travel arrangements made MAINLY through: | 166 |
| Figure 5.10: | Type of travel policy | 167 |
| Figure 5.11: | Overall, how would you rate your organisation’s travel policy? | 167 |
| Figure 5.12: | MAIN form of communication of the travel policy | 168 |
| Figure 5.13: | Level of understanding of the travel policy | 168 |
| Figure 5.14: | Distribution of the loyalty card points | 169 |
| Figure 5.15: | Reasons for non-compliance with travel policy | 169 |
| Figure 5.16: | Experiencing problems in compliance | 171 |
| Figure 5.17: | Difficulty to comply in the following areas | 172 |
| Figure 5.18: | Travellers in my organisation are generally policy compliant | 173 |
| Figure 5.19: | Description of my organisation | 173 |
| Figure 5.20: | Business Ethics | 174 |
Figure 5.21: Organisational injustice 175
Figure 5.22: Control measures 176
Figure 5.23: Individual morality 177
Figure 5.24: Self-interest 177
Figure 5.25: Level of satisfaction with the service providers 178
Figure 5.26: Importance of factors when travelling by air 179
Figure 5.27: Importance of factors - accommodation establishments 180
Figure 5.28: Level of job satisfaction 181
Figure 5.29: Life satisfaction 182
Figure 5.30: Employee deviance 183
Figure 5.31: Model of corporate travel policy compliance 193
Figure 5.32: Corporate Model for travel policy compliance 199
Figure 5.33: Personal Model for travel policy compliance 201
Figure 5.34: Model for travel policy compliance based on the results of multinomial logistic regression 202
Figure 6.1: Model of corporate travel policy compliance 208
Figure 6.2: Adjusted model of corporate travel policy compliance 217
Table 2.1: The needs and demands of corporate travellers 46
Table 2.2: Types of travel policies 71
Table 2.3: Characteristics of a Relaxed vs. Restrictive Corporate Culture as reflected in the travel policy 72
Table 3.1: The Modes of Managing Morality model 108
Table 3.2: Model constructs for compliance model 127
Table 4.1: The research design 138
Table 4.2: Operational definitions 147
Table 4.3: Questions used to test hypotheses 151
Table 5.1: Round two of the Delphi process 159
Table 5.2: Constructs to be measured 161
Table 5.3: Reasons for non-compliance with travel policy 170
Table 5.4: Organisational injustice 175
Table 5.5: Important factors when travelling by air 179
Table 5.6: Important factors with regard to accommodation establishments 180
Table 5.7: Job satisfaction 181
Table 5.8: Life satisfaction 182
Table 5.9: The relationship between the rate of compliance and factors that could lead to non-compliance (row percentages are given) 184
Table 5.10: Cronbach’s Coefficient Alpha scores 190
Table 5.11: Questions used to test hypotheses 190
Table 5.12: Hypotheses tests 191
Table 5.13: Questions used as input into the forward stepwise model 194
Table 5.14: Model Fit Summary (Corporate) 196
Table 5.15: Pseudo R-Square Summary (Corporate) 196
Table 5.16: Likelihood Ratio Tests (Corporate) 197
Table 5.17: Parameter Estimates (Corporate) 197
Table 5.18: Classification Table (Corporate) 199
Table 5.19: Model fit summary (Personal) 200
Table 5.20: Pseudo R-square summary (Personal) 200
Table 5.21: Likelihood Ratio Tests (Personal) 200
Table 5.22: Parameter Estimates (Personal) 201
Table 5.23: Classification Table (Personal)
<table>
<thead>
<tr>
<th>Appendix</th>
<th>Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Appendix A</td>
<td>Article published in the Journal of Business Ethics and Conference Abstracts</td>
<td>257</td>
</tr>
<tr>
<td>Appendix B</td>
<td>List of participants in qualitative and quantitative research</td>
<td>277</td>
</tr>
<tr>
<td>Appendix C</td>
<td>Delphi process</td>
<td>280</td>
</tr>
<tr>
<td>Appendix D</td>
<td>Copy of in-depth interview</td>
<td>283</td>
</tr>
<tr>
<td>Appendix E</td>
<td>Correspondence with participating organisations</td>
<td>288</td>
</tr>
<tr>
<td>Appendix F</td>
<td>Corporate Traveller questionnaire</td>
<td>293</td>
</tr>
</tbody>
</table>
**Business travel:** Business travel involves professionals travelling to a destination for business purposes. It covers those who travel in order to attend to business matters in countries or areas other than the physical location of their organisation.

**Corporate travel:** Undertaken by employees of organisations with a substantial travel budget requiring management and control.

**Corporate travel management:** The corporate function of managing the business travel activities of an organisation's employees.

**Corporate traveller:** Corporate travellers travel on behalf of their company, which is generally a large corporation with a large travel account and often has a separate travel department and an established travel policy.

**Corporate travel policy:** A roadmap to a company's travel management programme. It is the audible, visible and – most important – measurable embodiment of all the controls, contracts, practices and senior management expectations that comprise the corporate travel management agenda.

**Corporate related factors:** Organisational factors or rules and regulations imparted by a company as set out in the travel policy, over which the employee has little control.

**Personal related factors:** Relate to the needs and values held by corporate travellers and include matters such as the honesty of a traveller, the extent of morality that a traveller possesses and actions related to self-interest and the level of satisfaction that the traveller enjoys.

**Business ethics:** Identifying and implementing standards of conduct that will ensure that, at a minimum level, business does not detrimentally impact on the interests of its stakeholders.
Organisational injustice: Perceived unfairness in the workplace.

Self interest: Unethical behaviour occurs when such behaviour benefits the actor.

Morality: Refers to principles of right and wrong in behaviour, by conforming to a standard of right behaviour.

Employee satisfaction: An employee who is gratified to the full.

Employee deviance: Voluntary behaviour that violates significant organisational norms and in so doing threatens the well-being of an organisation, its members or both.

Control measures: To check, test, or verify the documents of employees who travel on behalf of their organisation.