

Noncompliant Purchasing Behaviour in the Bavarian Manufacturing Sector

- exploring issues of organisational maturity, alignment
and information asymmetry -

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A thesis submitted to the University of Gloucestershire (UK) in
accordance with the requirements of the degree of
Doctor of Philosophy in the School of Business and Technology

May 2019

Word count: 85,981

University of Gloucestershire

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Abstract

This thesis explores the phenomenon of noncompliant work behaviour in business-to-business purchasing in German manufacturing businesses and specifically examines business-to-business maverick buying. The intent of the work is to explain the phenomenon of noncompliance in purchasing and provide companies as well as academics a new perspective from which to understand and pro-actively address this issue.

To accomplish these goals, a systematic literature review was conducted to examine noncompliant work behaviour in general as well as noncompliant purchasing behaviour in particular, including maverick buying. Several propositions and research questions were formulated and a theoretic framework for the understanding of the phenomenon was constructed based on the review.

The current literature appears to identify three categories according to which one can conceptualise noncompliance in purchasing: 1) from a behavioural science perspective, it can be viewed as 'deviant behaviour contrary to universal norms' or 'noncompliant', antisocial and counterproductive behaviour; 2) in this specific case, the behaviour can also be caused by an inadequate purchasing maturity level and 3) the behaviour can be related to incentive issues. Based on the three identified categories, three constructs were identified to enhance a greater understanding of the phenomenon of maverick buying behaviour, namely process maturity, alignment issues, and information asymmetry. Based on further literature analysis, several items were identified to further explain the previously mentioned constructs.

Using a phenomenological research methodology, the constructs and items were then further explored by conducting in-depth personal interviews with people who have personally engaged in noncompliant purchasing behaviour. The empirical research highlighted several significant and previously unrevealed findings. Firstly,

the results show that the three identified constructs all contribute to the phenomenon of noncompliant maverick buying. Although they have been predominantly seen as separate and independent approaches to understand the research object, the presented empirical analysis seems to indicate that the constructs are in fact interacting and interdependent. Secondly, the research found that noncompliance in purchasing occurs both before (ex-ante) and after (ex-post) the signing of a purchasing framework agreement. Previous works have thus far not explored the former forms.

Finally, the research demonstrates that a qualitative, phenomenological research approach can yield valuable new insights into the topic of noncompliance, thus generating meaningful and novel avenues to understanding an existing business phenomenon. Practitioners as well as academics can use this work to further their understanding of noncompliant behaviours and use it as a basis for using a qualitative research methodology to explore the findings in more depth.

Declaration

I declare that the work of this thesis was carried out in accordance with the regulations of the University of Gloucestershire and is original except where indicated by specific reference in the text. No part of this thesis has been submitted as part of any academic award. The thesis has not been presented to any other academic education institution in the United Kingdom or overseas. Any views expressed in the thesis are those of the author and in no way represent those of the University.



Signed _____ Date: _____ May 8, 2019 _____

Acknowledgement

Writing a dissertation is never the work of only one person. Without the support and encouragement of many people, such a work would properly never come to a successful conclusion. There are several people whom I would like to extend my heartfelt gratitude and thanks to.

First, I would like to thank my supervisors, Prof. Neil Towers from the University of Gloucestershire and Prof. Andreas von Schubert from the University of Applied Sciences in Wismar. Their help and support, and the at times heated discussions about the research approach and methodology helped me immensely in determining the best way forward in writing about this broad and challenging topic.

I would also like to thank my fellow doctoral students for the support, encouragement, and feedback that they have provided.

This dissertation would never have been brought to a successful conclusion if not for the participants of my empirical study. Thank you for your flexibility and honesty in participating in this research effort. It was your contributions that allowed me to identify several truly new and fascinating aspects of the phenomenon of noncompliance in purchasing.

Last, but not least I would like to thank my family. My wife Wei, my kids Maxi and Alex, but also my parents and sister. I know that I have been stressed and depressed a lot in the past years. Sorry Maxi and Alex for not having been there for you as much as I would have liked, throughout this research effort. I would not have been able to finish this work if I would not have known that I have your unconditional love and support.

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1. Introduction

This thesis explores the phenomenon of noncompliant work behaviour in business-to-business purchasing. The dissertation begins with an explanation of the author's personal motivation for undertaking this research and then continues with an overview of the changed importance of purchasing as a corporate function. In this context, the phenomenon of noncompliant work behaviour is next explored and linked to noncompliant work behaviour in business-to-business purchasing. Different organisational theories such as new institutional economics and agency theory are integrated to inform the construction of a theoretical framework through which compliance can be understood as a phenomenon in business-to-business purchasing. The links between compliant vs. noncompliant work behaviour and process maturity, incentive alignment, and information asymmetries will be examined to understand and explain non-compliant work behaviour in business-to-business purchasing and suggest possible approaches on addressing this phenomenon.

The empirical part of the thesis will use qualitative research in the form of phenomenology to gain a better understanding of the motivation for this type of work behaviour. The chosen research approach and philosophy will be described, and its suitability will be explained extensively.

The thesis will conclude with an overview of the study's contributions to theory, practice and methodology.

1.1 Personal Motivation for this Research Project

The personal motivation to conduct this research as part of my doctoral dissertation is encompassed in three core areas. Firstly, I was initially exposed to the possibility of lecturing at a university when I was working as a full-time consultant, and the combination of academia and practice, as well as the possibility of passing on some of my experiences to students fascinated and intrigued me. I have now been lecturing at various institutions in Europe and the US for over 14 years.

Obtaining a PhD is the only obstacle that hinders me from turning this part-time job into a full-time profession with regular employment status.

Even more importantly, there is a very private personal motivation for my pursuit of a doctoral degree and my goal to work as a full-time instructor in an educational setting. However, these underlying motivations are so sensitive and personal that I would prefer to not discuss them in this or any other public medium.

Finally, the topic of noncompliant work behaviour is something that has impacted my professional life since I first began working as a senior commodity manager at Honeywell Int. in Phoenix, Arizona 22 years ago. I never understood how, despite the widespread awareness of the existence of noncompliant work behaviour in purchasing—or maverick buying, as it is commonly called, and its seemingly apparent damage to the company, no real initiatives were undertaken to limit the occurrence of this phenomenon. The situation was very similar during my later employment at Siemens and when I worked as a consultant; people considered non-compliant work behaviour in business-to-business purchasing something bad; however, from what I saw, no serious initiatives were ever undertaken to identify the underlying reasons for this type of behaviour or determine its precise impact on the company. I hope that my research will be able to enhance our understanding of the phenomenon by shedding light on some of its causes and impacts.

1.2 Noncompliant Work Behaviour in Purchasing

Many companies view the concentration on core competencies as an answer to ever-increasing global competition (Hong, P. & Park, Y.W., 2011; Kasemsap, K., 2015; Prahalad & Hamel, 1990; Rezaei-Zadeh, M., Hogan, M., O'Reilly, J., Cunningham, J., & Murphy, E., 2017). which results in a continuously increasing percentage of the value creation process being transferred to suppliers (Stevenson, 2017). It is not uncommon to see a supplier contribution of 60% or more in terms of total product value (Gabath, 2008; Pechek, 2003; Scotti, 2007; Stevenson, 2017). Corporations are increasingly trying to realise cost savings potential by outsourcing non-essential activities (Smart & Dudas, 2007), and different departments with supplier contacts are jointly responsible for the selection,

evaluation, and management of suppliers (Kannan & Tan, 2002). As the percentage of externally sourced product value increases and company internal value creation consequently decreases, we see concurrent growth in the importance of departments with direct supplier contact (Kannan & Tan, 2002). Functions with external supplier contact have assumed increasing importance as an element in corporate success (Smart & Dudas, 2007).

Considering the importance of supplier contacts, it is surprising that the purchasing function seems to be especially prone to noncompliant behaviour. In violation of established processes and regulations, a high percentage of purchasing activities is conducted without the involvement of the purchasing institution (i.e., the purchasing department) and without making use of the purchasing institution's strategic knowledge (Aichbauer & Seidel, 2006; Moosmann & Fröhlich, 2014; Scott, Burke, & Szmerekovsky, 2018).

Purchasing without the explicit involvement of an institutional purchasing function is often referred to as 'maverick buying' (Eßig, 2004; Scott et al., 2018; Werner, 2013; Zurlino & Jäger, 2005). Table 1 lists some of the leading empirical and theoretical research on the impact of this form of noncompliant work behaviour on purchasing prices.

Table 1. Impacts of noncompliant work behaviour in business-to-business purchasing

Author/Year	Impact of noncompliant behaviour on costs	Empirical research (yes/no)	# of sampled companies (in case of empirical research)
Moosmann and Fröhlich (2014)	15%	No	-
Wannenwetsch (2012)	15%	No	-
Institut für Transportwirtschaft und Logistik and Spring Procurement GmbH (2010)	15%	Yes	91
Werner (2013)	15 %	No	-
Aichbauer and Seidel (2006)	15–20 %	No	-
Wannenwetsch (2005)	15 %	No	-
Zurlino and Jäger (2005)	10–20 %	Yes	131
Leenders and Johnson (2002)	up to 20 %	Yes	-
Gebauer and Segev (2001)	12 %	Yes	1
Dolmetsch (2000)	ca. 16 %	No	-

Although only 30% of the sampled articles substantiated their views with empirical research, analysts widely agree about the negative consequences of non-compliant purchasing behaviour or maverick buying. Noncompliant work behaviour in business-to-business purchasing leads to a sub-optimal utilization of possible positive effects through the pooling of demand (Pudrum, 2006; Saggau, 2007; Werner, 2001). It therefore equates to a disadvantage for corporations because optimal prices can only be negotiated if the purchasing institution is able to negotiate prices for the entire purchasing volume (Haluch, Bauer, & Dureno, 1993). The smaller the negotiated quantities, the harder it becomes to achieve optimal prices (Haluch et al., 1993; Moosmann & Fröhlich, 2014; Saggau, 2007). Companies in which other functional departments (e.g., manufacturing, research and development, engineering and finance) accept part of the responsibilities that are generally within the purview of the purchasing department, such as supplier management, are often faced with inefficiencies and suboptimal use of resources (Webster, 2002). Ultimately, noncompliant work behaviour in purchasing not only leads to higher purchasing prices, but to higher transaction costs and an overall lower quality of the purchased goods and services and may increase the possibility that purchasing strategies or objectives are not realised (Karjalainen, Kemppainen, & Raaij, 2009; Lonsdale & Watson, 2005; Wannenwetsch, 2013). Finally, new and emergent purchasing and supply management strategies, such as improving the sustainability of purchasing activities (Cole & Aitken, 2013) may also be much harder to realise.

On the other hand, a sizeable minority of researchers have taken the opposite view toward noncompliant purchasing behaviour, suggesting that the institutional purchasing function is not always the best choice for the purchase of all goods and services (Deloitte et al., 2005; Fearon & Bales, 1995; Johnson & Leenders, 2006; Johnson, Shafiq, Awaysheh, & Leenders 2014; Ramsey, 2001). According to this perspective, there is no need to prevent noncompliant purchasing activities because they do not cause any significant negative effects (Deloitte et al., 2005; Fearon & Bales, 1995; Ramsey, 2001). Some analysts have argued that individuals or functional departments are able to conduct purchasing activities as efficiently and

effectively—and possibly even better than a purchasing department (Deloitte et al., 2005; Fearon & Bales, 1995; Ramsey, 2001).

Two studies that evaluated changes in supply chain- and purchasing responsibilities seem to substantiate this opinion (Johnson & Leenders, 2006, Johnson et al., 2014). During the evaluation period from 1987 until 2011, the percentage of purchasing departments that lost purchasing responsibility for selected material or commodity groups (e.g., marketing services, software, consulting services, or office materials) was larger than the those that gained responsibility for these commodity groups (Johnson et al., 2014). This finding indicates that an increasing number of companies do not perceive the purchase of some goods or services without the involvement of the purchasing department as problematic, but rather the opposite, they may see it as advantageous.

It seems that there is no agreement in the literature on whether noncompliant work behaviour in purchasing can be defined as a managerial problem or whether it is merely a corporate phenomenon without any negative effects. From a managerial perspective, this lack of consensus obviously raises some questions, which forms the basis of what this dissertation intends to explore.

1.3 Research Gap and Research Aim

Based on the short literature review presented in the next chapter, it seems safe to hypothesise that non-compliant work behaviour in business-to-business purchasing is a research area that warrants further exploration. It seems that many areas which could be of interest to academics and practitioners alike have not been exhaustively researched. For example, it appears to be unclear whether or not non-compliant work behaviour in business-to-business purchasing is actually detrimental to companies. Although some of the underlying reasons for non-compliant purchasing behaviour have been researched, it seems to be uncertain if the identified factors explain all occurrences of noncompliance or if there are yet to be discovered forms- or reasons for noncompliance in business-to-business purchasing. Moreover, only a very few articles have examined noncompliance in purchasing in

the context of German businesses, and none seem to explore the phenomenon with a focus on Bavarian manufacturing businesses.

The German state of Bavaria is of particular interest to the researcher for a number of reasons. For one, Bavaria has the second largest GDP of any German region, which is only surpassed by North Rhine-Westphalia (Deutschland, cited in Zahlen, 2019). In addition, Bavaria has a very strong manufacturing sector that serves as a headquarters for many large international companies, including BMW AG, Siemens AG, Schaeffler AG or Audi AG. Finally, the author of this dissertation teaches at Munich Business School and used the students of Munich Business School's executive MBA program as his source of interviewees.

The overarching aim of this dissertation is therefore to:

'Explore the phenomenon of non-compliant work behaviour in business-to-business purchasing in the Bavarian manufacturing sector.'

This thesis aims to increase the understanding of noncompliant work behaviour and its relationship with organisational design and maturity, alignment issues and information asymmetry. This appears to be an important issue from a managerial perspective because noncompliant behaviour can threaten value creation by deviating from the alignment of organisational units. This research aims to investigate the complexity of intra-organisational interactions and subsequently identify first ideas and approaches on how organisations can address the phenomenon of noncompliance in purchasing.

The dissertation also aims to contribute to the current literature on achieving organisational flexibility amidst an increasingly volatile and competitive global business environment coupled with changing corporate value creation approaches, which include the tendency to outsource most value creation processes to suppliers. The dissertation also aims to show that unless adequate alignment of goals is ensured, efforts to enhance value creation are threatened by the tendency of employees and departments to follow fundamental principles of economic behaviour and act in their own best interest, which is not necessarily in the best interest of the corporation.

1.4 Research Objectives and Research Questions

In order to achieve the overall research aim, a number of research objectives are formulated, which in turn yield four closely related research questions. The dissertation has three core research objectives.

(RO 1) To identify the core drivers and interrelationships of noncompliant behaviour in business-to-business purchasing. The theoretical framework for this effort includes new institutional economics as well as current literature on behavioural economics.

(RO 2) To diagnose and classify both functional- and resource-based alignment issues related to business-to-business purchasing activities and investigate the influence of organisational maturity on noncompliant purchasing behaviour.

(RO 3) To create a strategic framework that identifies the drivers behind noncompliant work behaviour in purchasing and provide suggestions on how corporations can address this phenomenon. The dissertation intends to empirically validate the findings using expert interviews.

The three above-stated research objectives can in turn be realised by formulating and answering four overarching research questions:

1. What are the underlying drivers of noncompliant purchasing behaviour?
2. Can the construct of purchasing maturity serve as a further explanation for the phenomenon of noncompliance?
3. Can the construct of alignment serve as a further explanation for the phenomenon of noncompliance?
4. What can companies do to proactively deal with the phenomenon of non-compliance in purchasing?

1.5 Importance and Originality of Research

As stated in chapter 1.2, corporate value creation is changing as companies concentrate more on core competencies to survive and grow amidst ever-increasing global competition (Prahalad & Hamel, 1990). This has implications for the

internal cooperation and collaboration of different corporate functions and departments. Among the hypotheses of this research is that newer developments indicate a need to rethink traditional goal setting and cooperation structures that were created at a time when most of corporate value was still created by the corporation itself rather than generated by external partners. It is hypothesised that organisations that cannot make the appropriate adjustments to their goal setting and cooperation structures will face growing difficulties in the alignment of resources and functions due to noncompliant work behaviour, which will ultimately threaten outcomes.

The way in which a firm is structured impacts how its work is accomplished and how employees work together to share information and produce outcomes. The goal of organisational design is thus the creation of a strategy-aligned operating model that enables businesses to run efficiently (Thomas, Smith, & Diez, 2013). A classical organisation design takes the form of a centralised multifunctional organisational structure called a 'unitary form' (U-form), which groups employees into departments that perform specific functions (such as production, marketing, human resource management, finance, etc.) based on similar skills, expertise, work activities, and resource use (Webster, 2014). However, U-form gives rise to several disadvantages, the most significant of which reflect barriers across departments. As employees are divided into departments, interaction can become poor across functions, resulting in slow reaction to changing market conditions and limited innovation (Daft, 2015). Additionally, the information load on top managers increases such that that decision making becomes inefficient (Colombo, Delmastro, & Rabbiosi, 2013). Moreover, principal-agent problems can arise as organisational goals become subordinate to the interests of functional specialists, which can eventually lead to interdepartmental alignment issues and ultimately result in a proliferation of noncompliant work behaviour (Ang & Cheng, 2016; Harrell & Harrison, 1994).

The management implications of noncompliant work behaviour derive from its negative impacts on companies (Fearon & Bales, 1995; Moosmann & Fröhlich, 2014; Webster, 2002), which include the inefficient use of organisational capabilities and resources, lost economies of scale, inflated purchasing prices, lowered

quality, and non-realization of corporate goals for sales and growth (Duffy, 2003; Johnson et al., 2014; Leenders & Johnson, 2002; Moosmann & Fröhlich, 2014; Wannenwetsch, 2010). Thus, it appears that noncompliant work behaviour is not merely a phenomenon for dispassionate observation, but rather a significant organisational and managerial problem that must be addressed to ensure corporate growth (Duffy, 2003; Johnson et al., 2013; Leenders & Johnson, 2002; Moosmann & Fröhlich, 2014; Wannenwetsch, 2010). Several different approaches have been suggested to improve coordination and cooperation between departments (e.g., Andriy, 2013; Blindenbach-Driessen, 2009; Colombo et al. 2013; Daft 2013; Luo, Slotegraaf, & Pan, 2006; Thomas et al. 2013; Webster 2014); however, value losses due to noncompliant work behaviour remain a challenge for many corporations (Kauppi & Raaij, 2014; Moosmann & Fröhlich, 2014; Rothkopf & Pibernick, 2016).

This research contributes to the body of knowledge regarding the relationship between goal misalignment and inadequate corporate design as drivers of non-compliant work behaviour with a focus on business-to-business purchasing. It is hoped that the study's findings might help in alleviating some of the organisational challenges associated with noncompliant purchasing behaviour.

1.6 Goals and Structure of the Dissertation

This research aims to contribute to the understanding and management of noncompliant work behaviour in purchasing by situating the phenomenon within the larger context of noncompliant work behaviour and demonstrating that non-compliant work behaviour is often reflective of some disjuncture in resource and/or functional alignment. As such, the study can be assigned to the general areas of business and business administration, and it is subject to two major expectations:

- (1) On the one hand, the research should generate some form of new theoretical knowledge that aids in the explanation of an identified research gap (Kromrey, 2002; Ulrich & Hill, 1976).
- (2) On the other hand, as a study conducted from the perspective an application-oriented science, the thesis should provide

practice-oriented recommendations on how to address an issue in real life corporate settings (Kromrey, 2002; Ulrich & Hill, 1976).

Accordingly, exploring the phenomenon of noncompliant work behaviour in business-to-business purchasing requires the construction of a theoretic framework to elucidate a systematic and goal-oriented explanation. To accomplish this goal, it is first necessary to document and analyse the current state of knowledge. Therefore, current approaches toward explaining noncompliant work behaviour and its associated challenges and mitigatory responses were collected and systematised with the goal of identifying hypotheses on innovative approaches that could be tested empirically. These explanatory models and hypotheses were then further explored from an empirical interview-based approach. The resulting dissertation is divided into nine chapters.

Chapter 1: the current chapter introduces the topic of noncompliant work behaviour in business-to-business purchasing (later simply referred to as 'noncompliant purchasing') and its primary questions and objectives. Chapter one also discusses the study's methodology and explains the reasoning for using phenomenology as the methodological approach for trying to better understand the phenomenon of noncompliant purchasing behaviour.

Chapter 2 lays the theoretic framework for exploring noncompliant work behaviour in business-to-business purchasing in general and maverick buying in particular. The chapter begins with a brief overview at the significance of purchasing and the importance of having an institutionalised purchasing department in a company. The focus then shifts to a discussion of noncompliant work behaviour and the reasons for its existence. This chapter also explores core ideas relevant to building a theoretical framework on noncompliant work behaviour with a focus on some of the fundamental challenges associated with this phenomenon. The chapter takes a closer look at the different forms of maverick buying, which has been previously shown to be a form of noncompliant purchasing behaviour (Karjalainen et al. (2009). Based on the discussion, the conclusion is drawn that the causes of noncompliant purchasing behaviour can be identified in three main areas, namely

information asymmetries, organisational- and maturity driven aspects of the purchasing function, and issues of alignment of the purchasing department with the other departments in a company. Finally, several ideas and hypotheses are generated for further empirical exploration and exploration in later chapters.

Chapter 3 identifies theoretic frames of reference for the construct of non-compliant work behaviour, beginning with a detailed analysis of existing models, but ultimately involving a combination of constructing new approaches and supplementing existing models with innovative explanations. Noncompliant work behaviour in business-to-business purchasing can be divided into several different forms, which in turn might indicate a need for varying approaches to understanding and managing this behaviour. The goal of this chapter is to find a holistic explanation for the phenomenon that accounts for all its peculiarities and reflects functionally differentiated organisations as much as resource- and customer- driven organisations. The hope is that these explanations will result in innovative recommendations on ways to approach the conceptualization of noncompliant work behaviour as well as address it practically.

Chapter 4 sets the groundwork for the empirical validation of the identified constructs and their interrelationship. The chapter first discusses how rigor was ensured in the scope of this research effort and then explains the selection of interview partners. This chapter briefly considers the ethical issues that might arise when discussing such a critical issue as noncompliant work behaviour by people and the associated implications that the results of the study might have on the author of such a work. The chapter concludes by operationalising the constructs of information asymmetry, alignment, and organisational maturity with the identification of items which characterise and explain the constructs. The chapter also introduces the finished questionnaire with all the relevant literature references to the reader.

Chapter 5 presents the findings of the conducted interviews. The focus of this chapter is not an analysis of the results, but rather merely a summary of the key findings of the interviews in a structured and easy to follow manner.

Chapter 6 presents an analysis of the interview findings. This chapter bridges the gap between the literature review and the empirical findings of the dissertation. The interview responses are analysed with the intention of revealing as yet undiscovered aspects of noncompliant purchasing behaviour. The chapter follows the organisational structure of chapter 5 such that the constructs are discussed one by one according to the sequence of the questionnaire items.

Chapter 7 concludes the dissertation by first revisiting the research questions that were introduced in chapter one and revisited after the literature review in chapter 2. Answers to the research questions are presented and conclusions are drawn concerning the phenomenon of noncompliant purchasing behaviour. The chapter then focuses on elucidating the study's contributions to practice, theory, and methodology. The limitations to the research are also discussed as well as an outlook on future research that might be initiated based on the presented results.

1.7 Research Methodology and Methods

Understanding varying approaches to conducting scientific research and deciding on the most appropriate framework is a very important step in the research process. This aspect of the research process was especially challenging for the researcher because German business schools appear to place a much lower emphasis on the conceptual aspects of the research process, methods, and methodology than do institutions in the United Kingdom. The modules on research methodology taught at the University of Gloucestershire as part of the researcher's PhD programme represent his first encounter with such terms as ontology or epistemology.

The researcher started with an idea of the research topic that he wanted to investigate; however, he was initially quite unsure as to the research paradigm as well as ontological and epistemological approach he should be using. In the process of conducting the literature review about noncompliant work behaviour in business-to-business purchasing (also called maverick buying), it became obvious that the research topic had not received a great deal of attention in Germany and that even in other nations such as Great Britain or the United States of America, writings on the topic of maverick buying and noncompliant purchasing behaviour were

rather scarce. To gain a better understanding of the research topic, it was therefore decided that a large-scale quantitative research methodology would be less appropriate than a qualitative approach. In agreement with the doctoral supervisors, the decision was therefore made to conduct in-depth interviews with a number of individuals who have first-hand experience of the phenomenon of maverick buying.

At the same time the researcher tried to better understand what research approach, or more precisely, which research paradigm most closely represented the his own beliefs. In order to accomplish this, a number of sources about research approaches such as “Management Research” by Easterby-Smith, Thrope and Jackson (2011) or “Social Research” by Sarantakos (2012) were reviewed. Based on the conducted reviews, it was determined that an interpretivist/constructivist research paradigm most closely mirrors the researchers own beliefs about the world and phenomena in social science business research in particular. An interpretivist research paradigm assumes that there is not really one single reality or truth as assumed in positivism, but rather that individual actors in a social environment create the truth they live by (Crotty, 1998). Given this research paradigm, literature suggests that phenomenology is a fitting tool to investigate and interpret the reality of the phenomenon and situation in question (Easterby-Smith et al., 2011).

The researcher therefore determined that a constructivist/interpretive research paradigm with a phenomenological theoretical perspective, supported by in-depth interviews would be the best approach to gain new knowledge about the research subject. This approach appears to be a good fit for the study because it allows for qualitative interviews and narratives to serve as methods of information acquisition. Methodological considerations at this point in the thesis will stop for the time being, because they are discussed in much detail in chapter 4.

2. Literature Review: Taxonomy of Noncompliant Work Behaviour in Business-to-business Purchasing

This chapter reviews the existing literature on noncompliant work behaviour in business-to-business purchasing to gain a better understanding of the phenomenon and how analysts have approached it. A literature review enables the researcher to build a solid knowledge base of the phenomenon in question, which informs the formulation of research questions and hypotheses or propositions based on current states of knowledge. A systematic literature review needs to be objective and transparent (Baumeister, 2013). Such an evaluation is a scientific piece of work that can add scientific knowledge to an existing research field even without being supplemented by empirical research (Fink, 2010).

Before examining the issue of noncompliant work behaviour in business-to-business purchasing, the author would first like to make a brief digression to consider value creation in a corporate context with a particular emphasis on the purchasing function. This is important to do because a discussion of noncompliant conduct in purchasing only makes sense if purchasing—and indeed the purchasing function and the purchasing institution—represents value for corporations. After all, why should one worry about noncompliant purchasing behaviour if neither the purchasing function nor the purchasing department would be of value for a corporation?

2.1 Significance of Purchasing for Corporate Success

As early as the 1970s, analysts were calling for an all-encompassing purchasing institution that should be responsible for purchasing all corporate goods and services (Grochla, 1973, 1977), including supplier selection and price negotiation. This view has been shared by many later authors, including Fieten (1994), Gabath (2008) or Smart and Dudas (2007).

Strategic purchasing has considerable potential to aid in cost reduction and profit maximisation and otherwise enhance the competitive edge of a corporation (Arnold, 1993; Baily, Farmer, Crocker, Jessop, & Jones, 2015). Strategic purchasing

is primarily accomplished through the selection of fitting suppliers and the negotiation of framework agreements that aid in the pooling of demand and the execution of strategic purchasing plans (Braun & Dietrich, 2007; Monczka & Markham, 2007).

Monczka and Markham (2007) listed seven main areas that they consider particularly vital for the success of a strategic purchasing department and enhancing corporate value creation:

- (1) the development of future oriented commodity strategies;
- (2) the integration, development, and management of suppliers;
- (3) the design and management of supplier networks;
- (4) leveraging the use of modern technologies for purchasing;
- (5) the development and administration of company internal- and external collaboration networks;
- (6) the identification and retention of excellent purchasing personnel; and
- (7) the establishment and management of a sustainable purchasing organisation (Monczka & Markham, 2007).

Structural Integration of the Purchasing Function

The economic boom after World War I led to mass production, which in turn resulted in the emergence of modern organisational structures—often in the form of a departmental structure—to increase efficiency (Taylor, 1911/1947; Weber, 1922, 1947).

Departmentalisation is often associated with the development of functional core competencies, which help a company to better utilise its resources and manage its activities more efficiently (Rigby, 2015). The role of core competencies as stepping-stones to future corporate success and key determinants of a company's competitive advantage can be extended to functional departments (Ljungqvist, 2008, 2013; Markides & Williamson, 1994; Prahalad & Hamel, 1990). In the same way that corporate competencies form a set of integrated, harmonised abilities that distinguish a firm in the marketplace (Holahan, Sullivan, & Markham, 2014,

Prahalad & Hamel, 1990), functional core competencies distinguish a department within an organisation and help it to better utilise its resources.

Companies use departmentalisation to simplify administration and management by grouping jobs that involve the same or similar functions as well as capitalise on the development of functional core competencies (Burton & Thakur, 1998; Griffin, 2013; Lussier, 2018). Departmentalisation into independently functional areas facilitates a more rapid and efficient completion of tasks (Orak & Ilgün, 2015). In other words, the way a firm is structured impacts how the work gets done and how employees work together to share information and outcomes (DuBrin, 2011; Griffin, 2013; Halushchak & Halushchak, 2015; Jiang, 2009; Wang & Tunzemann, 2000). The goal of organisational design is thus the creation of a strategy-aligned operating model that enables business to run efficiently (Thomas et al., 2013).

Organising by functions—also called ‘functionalisation’—is a widespread practice that has many advantages (Brusoni, Prencipe, & Pavitt, 2001; Burton and Thakur, 1998; Griffin, 2013; Marsden, Cook, & Kalleberg, 1994; Plunkket, 2012; Wang & Tunzemann, 2000). Functional departmentalisation remains among the most common organisational set-ups in manufacturing industries (Harris, 2008; Plunkket, 2012), which is very important in the context of this study’s exploration of noncompliant work behaviour in business-to-business purchasing in German manufacturing industries. The validation of the findings of the literature review will be attempted by empirically testing those outcomes by interviewing representatives of different German manufacturing companies. Functionalisation stimulates the in-depth skill development (in the sense of departmental core competencies) of employees, as well as specialisation (Harrison & Lock, 2004).

The main benefits of a functionally departmentalised set-up as evaluated by the relevant literature include:

- (1) Specialisation (Brusoni et al., 2001; DuBrin, 2011; Plunkket, 2012).
- (2) Increased efficiency (Brusoni et al., 2001; Burton & Thakur, 1998; Griffin, 2013; Marsden et al., 1994; Plunkket, 2012; Wang & Tunzemann, 2000)
- (3) Improved coordination (Plunkket, 2012)
- (4) Administrative control (Marsden, Cook, & Kalleberg, 1994)

- (5) Fostering responsibility: (Hales & Tamangani, 1996).
- (6) Ensuring organisational growth and expansion (Gitman & McDaniel, 2008; Griffin, 2013; Plunkket, 2012; Wang & Tunzekmann, 2000).
- (7) Management development (Burton & Thakur, 1998)

Such an extensive list of advantages as delineated above seems to support the claim that departmentalisation creates a competitive advantage and several benefits accruing from utilising a purchasing department would be lost if other departments encroached on its activities.

Of course, functional departmentalisation is not the only way to structure and manage organisations, and several other theories also thematise the organisational set-up of organisations, such as contingency theory (Clark, 1999; Hartmann, Trautmann, & Jahns, 2008; Schulman et al., 2008; Schulman, 2011), or modern and post-modern approaches to organisational structuring (Clark, 1999; Harris & Raviv, 2002; Pierce & Delbecq, 1977). However, an extensive discussion of these concepts is outside the scope of this thesis, as the companies directly involved in this study all employ a functional departmentalisation structure.

Ultimately, a corporation's decision to divide into different functional units depends on its size, its specialisation and its core competencies (Anderson & Warcov, 1961; Caplow, 1957). The extent of functional departmentalisation prevalent in many larger companies is often not seen in smaller or privately-owned organisations (Anderson & Warcov, 1961; Caplow, 1957), which are more likely have relatively few functional departments that are focussed on the most basic units (Lussier, 2018).

Although it may seem cumbersome to go to such lengths to demonstrate the importance of purchasing from a functional as well as a departmental perspective, it was deemed necessary to show that the avoidance of the purchasing department in the form of noncompliant work behaviour in business-to-business purchasing by other departments is not a trivial event. In summary, it is now possible to make the following statements as supported by a thorough review of relevant literature:

- The purchasing function is important for corporate success because it is a value adding function.
- A common way to organise the purchasing function is in the form of a purchasing department.
- Other functional departments like research and development or marketing might also be able to conduct purchasing activities; however, because purchasing is not their core competence, their resources are generally better utilised if they focus their activities on their core functional responsibilities and expertise.

2.2 Noncompliant Work Behaviour

Before exploring the phenomenon of noncompliant work behaviour in business-to-business purchasing, it seems appropriate to consider noncompliant work behaviour more generally. A literature review identified several terms that all seem to describe the same or similar behaviours, among which the most frequently used include ‘unconventional practices at work’ (Analoui & Kakabadse, 1992), ‘organisational misbehaviour’ (De Schrijver, Delbeke, Maesschalk, & Pleysier, 2010), ‘unethical business behaviour’ (Vinod, 2008), ‘procedural violations at work’ (Lawton, 1998), and ‘deviant workplace behaviour’ (Appelbaum, Deguire, & Lay, 2005). ‘Non-compliant work behaviour’ (Karjalainen et al., 2009; Vardi, 2001), ‘deviant work behaviour’ (Harris & Ogbonna, 2006; Mount, Ilies, & Johnson, 2006), and ‘dishonest work behaviour’ all describe work phenomena in which employees act against corporate rules and regulations or in violation of documented processes and procedures (Badenhorst, 1994; Harris & Ogbonna, 2006; Karjalainen et al., 2009; Mount et al., 2006; Vardi, 2001).

To understand the main idea of noncompliant work behaviour, it is essential to understand the concept behind organisational compliance, which includes the individual’s willingness to adhere to both written and unwritten company guidelines and more generally to obey laws and regulations (Kißling, 2016). Therefore, noncompliant work behaviour can be explained as the destructive behaviour of an employee towards their organisation (Kißling, 2016). Even though the employee may personally experience short-term benefits from their actions, noncompliant work behaviour negatively impacts the whole company over the long term (Gudjonsson, 1992; Kißling, 2016).

Robinson and Bennett's (1995) definition of noncompliant work behaviour describes 'voluntary behaviour that violates significant organisational norms and in doing so threatens the well-being of an organisation, its members, or both' (Robinson & Bennett, 1995, p. 556). Other definitions of noncompliant work behaviour appear to be closely related. Analoui and Kakabadse (1992) described noncompliant work behaviour as 'unconventional practices at work', De Schrijver et al. (2010) referred to 'organisational misbehaviour', Vinod (2008) examined 'unethical business behaviour', Lawton (1998) discussed 'procedural violations at work', and Appelbaum et al. (2005) considered the issue of 'deviant work place behaviour'. By incorporating elements from all of those studies, the current analysis identified five core characteristics of noncompliant work behaviour:

- (1) activities outside of established and documented processes;
- (2) activities that conflict with the duties officially assigned to employees;
- (3) activities that are not the assigned responsibility of the individuals or departments;
- (4) activities that hurt the wellbeing of individual employees; and
- (5) activities that hurt the company's wellbeing or threaten its survival.

Several methods of categorisation have been applied to forms of noncompliant work behaviour; however, Robinson and Bennett's (1995) classification is still considered valid and its use has continued among many analysts (e.g., Appelbaum et al., 2005; Kidwell & Martin 2005). Robinson and Bennett (1995) proposed that all forms of noncompliant behaviour in the workplace can be categorised via two dimensions, namely organisational versus interpersonal and minor versus serious. This classification resulted in a two-dimensional chart with four quadrants into which different forms of noncompliant work behaviour can be grouped (Figure 1).



Figure 1. Classification of forms of noncompliant work behaviour according to Robinson and Bennett (1995)

Production deviance includes acts that are relatively minor yet harm the organisation by violating the proscribed norms (Hollinger & Clark, 1982), such as wasting resources by intentionally working slowly or leaving early (Robinson & Bennett, 1995). As described by Karjalainen et al. (2009), maverick buying would generally fall in this category. On the other hand, *property deviance* is a more serious form of harmful behaviour. Variations of this type of noncompliant behaviour include the acceptance of kickbacks, stealing from the company, and sabotaging equipment (Robinson & Bennett, 1995).

The other two forms of deviant behaviour are directed towards interpersonal relations. Robinson and Bennett defined *political deviance* as all 'engagement in social interaction that puts other individuals at a personal or political disadvantage' (Robinson & Bennet, 1995, p. 566), such as competing non-beneficially or showing favouritism. Lastly, *personal aggression* is reflected in behaviours that are seriously aggressive or hostile and aimed at other individuals, such as endangering or 'stealing from co-workers, sexual harassment and verbal abuse' (Robinson & Bennett, 1995, p. 566).

Although Robinson and Bennett's (1995) work greatly advanced the understanding of non-compliant work behaviour, it remains unclear to what degree their model can be applied to a consideration of non-compliant behaviour in business-to-business purchasing. The model's dimensions and interpersonal- and

organisational consequences seem too closely related for easy distinction. It seems that any interpersonal consequence will eventually automatically lead to corporate or organisational consequences. Moreover, the model appears to consider non-compliant conduct in business-to-business purchasing as having only minor impact, while theft is perceived as always having a major impact; however, buying off-contract or not using existing framework contracts can lead to purchasing price inflation up to 15 to 20% (Moosmann & Fröhlich, 2014; Leenders & Johnson, 2002), potentially costing the company millions, while stealing a laptop might only cost the company a few hundred pounds.

Many authors have written about, and have tried to understand and/or classify noncompliant work behaviour (Analoui & Kakabadse, 1992; Appelbaum, et al., 2005; De Schrijver, et al., 2010; Harris & Ogbonna, 2006; Karjalainen et al., 2009; Kißling, 2016; Mount, et al., 2006; Rothkopf & Pibernik, 2016), however, it would go beyond the scope of this work to try to give an overview of all the different approaches found in literature. Notwithstanding, because this work aims to understand the reasons for non-compliant work behaviour in business-to-business purchasing, it does seem appropriate to take a closer look at the reasons for noncompliant work behaviour which can be found in literature. Chapter 2.3 will therefore explore the different reasons for noncompliant work behaviour in general, to lay the foundation of a better understanding of noncompliant work behaviour in business-to-business purchasing later in the chapter.

2.3 Reasons for Noncompliant Work Behaviour

The following sub-chapters on noncompliant work behaviour are aimed at developing a theoretical framework through which the underlying constructs leading to noncompliance can be identified, explained and understood by exploring the contexts and the reasons for its occurrence.

2.3.1 Impact of Managers and Leadership Style

One of the reasons for deviant workplace behaviour is the leadership style and associated motivation and incentives given to employees by managers (Litzky,

Eddleston, & Kidder, 2006). Litzky et al. (2006, pp. 93–96) identified six factors serving to either promote or prevent noncompliant work behaviour that can be influenced by managers:

- 1) compensation/reward structure;
- 2) social pressure to conform;
- 3) negative and untrusting attitudes;
- 4) ambiguity about job performance;
- 5) unfair treatment; and
- 6) violation of employee trust.

A number of studies have identified management behaviour as being among the most influential factors influencing the conduct of employees (Gächter & Renner, 2018; Shin, Sung, Choi, & Kim, 2015; Wimbush & Shepard, 1994). Managers serve as role models for subordinates, and their behaviour is often seen as a guide for the actions of individual employees (Koch & Binnewies, 2015; Wimbush & Shepard, 1994).

2.3.2 Demographic Factors

It is interesting to note that demographic aspects like gender, tenure, education, and age are also contributing factors to noncompliant work behaviour (Karjalainen & Raiij, 2009). Women, more educated employees, and older staff are generally less likely to deviate from defined work processes than younger employees and men (Wimbush & Shepard, 1994); although older, more experienced employees sometimes resist change and might also be unaware of new rules, regulations or framework contracts (Karjalainen & Raiij, 2009, 2011; Wimbush & Shepard, 1994). When trying to understand noncompliant work behaviour, it is therefore not only necessary to determine what the motivations or reasons of the employees engaging in noncompliant work behaviour are, but also who the employees themselves are (Wimbush & Shepard, 1994). A researcher therefore also has to consider age, tenure with the company, and gender when trying to understand why employees might engage in noncompliant work behaviour (Wimbush & Shepard, 1994). Reasons for noncompliant work behaviour might be clustered according to age,

gender and tenure with the company (Karjalainen & Raaij, 2011; Wimbush & Shepard, 1994).

2.3.3 Impact of Personality Traits

Trevino (1986) proposed that individual variables like ego (strength of conviction and self-regulating skills), field dependence and external locus of control (a perception that events in life are not under the control of the individual, but rather depend on luck and destiny) are influential factors in decision-making processes. This means that decisions that might lead to noncompliant behaviour are influenced by individual variables (Trevino, 1986). Litzky et al.'s (2006, p. 93) study 'found that certain personality traits' such as 'low emotional stability, low agreeableness, cynicism, and external locus of control' can result in noncompliant behaviour. Badenhorst (1994) suggested that not only personal standards and norms, but also climate and circumstances of a company can contribute significantly to the decision to engage in noncompliant conduct. Liao, Joshi, and Chuang (2004) explored the impact of demographic- and personality-based dissimilarities in relation to noncompliant behaviours and concluded that employees who are personally or demographically dissimilar often feel lower levels of identification with co-workers and/or the organisation. Thus, such individuals are more likely to be noncompliant, as they are less committed to and integrated into their workplace (Liao et al. 2004). The study associated less commitment to an organisation with fewer feelings of obligation to adhere to organisational rules and norms (Liao et al. 2004). Similarly, a recent study by Grijalva and Newman (2015) also highlighted the impact of personality traits on work compliance and counterproductive behaviour. They identified narcissistic behaviour traits as an indicator of a person's likelihood to act noncompliant in a business setting (Grijalva & Newman, 2015).

2.3.4 Organisational Factors

Karjalainen and Raaij (2011) proposed that certain organisational factors can be important in creating deviant behaviour of employees; for example, in a company divided into functional departments, each department can develop subcultures that lead to certain assumptions or conventions shared by all its members,

which in turn creates an environment that encourages noncompliant behaviour by its members. A lack of training may unknowingly support such a development: if rules are unknown, then the organisation is lacking a 'big picture view', and departments can easily establish their own rules and micro-cultures, which can result in misconduct (Karjalainen & Raaij, 2011). Badenhorst (1994) found that the absence of a company code of conduct or company policy can result in deviant workplace behaviour. In addition, neglecting to include employees in organisational change processes can lead them to resist change, and thus is another organisational factor that needs to be considered in understanding corporate-level noncompliant work behaviour (Karjalainen et al., 2008).

2.3.5 Impact of Organisational Culture and Climate

Organisational culture and climate have a significant impact on employees' motivation and general behaviour (Vardi, 2001). Vardi (2001, p. 326) defined organisational culture as a 'system of shared values which produces normative pressures on members', while organisational climate consists of 'shared perceptions of organisational policies, practices, and procedures, both formal and informal' (Vardi, 2001, p. 326). Vardi (2001) found that organisational misconduct is negatively correlated with perceptions of climate, such that an organisation perceived as having a positive climate will experience less misconduct. A positive climate is primarily defined by its emotional comfort/support and an equitable reward system. Multiple climates exist in an organisation, and the ethical climate of a company has an even greater impact on employees' behaviour than does organisational culture (Vardi, 2001).

2.3.6 Impact of Ethical Climate

The ethical climate of a company has been identified as one of the elements that contributes to the extent that rules, regulations and policies are followed by the employees of an organization (Shin et al., 2015; Wimbush & Shepard, 1994). It is therefore a significant element of organisational culture and climate (Peterson, 2002; Vardi, 2001). Peterson (2002, p.50) defined ethical climate as "shared perceptions of what is ethically correct behaviour and how ethical issues should be

handled' in organisations, and related ethical climate to the four forms of deviant workplace behaviour defined by Robinson and Bennett (1995). However, Peterson (2002) excluded personal aggression, thus reducing the four forms to three:

- **production deviance:** ... likely to occur if a company shows low concern for employees and neglects a focus on individual ethics. In such an environment, employees are directed to primarily act based on self-interest.
- **political deviance:** ... can also be ascribed to low concern for employees.
- **property deviance:** ... often the result of a company not stressing adherence to rules and standards (Peterson, 2002).

In addition, Wimbush and Shepard (1994) defined five dimensions of ethical climate:

- **caring:** employees are interested in the well-being of others and concerned about how others are affected by their work behaviour;
- **rules:** this dimension defines the degree to which employees have to adhere to organisational rules and policies;
- **law and code:** the dimension in which the degree of adherence to professional or governmental laws is enforced;
- **independence:** the more independence is emphasised in a company; the more employees are guided by their personal moral beliefs;
- **instrumental:** if this dimension is overemphasised, employees work for their self-interest and exclude others who might be affected.

According to Wimbush and Shepard (1994), compliant work behaviour is most likely to occur in companies that create climates with high levels of caring, adherence to law, codes, rules and high independence, whereas a highly instrumental climate fosters unethical behaviour, which in turn leads noncompliance and to a decrease in profitability (Wimbush & Shepard 1994). Similarly, Ambrose, Seabright and Schminke (2002) highlighted the 'relationship between perceived unfairness and sabotage behaviour', which is one of the most severe forms of noncompliant behaviour. Combined with feelings of 'powerlessness', the perception of organisational injustice is the principal cause of workplace sabotage, accounting for 80% of dysfunctional work behaviour (Ambrose et al. 2002).

2.3.7 Information Asymmetries

Information asymmetries are another issue frequently mentioned in the literature as a promoter of noncompliant work behaviour (Geldermann Ghijzen, & Brugman 2006; Karjalainen and Raaij, 2011). Lacking inclusion in the decision-making processes of other departments and consequent unawareness of their goals can lead to noncompliant work behaviour (Mikkelsen & Johnsen, 2019; Weele, 2010). Increased harmonization and standardization, supported by increased transparency across company departments is also said to reduce noncompliance (Narasimhan & Das, 2001). The more responsive and internally customer oriented different departments within a company are, the lower the likelihood of noncompliant work behaviour within a company (Chavez, Yu, Gimenez, Fynes, & Wiengarten, 2015). One of the main underlying reasons behind noncompliant work behaviour and the resulting poor corporate performance is a misalignment between strategy and structure (Ates, Raaij, & Wynstra, 2014). Ates et al. (2014) suggested that this might be caused by a misalignment between information needs of a company, and the ability of this company's systems to provide this information, based on its structure.

There are three main causes why poor-quality information, which in turn can lead to information asymmetry, can lead to business problems, often in the form of noncompliant work behaviour:

- 1) when the information shared by departments is not up-to-date (Wu, Chuang, & Hsu, 2014);
- 2) when critical information for decision making is not fully integrated by departments, i.e., if goals are not communicated effectively (Wong, 2015); and
- 3) if the information is inadequate to inform good decisions (Marinagi, Trivellas, & Reklitis, 2015).

2.3.8 Intermediate Conclusion About Noncompliant Work Behaviour

The above sub-sections identified a wide array of reasons why employees engage in noncompliant work behaviour, among which the most prominent themes are summarised below:

- (1) Managers & leadership style (Litzky et al., 2006; Wimbush & Shepard, 1994)
- (2) Demographic factors (Karjalainen et al., 2009; Wimbush & Shepard, 1994)
- (3) Personality traits (Badenhorst 1994; Liao et al., 2004; Litzky et al., 2006; Trevino, 1986)
- (4) Organisational factors (Badenhorst, 1994; Karjalainen & Raaij, 2011)
- (5) Organisational culture and climate (Vardi, 2001)
- (6) Ethical climate (Peterson, 2002; Robinson & Bennett, 1995)
- (7) Information asymmetries (Ates et al., 2014; Chavez et al., 2015; Gallino & Moreno, 2014; Mikkelsen & Johnsen, 2019).

It also seems that the above-described seven reasons for noncompliant work behaviour can be grouped into three core categories of noncompliance. These categories are:

- (1) organisational factors and process maturity;
- (2) incentive and alignment related issues; and
- (3) information availability and information asymmetry.

In a further step, these categories will be used to classify the different reasons for noncompliant work behaviour. Table 2 presents an overview of the reasoning for classifying the identified reasons into the three main categories stated above. This is done in an effort to establish a pragmatic classification of core underpinning constructs that explain the phenomenon of noncompliant work behaviour.

A much lengthier and more detailed version of Table 2 can be found in Appendix I. In this expanded version of the table, the causes of noncompliant work behaviour are classified into one of the three categories, i.e., (1) organisational factors and process maturity, (2) incentive and alignment issues and (3) information availability and information asymmetry, is explained in much more detail. The table in Appendix I also places greater emphasis on supporting the conclusions drawn herein with a more detailed review of relevant scientific literature.

Table 2. Underlying reasons for noncompliant work behaviour

<i>Cause</i>	<i>Category</i>	<i>Reasoning</i>
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Causes of noncompliant behaviour and key authors	Classification into core categories	Reasoning supporting the classification into three main categories (author's determination—to be proven empirically later in the thesis)
Managers and Leadership Style - Litzky et al. (2006)	(2) incentive and alignment issues	Litzky et al. (2006) described five actions of managers that can encourage noncompliant work behaviour. a) a misaligned compensation and reward b) social pressure to conform c) negative and untrusting attitudes d) ambiguity about job performance e) treating staff unfairly or violating employee trust
Demographic factors - Karjalainen et al. (2009); Wimbush and Shepard (1994)	(2) incentive and alignment issues	This author proposed that it should be up to management to be aware of the individual goals, challenges and life situation of each of their employees and incentivise them so that they do not engage in noncompliant conduct. Failing to do so will inevitably lead to noncompliant conduct.
Personality Traits - Badenhorst (1994); Liao et al. (2004); Litzky et al. (2006);	(2) incentive and alignment issues	Employees vary in terms of personality, likelihood to adhere to rules and regulations, and their propensity to be influenced by the behaviour of colleagues or managers – incentives need to reflect this.
Organisational factors - Badenhorst (1994); Karjalainen and Raaij (2011)	(1) Organisational factors and process maturity (3) information availability and information asymmetry	Organisational factors can include organisational culture and information-based issues. Low process maturity, which can result in insufficient rules and regulations, might also be a supporting factor leading to noncompliant work conduct. Training (or a lack thereof) can serve to link organisational factors with factors relating to information asymmetry.
Organisational culture - Vardi (2001)	(2) incentive and alignment issues	Vardi (2001) stated that organisational culture is an important aspect in order to ensure compliance. Company culture and climate are key considerations when trying to understand why employees consider compliance to be an important aspect of their daily work life.
Ethical climate - Ambrose et al. (2002); Peterson (2002); Robinson and Bennett (1995);	(2) incentive and alignment issues	The impact of the ethical climate is very closely related to that of the organisational culture and climate and is considered to be a key driver to ensure compliant work behaviour (Peterson, 2002; Vardi, 2001).
Information asymmetries - Ates et al. (2014); Chavez et al. (2015); Mikkelsen and Johnsen (2019)	(3) information availability and information asymmetry	Information asymmetry can be a core cause of noncompliant work behaviour. Correct and timely information is necessary to ensure that the goals of the company can be met. If this is true, then adequate information systems will be made available by management.

2.4 Impacts of Noncompliant Work Behaviour

Chapter 2.4 will examine the main impact categories which can be associated with noncompliant work behaviour, namely negative and positive impacts in general, as well as briefly consider the impacts of noncompliant work behaviour in business-to-business purchasing in particular.

2.4.1 Negative Impacts

Estimates of the impacts and costs of noncompliant work behaviour vary widely. Harris and Ogbonna (2006, 2010, 2012) have published extensively on the phenomenon of noncompliant work behaviour in the service sector and concluded that most employees (up to 75%, and even up to 96% of employees in select cases) are intentionally noncompliant on a regular basis.

The negative impacts of noncompliant behaviour can take many forms, ranging from direct financial losses because of reduced sales or increased costs to more long-term consequences deriving from lost customers and earnings (Appelbaum et al., 2005; Litzky et al., 2006). In addition, the costs that are incurred by noncompliant workplace behaviour include legal expenses, losses in repeat business, worker compensation and turnover, as well as insurance losses and public relations expenses due to stricken reputations (Appelbaum et al., 2005). According to Litzky et al. (2006), noncompliant workplace behaviour costs businesses more than \$20 billion each year in the US alone, and deviant behaviour is reportedly responsible for up to 30 % of all US business failures. Other authors have estimated the cost of noncompliant work behaviour for the US economy as ranging anywhere from \$6 to \$200 billion annually (Appelbaum & Shapiro, 2006). Results of deviant workplace behaviour can also include higher costs, an unfitting product spectrum, inventory management issues, inconsistent service quality or pricing, and poor service reputation, as well as lawsuits, fines, and loss of overall reputation (Litzky et al., 2006).

Having researched the impact of noncompliant work behaviour in general, it therefore comes as no surprise that noncompliant work behaviour in business-to-business purchasing is also seen as having negative consequences for corporations. Most negative consequences resulting from off-contract purchasing are

linked directly to increased expenditures or indirectly to higher costs and missed savings opportunities due to additional and possibly avoidable administrative work (Aichbauer & Seidel, 2006; Duffy 2003; Leenders & Johnson, 2002; Lonsdale & Watson, 2006; Moosmann & Sarikaya, 2014; Wannenwetsch, 2012). Appendix II details the monetary disadvantages which are generally associated with noncompliant work behaviour in business-to-business purchasing. Noncompliant conduct in business-to-business purchasing not only hinders companies from saving money and accomplishing an efficient procurement process, but also directly results in extra costs (IBM Corporation, 2013; Kempainen & Raaij, 2008; Moosmann & Sarikaya, 2014; Neef, 2001; Seifert, 2010; Varian Technologies, 2006; Werner, 2013). ‘Unknown and unmanaged purchasing activities’ is another effect category that can be linked to noncompliant work behaviour in business-to-business purchasing. The AuditFactory (2012) named heightened controlling activities as a core effect of non-compliance in purchasing, and a related issue is decreasing transparency of the company’s purchasing procedures (Moosmann & Sarikaya, 2014).

Long-term risks accruing from noncompliant purchasing behaviour relate to unapproved offers and questionable product quality (AuditFactory, 2012; Karjalainen et al., 2008; Neef, 2001), as well as potentially unclear warranty regulations

Finally, it seems like a last effect category of noncompliant work behaviour in Business-to-business purchasing relates to interdepartmental cooperation conflicts, which can be assigned to the category ‘cooperation (IBM Corporation, 2013 (Karjalainen et al., 2008; Neef, 2001).

2.4.2 Positive Impacts

On the other hand, noncompliant behaviour may also have positive outcomes, such as functional disobedience or exercising voice (Warren, 2003). In this context, Graham (1986) described principled organisational dissent as an effort by an organizations stakeholder to achieve a change of organisational norms, policies or business practices by consciously and openly objecting to norms, policies or business practices; thus, dissent may draw attention to deficiencies in processes or interpersonal issues.

Tempered radicalism is another form of functional disobedience: individuals who are reluctant to 'fit in' at any cost are described as 'change agents' who 'identify with and are committed to their organizations and are also committed to a cause, community, or ideology that is fundamentally different from, and possibly at odds with the dominant culture of their organisation' (Meyerson & Scully, 1995, p.598). Even though 'tempered radicalists' may be perceived as challenging, they also reveal opportunities in their function as a 'unique source of vitality, learning, and transformation' within an organisation (Meyerson & Scully, 1995, p.598).

Finally, whistle-blowing, i.e., 'the disclosure by organization members (former or current) of illegal, immoral, or illegitimate practices under the control of their employers, to persons or organizations that may be able to effect action' (Near and Miceli, 1995, p. 680), can fuel innovation and ethical decision-making in organisations. But, obviously, this action can also be ineffective or even harmful for the organisation, society, and/or the whistle-blower him/herself.

Thus, deviant behaviour can provide a safety valve or alert group member's organisational shortcomings. Most importantly, noncompliance can provide warning signals to organisations (Robinson & Bennett, 1995). It can point out deficiencies in the ethical climate so that action may be taken.

Although the literature mostly associates noncompliant purchasing with negative consequences, some positive side effects have been correlated with this phenomenon. Among the positive aspects of noncompliant work behaviour in business-to-business purchasing are shorter procurement times in cases when preferred suppliers are not able to deliver the necessary products in the needed timeframes and greater flexibility of action in case of emergencies (AuditFactory, 2012). Knowledge of the existence of noncompliant purchasing in the organisation can also be used as evidence for assessing problems in the procurement structure (AuditFactory, 2012). Freedom to make uncontrolled and off-contract purchases enables employees to take advantage of exceptional special offers (AuditFactory, 2012), and noncompliant purchases might enable innovative start-ups and small companies, which would normally not be considered as suppliers by the purchasing

departments of their customers, to establish themselves as suppliers (Schneider, 2002).

2.5 Matching Maverick Buying and Noncompliant Work Behaviour

Research Objective 1 (RO1) identified one of the goals of this dissertation as to identify the core drivers and interrelationships of noncompliant behaviour in business-to-business purchasing. As with the general forms of noncompliance, there appears to be an abundance of terms which all describe some form of non-compliant work behaviour in purchasing (Karjalainen et al., 2008; Karjalainen & Raaij, 2011; Kulp, Randall, Brandyberry, & Potts, 2006; Neef, 2001; Roy 2003; Scott et al. 2018). Many different terms are used to describe seemingly the same or similar phenomena, such as 'deviant work behaviour' (Karjalainen et al., 2008), 'non-conforming purchase behaviour' (Roy, 2003), or 'rogue procurement' (Neef, 2001). However, the most frequently used terminology that one comes across when researching noncompliant work behaviour in business-to-business purchasing is 'maverick buying' (Bahri, Mahzan, & Kong, 2013; Brandon-Jones & Carey, 2011; Hallikas, Kähkönen, Lintukangas, & Virolainen, 2011; Höller & Lippmann, 2009; Hess, 2013; Holma & Bask, 2012; Kauppi & Raaij, 2014; Moosmann & Sarikaya, 2014; Perner & Skjölsvik, 2012; Scott, Burke, & Szmerekovsky, 2018).

The dominance of maverick buying in this context leads to the question of whether all the previously named behaviours are forms of noncompliant work behaviour, and if indeed maverick buying is just another term for noncompliant work behaviour in business-to-business purchasing. If they are, then the respective articles can be included in trying to find explanations and approaches to address non-compliant work behaviour in business-to-business purchasing. It also needs to be determined if these terms describe or refer to the same phenomenon, or if they differ in focus, scope and reasoning. If the analysis determines that they are indeed similar types of conduct, then a working definition of this type of noncompliant work behaviour in business-to-business purchasing should be generated for this thesis.

The first step to answering the above questions was completed through a literature review of general definitions of noncompliant work behaviour in chapter 2.2. In a second step, a definition of maverick buying will now be compiled based on a structured literature analysis. Maverick buying was chosen as the primary term for analysis because as noted above, it is the most commonly used term when it comes to describing noncompliant work phenomena in purchasing, and it is hypothesised that maverick buying is simply another term for noncompliant work behaviour in business-to-business purchasing. Highly rated national and international journals were searched to compile a list of definitions for maverick buying. Table 3 below lists the names of the journals that were included in the analysis.

Table 3. Magazines/journals included in the search to find definitions for non-compliant work behaviour in business-to-business purchasing and maverick buying

1	Academy of Management Review
2	Academy of Management Executive
3	Academy of Management Perspectives, The
4	California Management Review
5	Canadian Transportation Logistics
6	Decision
7	Decision Analysis
8	Decision Sciences
9	Harvard Business Review
10	Harvard International Review
11	ICFAI, Journal of Business Strategy, The
12	ICFAI, Journal of Corporate Governance, The
13	ICFAI, <i>Journal of Operations Management</i> , The
14	ICFAI, Journal of Supply Chain Management, The
15	International Journal of Logistics
16	Management
17	Management and Organizational History
18	Management and Organization Review
19	Naval Research Logistics: An International Journal
20	R&D Management
21	Supply Chain Management Review. (EBSCO Host)
22	Supply Chain Management
23	Journal of Supply Chain Management, The
24	Zfbf: Schmalenbachs Zeitschrift für betriebswirtschaftliche Forschung (wiso)
25	ZfB: Zeitschrift für Betriebswirtschaft
26	Commissioning & Purchasing (EBSCO Host)
27	European Journal of Purchasing & Supply Management
28	Healthcare Purchasing News.
29	Journal of Internet Purchasing
30	Journal of Purchasing and Supply Management
31	Materials Management in Health Care

32	Purchasing.
33	Einkaufsmanager, Der

Several congruencies were identified among the different definitions and descriptions of maverick buying during this review. For example, Schneider (2002) described maverick buying as ‘wild decentralised purchases with the exclusion of the purchasing department (Schneider, 2002), whereas The AuditFactory (2012) referred to this behaviour as uncontrolled and unstandardized sourcing and a procedure whereby individuals or entire departments are arbitrarily buying materials or services without addressing the appropriate department. Wannenwetsch (2013) and Werner (2013) described maverick buying as the procurement of goods that bypasses a company’s purchasing department and is heedless of existing framework agreements. Cox, Chicksand, and Ireland (2005a) proposed that people engaged in this behaviour do not optimise the value for money relation during the process of buying. Wannenwatsch (2009) also interpreted this pervasive purchasing problem as the ‘uncontrolled sourcing by internal users, respectively the procurement beyond the standardised purchase organisation’, and suggested that the problem emerges from situations in which the purchasing department is either not included at all in supplier selection decision or is included too late in the sourcing process (Wannenwetsch, 2013). Werner (2013) extended the definition of maverick buying by additionally linking it to purchasing procedures in which advantages resulting from pre-negotiated supplying contracts are not used. Neef (2001, p.50) explained ‘rogue procurement, off- contract purchasing, or maverick buying’ as the act then goods or services are purchased without the involvement of the purchasing department or while ignoring existing contracts and agreements.

More simplified definitions of maverick buying include Vollrath, Rehländer, Riveiro, and Berz (2009) who described such purchases as being ‘made without involving the procurement department’. Karjalainen et al. (2009) similarly explained that maverick buying means that company employees are items ‘outside of established contracts and procedures’ (Karjalainen et al., 2009, p. 246). Karjalainen and Raaij (2011) reaffirmed this definition in a later-published empirical study.

Three core characteristics of maverick buying were identified after an initial evaluation of the varying definitions in literature:

- (1) not including the purchasing department when conducting purchasing activities,
- (2) not using existing framework agreements; and
- (3) making purchases outside of established processes

It is important to note that the three core characteristics of maverick buying seem to be a near perfect match to the core characteristics of noncompliant work behaviour which were identified in chapter 2.2. Just to recall, the core characteristics of noncompliant work behaviour as previously identified were:

- (1) activities outside of established and documented processes;
- (2) activities that conflict with the duties officially assigned to employees;
- (3) activities that are not the assigned responsibility of an individual or department;
- (4) activities that hurt the wellbeing of individual employees; and
- (5) activities that hurt the company's wellbeing or threaten its survival.

The next step was to list all 42 identified definitions for maverick buying in a table, and then cross-check them for fit with the three characteristics identified in the initial literature search to determine how many can be considered key attributes of maverick buying (Table 4).

Table 4. Definitions and main characteristics of maverick buying

Author	Definition of Maverick Buying	Characteristics		
		Without purchasing department (1)	Ignoring agreements (2)	Ignoring processes (3)
Scott et al. (2018)	Purchasing managers behave in a manner that is non-compliant with established purchasing framework agreements.		X	
Rothkopf & Pibernik (2016)	Off-contract buying of goods and services for which an established procurement process is in place based on pre-negotiated contracts with selected suppliers.		X	X
Kauppi & Raaij (2014)	Off-contract buying of goods and services for which an established procurement process is in place based on pre-negotiated contracts with selected suppliers.		X	X
Bahri et al. (2013)	Purchase of goods or services without using the firm's formally defined processes and authorised vendors.		X	X
Hess (2013)	Making purchases outside of contracted vendors.			X
Pemer & Skjölsvik (2012)	Ignoring the purchasing processes and contacting the selected companies directly.	X		X
Holma & Bask (2012)	Individual employees buy services outside the established contracts and policies.	X		X
Brandon-Jones & Carey (2011)	Buying outside of established procedures or contracts that do not optimise value for money.	X		X
Hallikas et al. (2011)	Off-contract buying of goods and services.		X	
Lempinen (2010)	Off-contract buying of goods and services that bypasses an established procurement process based on pre-negotiated contracts with selected suppliers.	X	X	X
Höller & Lippmann (2009)	Purchasing activities of other departments without the involvement of the purchasing department: a user initiates a purchasing activity without utilising the standardised processes. ... whenever a signed contract exists between the buyer and supplier and the user starts a purchase without utilising this existing agreement. (translated definition – original is in German)	X	X	X
Vollrath et al. (2009)	Purchases made without involving the procurement departments.	X		

Gebauer & Segev (2008)	Buying volume of indirect goods and services occurs outside of contracts with alliance partners.		X	
Geldermann , Semeijn, & Lek (2008)	Purchasing outside of the official procurement processes.			X
Karjalainen & van Raij (2008)	Off-contract buying of goods and services that bypasses established procurement process based on pre-negotiated contracts with selected suppliers.		X	X
Kroese, den Teuling, Versendaal, Batenburg, & van de Kamp-Slootweg, H. (2008).	Purchasing done outside the firm's framework contracts.		X	
Parida, Sophonthummapharn & Parida (2008)	Maverick spending, i.e., purchases of goods from suppliers with which the organisation does not have formal relationships.		X	
Raaji (2008)	Any company or employee purchase that does not meet a company's purchasing policies: types include unintentional, forced, casual, well-intentioned, ill-intentioned.	X		X
Rahim (2008)	Unplanned purchases made from non-preferred suppliers at a higher price.		X	X
Schild (2008)	By-passing the purchasing department when placing orders. (translated definition – original is in German)	X		
Stoll (2008)	Employees to try to circumvent disliked new IT systems and processes. Such behaviour in purchasing is considered maverick buying. (translated definition – original is in German)	X		X
Tavi (2008)	Not following established purchasing rules.			X
Werner (2013)	When an existing framework contract is in place, purchasing activities that do not follow standard processes such that the user initiates a purchasing activity without utilising the existing contract. (translated definition – original is in German)		X	X
Angeles & Nath (2007)	The purchase of goods or services that bypasses the firm's formally defined processes and authorised vendors.		X	X
Croom & Brandon-Jones (2007)	Off process procurement.			X

Aichbauer & Seidel (2006)	Purchasing activity is conducted without involving the purchasing department. (translated definition – original is in German)	X		
Large (2013)	Purchasing activities are conducted without authorisation and in violation of formally established rules and regulations. (translated definition – original is in German)	X		X
Cox, Chicksand, Ireland, & Davies, (2005b)	Buying outside established contracts or buying using procedures that are not compatible with optimising value for money.		X	X
Kothari, Hu, & Roehl (2005)	Making purchases from non-contract vendors.		X	
Wannenwetsch (2005)	Purchasing activities outside of the firm’s formally defined processes. (translated definition – original is in German)			X
Eßig (2004)	Payments made without the involvement of the purchasing department. (translated definition – original is in German)	X		
Biwier et al. (2003)	The purchase of goods or services without using existing framework contracts with suppliers. (translated definition – original is in German).		X	
Caplice & Sheffi (2003)	Being awarded lanes that complement each other during the bid and then actually being tendered loads on these lanes during daily execution.			X
Chan & Lee (2003)	Buying from noncontract vendors (in contrast to ‘contract buying’).		X	
Davila, Gupta, & Palmer (2003)	Purchases of goods from suppliers with which the organisation does not have a formal relationship and negotiated prices based on volumes.		X	
Subramaniam, Qualls, & Shaw (2003)	Purchases made without a purchase order and outside of negotiated supplier contracts.		X	
Heijboer (2002)	Purchases conducted without using available company contracts.		X	
Schneider (2002)	Wild decentralised purchases with the exclusion of the purchasing department.	X		
Pike (2002)	Buying indirect goods off-contract.	X	X	
Gebauer & Segev (2001)	Buying volume of indirect goods and services that occurs outside of contracts with alliance partners.		X	

Neef (2001)	The tendency of individuals and often entire departments to buy 'off-contract' without taking advantage of negotiated company discounts.		X	
Gebauer & Segev (1998)	Dealing with goods of high value at low frequency (e.g., new factories) and/or procuring items outside the regular purchasing process, often because of convenience or speed requirements.			X
Total number of individual mentions for the characteristics of maverick buying		14	23	23
% of mentions		23%	38%	38%

A total of 60 separate characteristics of maverick buying were identified in the list of 42 individual definitions for this phenomenon. The characteristic 'purchasing without the formal involvement of the purchasing department' is not named as frequently as the other two; nevertheless, 23% of the mentions seems sufficiently significant to consider it a key characteristic of maverick buying. Each of the two categories of 'purchases without using established framework agreements' and 'purchases outside of established processes' was named in 38% of the evaluated definitions. Based on this result, it is the belief of the author that all three characteristics can be considered key attributes of maverick buying and should therefore also be included in a definition of this activity. The resulting definition that will be used in this dissertation to describe the phenomenon of maverick buying is as follows:

Purchases can be considered to be maverick buying if they are conducted without the formal involvement of the purchasing department, and/or without the use of existing framework contracts and/or outside of established purchasing processes.

In other words, the phrase 'noncompliant work behaviour in business-to-business purchasing' seems to be to be synonymous with maverick buying. For this reason, the term maverick buying will be used in this thesis from this point forward.

Notably, only 3% (two definitions) of the evaluated definitions of maverick buying included all three of the identified characteristics, which might be an indication that current definitions are often too narrow and consequently do not address

the whole phenomenon, but rather only encompass individual elements or segments. The definition for maverick buying that was created as part of the effort to determine if the activity is indeed a form of noncompliant work behaviour demonstrates that the phenomenon is much broader than is generally considered in current literature.

While exploring the varied definitions of maverick buying, it was observed that some phenomena were identified by other terms, but they appear to describe the same behaviour. Examples of such expressions include 'deviant work behaviour' (Karjalainen et al., 2008), 'non-conforming purchase behaviour' (Roy, 2003), 'rogue procurement, off-contract purchasing' (Neef, 2001, p. 50), 'off-contract buying' (Karjalainen & Raaij 2011), and 'noncompliant purchasing' (Kulp et al. 2006). To determine if these phenomena also constitute noncompliant behaviour in the form of maverick buying, the same approach was taken as that described above. The three characteristics that were identified to constitute different forms of maverick buying and noncompliant work behaviour in general were used to check if the identified behaviours match one or more of the previously identified characteristics. Table 5 shows the result of this evaluation:

Table 5. Terminology of forms of noncompliant work behaviour in purchasing

Author	Used terminology and definition of the phenomenon	Characteristics of Maverick Buying		
		Without purchasing department (1)	Ignoring agreements (2)	Ignoring processes (3)
Entchelmeier (2008)	Maverick Spending - money is spent without the involvement of the purchasing department. (translated definition – original is in German)	X		
Neef (2001)	Rogue Buying - the tendency of individuals and often entire departments to buy 'off-contract' without taking advantage of negotiated company discounts.		X	
CAPS Research, (2005)	Maverick Spending - users have the authorisation to spend arbitrarily or outside of supply management, the firm is not able to apply prudent negotiation or contracting expertise.	X		
Cox et al. (2005a)	Maverick Purchasing - buying outside the contracts that have been set up or buying that uses procedures not compatible with optimising value for money.		X	
Kulp et al. (2006)	Noncompliant Purchasing - purchases are conducted without the involvement of the purchasing department and without utilising existing framework contracts. (translated definition – original is in German)	X	X	
Lonsdale & Watson (2005)	Fragmentation of Spend - 'a situation where, to varying degrees, the demand of an organisation for a particular category of good or service is divided between many different suppliers' ;'the proportion of spending standing outside of any formal process and commercial rules of the organisation'.			X
Rüdrich, Kalbfuss, & Weißer (2016)	Phenomenon not named - purchasing activities that are conducted without the involvement of the purchasing department and which do not utilise existing framework contracts. (translated definition – original is in German)	X	X	
Schuh & Bremicker (2005)	Phenomenon not named - purchasing activities that circumvent the purchasing department and do not use existing contract frameworks. (translated definition – original is in German)	X	X	
% mentions of individual characteristics of maverick buying		45%	45%	10%

Table 5 clearly shows that based on the previously generated definition of noncompliant work behaviour, all the other phenomena identified above can also be considered noncompliant work behaviour in business-to-business purchasing in the form of maverick buying because they display one or more of the core characteristics of maverick buying. This finding adds to a better understanding of maverick buying, because it means that the reasons and causes for the existence of these phenomena can also be included in the list of causes for the existence of maverick buying. This is significant, because it will aid in gaining a more wholistic understanding of the researched phenomenon. The inclusion of the articles identified above is therefore proven to be prudent and necessary.

2.5.1 Results of the Terminological Evaluation of Maverick Buying

The result of the terminological evaluations is very significant because it represents the first set of new insights that were generated as part of this thesis. The results are summarised as follows:

- (1) Maverick buying is indeed a form of noncompliant work behaviour in business-to-business purchasing;
- (2) Maverick buying seems to be the most commonly described and analysed form of noncompliant work behaviour in business-to-business purchasing;
- (3) Maverick buying as a behavioural phenomenon is much broader than generally described by most authors. All the evaluated articles describe aspects of noncompliant work behaviour in business-to-business purchasing, aka maverick buying, but hardly any author has described the full scope of activities that were found to encompass this phenomenon.
- (4) The definition for maverick buying which was created as a result of the literature review is the following:

Purchases can be considered to be a form of maverick buying if they are conducted without the formal involvement of the

purchasing department, and/or without the use of existing framework contracts and/or outside of established purchasing processes.

- (5) Other phenomena like 'fragmented spending', 'rogue buying', etc... are also describing the phenomenon of maverick buying and consequently are also forms of noncompliant work behaviour in business-to-business purchasing.

The above evaluations and definitions allow the researcher to include all literature about maverick buying in the evaluation of noncompliant work behaviour in business-to-business purchasing. Indeed, in the context of this work, maverick buying and noncompliant work behaviour in business-to-business purchasing can be used synonymously.

Another result of the evaluations was the realisation that noncompliant purchasing behaviour in the form of maverick buying—which is classified as 'production deviance' by Robinson and Bennett, (1995; also see chapter 2.2)—is sufficiently diversified and seems to be adequately prevalent in scientific literature as well as managerial- and business practice to justify an exclusive focus on this type of noncompliant work behaviour. The other three forms of noncompliant work behaviour, namely property defiance, political defiance and personal aggression (Robinson & Bennett, 1995), will therefore be outside of the scope of this thesis.

2.6 Maverick Buying in Business-to-Business Purchasing

Chapters 2.2 and 2.3 explored noncompliant work behaviour from a general perspective, and no special focus was placed on trying to understand the phenomenon from a purchasing perspective. Chapter 2.4 then focussed on the positive and negative impacts of noncompliant work behaviour, and Chapter 2.5 aimed to clarify terminological ambiguities regarding the designation of maverick buying and noncompliant work behaviour in business-to-business purchasing. With these prerequisites completed, it is now possible to engage in a more detailed consideration of the reasons for maverick buying. In order to accomplish this, a structured literature review was conducted. A structured literature review must be replicable and go through several filters to arrive at a list of journal articles which form the basis for

all knowledge generated about the topic that is researched (Pittaway, Robertson, Munir, Denyer, & Neeley, 2004; Tranfield Denyer, & Smart, 2003). The steps that were undertaken to arrive at a list of relevant articles are based on Pittaway et al., 2004 and Tranfield et al., 2003:

- (1) Keywords for a database search about the topic of noncompliant work behaviour were generated based on an unstructured exploratory literature search (Appendix III).
- (2) The identified keywords were combined into search strings (Appendix IV).
- (3) The search strings were used for a structured literature search in Ebsco Host and Business Source Complete.
- (4) 1593 articles were identified in a first step that might be relevant. In a first filter, only the titles of the articles were read to exclude or include the articles for further analysis. Of the original list, 899 articles passed this filter.
- (5) In the next filter, the keywords and abstracts were read, and the articles were again divided into relevant and not relevant. 219 articles passed this step.
- (6) The remaining 219 articles were read in their entirety and again separated into relevant and not relevant categories. In the end, 94 articles were determined to be of relevance for the topic of maverick buying (aka. noncompliant work behaviour in business-to-business purchasing).

The Table in Appendix V shows the articles that were identified and included in the final evaluation in order to identify reasons for the existence of noncompliant work behaviour in business-to-business purchasing.

Apart from the identified reasons for noncompliant purchasing, a number of additional interesting points of information were collected. Of the 94 identified articles, 36 were purely theoretical in nature, with no use of empirical research in order to arrive at their respective conclusions about maverick buying, 64 articles were empirical in nature. The most commonly used methodological approach, with was employed by the authors of 22 articles was case study methodology, where 1-4 companies were analysed in regards to noncompliant work behaviour in business-

to-business purchasing. 18 articles, were large scale surveys with a sample size of over 100 companies and 13 articles used surveys with a sample size of 10 companies or less. The most commonly used approach to analyse the gathered data was regression analysis (13 articles), followed by structural equation modelling (7 articles). Factor analysis (2 articles), network analysis (1 article) and interviews in the form of a phenomenological approach (6 articles) were also used. It was interesting to find that the authors of most articles did not give any details about the country or region that they conducted their research in. Of the articles that made reference to a country or region, 12 based their research in the United States of America, and 15 based their research on data available from the EU or a selection of European countries. Only one articles that was analysed, based their research explicitly in Germany, and one article based the research on a sample of 4 companies from Sweden and Germany. Three articles on the topic of maverick buying were in German, but they were theoretic in nature and did not substantiate their assertions with either qualitative or quantitative research.

These findings are important for several of reasons. For one, the analysis clearly indicates that a phenomenological approach to research the phenomenon of noncompliant work behaviour in business-to-business purchasing is still a seldomly used methodological approach. The findings also show that the phenomenon of non-compliant purchasing behaviour has not found a lot of attention in German literature. Finally, no articles were identified which utilise a phenomenological approach to gain insight into the topic of noncompliant work behaviour in business-to-business purchasing in Germany. The presented work is therefore a truly new and novel methodological approach to understand noncompliant work behaviour in business-to-business purchasing in Germany.

One of the first scientific theories used to explain maverick buying that the author came across was principal agent theory as described by Karjalainen in 2009. Principal-agent relationships describe the conflict of interest for the agent about whether to buy things according to existing procedures or to act in his or her own best interest (Cox et al., 2005a). One of the fundamental problems of the principal-agent relation can be defined as moral hazard, which occurs when the agent lacked

effort in their tasks (Eisenhardt, 1989). This is part of the so-called problem of 'hidden action', in which the issues are revealed after contracting (Steinle, Schiele, & Ernst, 2014), and is applicable to maverick buying because the agent is damaging the company by not using existing frameworks (Kauppi & Raaij, 2014).

More specific reasons for maverick buying can include bad requirements planning, or new contracts for which it is necessary to quickly obtain and source materials (Wannenwetsch, 2013; Weele & Weele, 2005). Karjalainen and Raaij (2011) defined three core reasons for noncompliant behaviour in business-to-business purchasing.

First, an employee may find a lower cost alternative to an existing supplier. The agent may not consider discounts upon achieving certain volumes and thus fails to see the total cost of ownership of the company (Karjalainen et al, 2009). Searching for better terms may create a positive deviance, which are intentional, noncompliant behaviours intended to help the organisation (Spreitzer & Sonenshein, 2004). The stated reason for noncompliant work behaviour is not ill-intentioned; however, its existence indicates very clearly that the employees who are acting in defiance of existing rules, regulations and processes are not incentivised to follow these rules or processes. In other words, reason number one appears to be an incentive and alignment issue.

Secondly, there is the motive to keep existing relationships with suppliers, as these may be perceived to be more beneficial to the employee than new ones (Bubb & van Rest, 1973; Karjalainen & Raaij, 2011). Puto (1985) discovered over three decades ago that industrial buyers tend to remain loyal to existing sources, which is justified by the source being known and therefore decreasing the perceived risk of the buyer. Karjalainen et al. (2009) proposed that existing relationships with local suppliers may be a reason for the agents to buy from them. This buying behaviour and correlating relationship may already have evolved into a habit of the employees and maintaining the status-quo is a common human attitude. Thus, the second underlying reason for noncompliant work behaviour seems to have the same underlying cause as the first one. If employees can stick to old suppliers without having to fear negative repercussions for violating existing

processes, then there again seems to be an incentive and alignment issue at hand. It seems that employees simply do not see the benefit (personally and/or organisationally) to adhering to existing rules.

Finally, there is the possibility of employees being unaware of existing frameworks or agreements with suppliers, which constitutes the most common form of maverick buying (Karjalainen & Raaij, 2011). One of the primary drivers for noncompliance is the lack of information obtained by the agent. One study found that maverick buying accounted for approximately a third of the cost in lab supplies and half the cost in hotels (Kulp, Randall, Brandyberry, & Potts, 2006). This may also be called unintentional maverick buying (Karjalainen et al., 2009). In most organisations, employees are allowed and sometimes even advised to do their own procurement of IT equipment as well as purchases relating to their corporate travelling or printers and office supplies (Karjalainen & Raaij, 2011).

As noted above, the first two reasons for noncompliant work behaviour seem to be based on alignment and incentive issues of people working in departments other than purchasing. The third reason is different because the cause can lie within the purchasing department as much as it can originate in other departments. For one, it might be an incentive and alignment issue on part of purchasing, such that it is simply not in the personal self-interest of purchasing employees or the department to inform others of signed contracts. Purchasing employees might not see it as their responsibility to inform others, and they might simply not be incentivised to do so. Secondly, the reason might lie with departments and employees other than purchasing, which might lack any incentive to find out if the existing contracts comprehensively cover the items they require. When a need to procure an item arises, employees will look for suppliers and prices on their own because there is no benefit for them to determine if existing contracts cover this item or not.

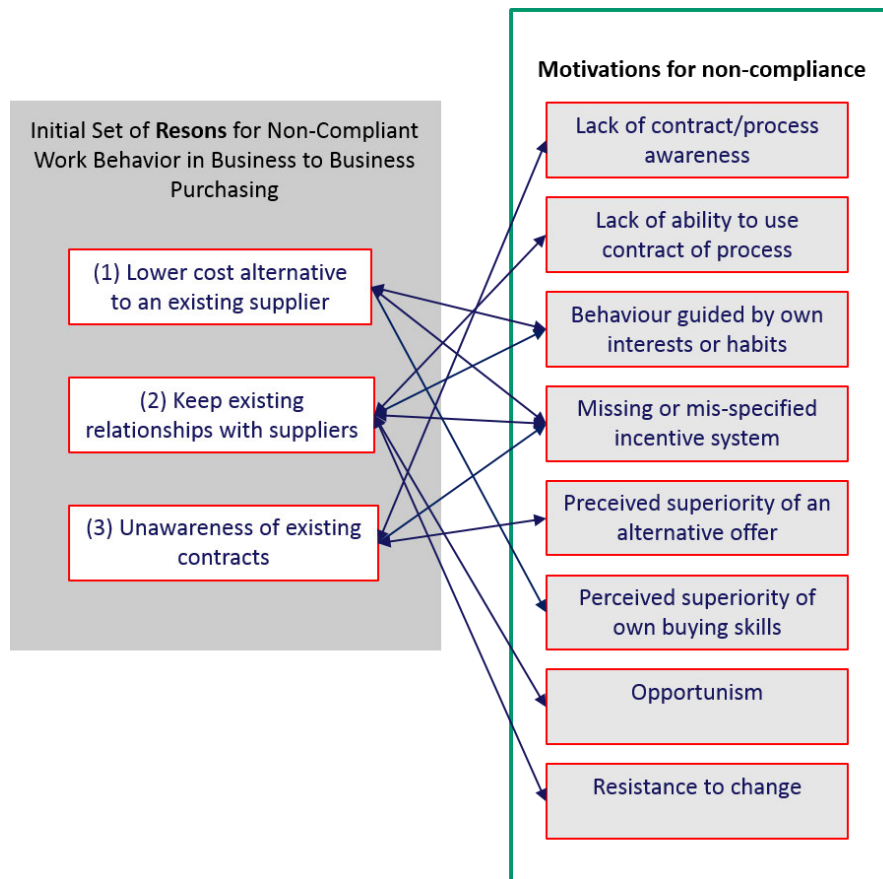


Figure 2. Core reasons for noncompliant purchasing behaviour and underlying motivations (adapted and extended based on Karjalainen et al., 2009; Kulp et al. 2006; Spreitzer & Sonenshein, 2004)

There is a consensus among the reviewed literature that the three core reasons described above, in turn lead to five different forms of noncompliant work behaviour in business-to-business purchasing as first described by Karjalainen et al. in 2008 (e.g., Karjalainen et al. 2008; Moosmann & Sarikaya, 2014; Seifert, 2010). As described below, the different forms of noncompliant work behaviour (which Karjalainen calls ‘maverick buying’) can have emotional and/or rational causes (Karjalainen et al., 2008; Moosmann & Sarikaya, 2014; Seifert, 2010).

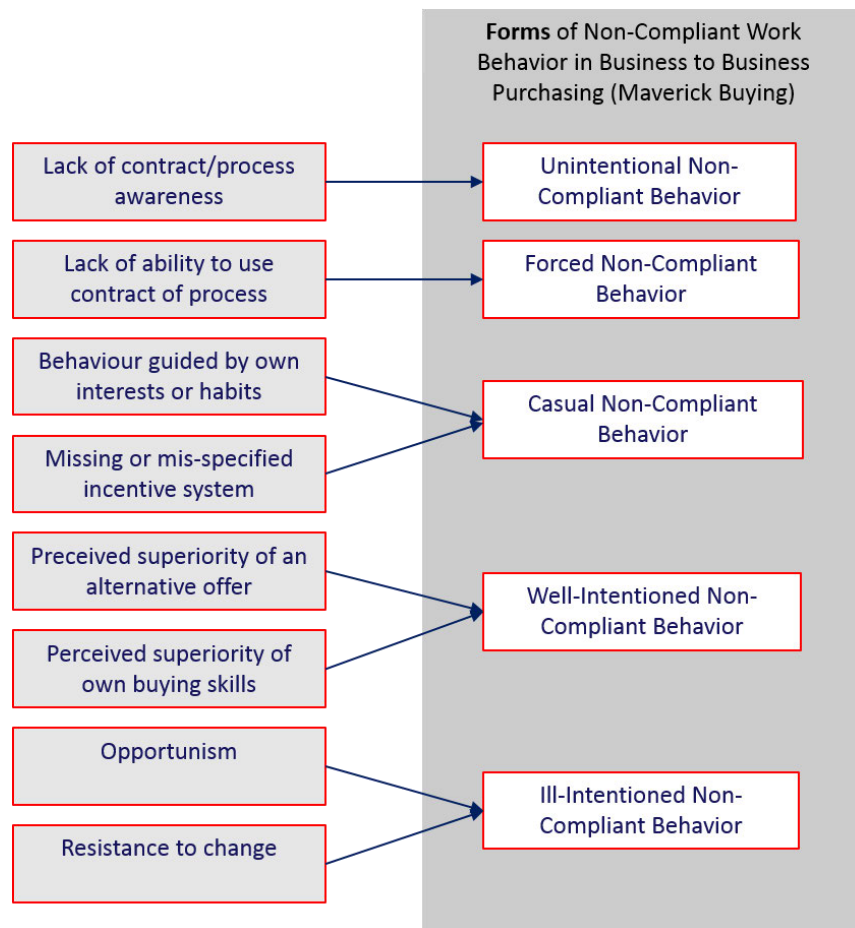


Figure 3. Underlying motivations and forms of noncompliant purchasing behaviour (adapted and extended based on Karjalainen et al., 2009; Kulp et al. 2006; Spreitzer & Sonenshein, 2004)

2.6.1 Forms of Maverick Buying

The different forms of maverick buying as they were first introduced by Karjalainen et al. in 2008 will be briefly introduced herein to lay the foundation for closer examination and discussion later.

Unintentional Maverick Buying

Unintentional noncompliance happens due to unawareness of existing processes or rules and/or unfamiliarity with corporate purchasing policies and existing pre-negotiated contracts (Cuganesan & Lee, 2006). This type of noncompliant work behaviour is often not classified as deviant because it is not motivated by self-interest. Two possibilities are named in attempting to understand how employees might unintentionally engage in noncompliant work behaviour. For one, it might derive

from a lack of information, such that employees simply do not know of existing processes or procedures. On the other hand, there might be a problem with incentives and organisational alignment (Karjalainen et al., 2008). It seems that it could simply be uninteresting for employees to be informed of existing processes and procedures because they see no benefit in being aware of them.

Forced Maverick Buying

This kind of maverick buying occurs even though the employee is aware of existing formal processes and the responsibility of the purchasing department (Karjalainen et al., 2008). Noncompliant purchases might be attributable to the non-availability of contracts or for new purchases, such that users are forced to conduct the purchasing process themselves (Kulp et al., 2006). It is considered forced behaviour because people would have preferred to stick to existing processes but feel forced to break the rules.

Casual Maverick Buying

This category of buying represents situations in which employees are aware of the negotiated formal contracts but are driven by self-interest with no harmful intentions to the organisation (Karjalainen et al., 2008). One might hold on to old purchasing habits or suppliers simply because it is easier or more convenient, and total cost of ownership effects are ignored due to ignorance and an organisational misalignment, which does not actively encourage adherence to existing processes (Cox et al., 2005a).

Well-Intentioned Maverick Buying

The reasons for this form of MB are twofold: perceived superiority of an alternative offer (in terms of price, service, delivery or compatibility) or perceived superiority of own purchasing skills (as opposed to the skills of those who have negotiated the existing contracts) (Karjalainen et al., 2009, p.254).

This category of well-intentioned maverick buying is observed when users consider a substitute offer to be better than the pre-negotiated contract offer or when they believe that they possess superior purchasing skills than the purchasing

department. The core reason for this behaviour is a lack of total cost of ownership understanding on part of the offender. The organisation is damaged even though the offender was trying to do something for its benefit. Information asymmetries can be identified as the underlying reason for this type of behaviour.

Ill-Intentioned Maverick Buying

‘Two motivations can lead to this type of deviance. The first is opportunism, i.e., self-interest seeking with guile’ (Karjalainen et al., 2009, p.254). Karjalainen et al. (2009) mention that one cause leading to ill-intentioned maverick buying can be the perceived unjust treatment of a former supplier, whereas other factors include lack of trust or resistance towards the central purchasing unit, rather than towards any particular contract or supplier. Ill-Intentioned noncompliant work behaviour in purchasing might also stem from a feeling of power-loss and the deprivation of involvement in the purchasing process (Karjalainen et al., 2008).

2.6.2 Reasons for Maverick Buying

Table 6 structures the mentioned forms of maverick buying, i.e., un-intentional, forced, casual, well-intentioned and ill-intentioned maverick buying together with the identified key reasons. The author then attempts to assign underlying core causes for noncompliant work behaviour in business-to-business purchasing to the different forms of maverick buying. These underlying core causes are based on the described reasons for maverick buying, i.e., incentive and alignment issues according to Karjalainen et al (2009), Spreitzer & Sonenshein (2004) and Bubb & van Rest (1973), information asymmetries according to Karjalainen (2009), Cox et al. (2005a), Steinle et al. (2014) and Kauppi & Raaij (2014) and organizational- as well as process maturity issues which the author bases on the assertions of Wannenwetsch (2009) and Weele & Weele (2005) who describe situations where the purchasing department is unable to react to demands from company internal customers in a quick and reliable fashion.

Table 6. Different types of maverick buying and deduction of underlying core causes. Adapted and extended based on: Karjalainen et al. (2009).

	Un-intentional MB	Forced MB	Casual MB	Well-intentioned MB	Ill-intentioned MB
Explanation	Employee is unaware of existing frame agreements Non-compliance due to lack of knowledge	Employee is aware of process preferred by company, but certain barriers prevent him from acting compliantly	Employee is aware of preferred process, but keeps on acting as usual.	Employee is aware of preferred process and suppliers, but thinks that his/her behaviour is benefiting the company best	Employee is aware of preferred process and capable to use it, but actively rejects it
Rational reasons	Lack of internal information Misaligned incentive system	Emergency situations Item to be purchased not included in framework agreement Maturity issues, unqualified purchasing department	No perception of necessity to adjust habits or past behaviour Misaligned incentive system	Perceived superiority of another offer Over-estimation of own skills	Feeling of being treated wrongly
Emotional reasons	No intention to harm the business	No intention to harm the business	No intention to harm the business Employee driven by self-interest (no awareness of effects on total costs)	Intention to benefit the business	Opportunism Reluctance to change Perceived restriction of authority Undesired offered incentives
Author's assumptions about underlying core causes of noncompliant behaviour	Incentive and alignment issues Information asymmetry	Organisational reasons Process maturity	Incentive and alignment issues Information asymmetry	Incentive and alignment issues Organisational reasons Process maturity	Incentive and alignment issues

The conceptual basis for the table is the analysis framework by Karjalainen et al. (2009), which was supplemented and adapted to fit the needs of the present analysis.

In the same way that the five different forms of maverick buying identified by Karjalainen et al. in 2009 can be assigned to three core underlying reasons for noncompliance, the author also hypothesises that the seven reasons for maverick buying described by Karjalainen et al., 2009 can be assigned to the same three core underlying reasons for maverick buying identified earlier in the chapter, as well as the core reasons for noncompliant work behaviour identified in chapter 2.3. In a further analysis, Table 7 therefore attempts to match the proposed classification of the reasons into three overarching core reasons:

- (1) *Alignment and Incentive issues*
- (2) *Information Asymmetry*
- (3) *Organisational Aspects and Process Maturity*

This is done, by testing if the seven reasons for maverick buying first introduced by Karjalainen et al. in 2009 (and which have since been used by several authors; for example, Scott et al, 2018) can be assigned to the three overarching core reasons identified above. Should the author succeed in doing this, then the author will use the three core reasons as overarching constructs to explain and understand the phenomenon of maverick buying in the following empirical validation. The six reasons introduced by Karjalainen et al. (2009) will be briefly introduced here, including a short explanation why these reasons can be grouped into three overarching core reasons:

(1) *Lack of contract / process awareness*: Employees are unaware that framework contracts exist for the purchase of specific goods or services. They might also be unfamiliar with purchasing processes, or policies. (author's assumption: *this might be owned to either information asymmetries in the purchasing process, or to the fact that employees are not incentivised to make themselves aware of existing contracts or processes*).

- *Underlying reason: information asymmetries or incentive and*

alignment issues.

(2) *Behaviour guided by own interests or habits: Employees know the company policies and processes for purchasing specific goods or services, but consciously do not use them because they have previously established relationships with other suppliers. (author's assumption: employees engaging in this type of behaviour might also not be incentivised to use existing contracts, because of organisational alignment issues or false organisational incentives to change).*

- *Underlying reason: incentive and alignment issues.*

(3) *Perceived superiority of an alternative offer: Employees know the company policies and processes for purchasing certain goods or services but consciously decide not to use them, because they believe that it is in the company's interest to obtain a better deal outside the existing framework. (author's assumption: the key reason for this might be maturity issues of the purchasing organisation, for example a one-sided focus on cost, or information asymmetries. The person perceiving an offer to be superior might not have all the information necessary to make such a judgement call).*

- *Underlying reason: information asymmetries or issues in terms of organisational maturity.*

(4) *Perceived superiority of own buying skills: Employees know the company policies and processes for purchasing specific goods or services but do not use them because they believe they have better purchasing skills than the purchasing department. (author's assumption: if their skills are indeed better, then an issue of process maturity of the purchasing organisation might exist. The other possibility could be that the person making this judgement call might not have all the information to understand that it might indeed be the purchasing organisation that has a better skillset among its employees).*

- *Underlying reason: information asymmetries or issues in terms of organisational maturity.*

(5) *Opportunism: Employees know corporate policies and processes for*

purchasing specific goods or services but are unwilling to follow them because they want to maximise their self-interest.

- *Underlying reason: incentive and alignment issues.*

(6) *Resistance to change: Employees are familiar with corporate policies and processes for purchasing specific goods or services, but are unwilling to comply, as they see their purchasing power curtailed in purchasing decisions or feel inadequately involved in negotiating the framework contracts. (author's assumption: this might be owed to the fact that the employees do not have the incentive to change, i.e., there is no benefit to change, nor is there a disadvantage if they do not change. It might also be owed to information asymmetries, i.e., the employees are unaware of the benefits that a change might have for them).*

- *Underlying reason: information asymmetries or incentive and alignment issues.*

(7) *It is important to note that 'Forced Maverick Buying' the seventh reason named by Karjalainen et al. (2009) was, depending on the different author's descriptions, either included in reason (1), lack of contract/process awareness or in reason (2) behaviour guided by own interests and habits. As Karjalainen et al. (2009, p.255) describe, forced maverick buying may occur if:*

...new items that have not been contracted yet. Another is lack of capacity at the contracted supplier. Problems with using the new centralised ordering process...

In the opinion of the author it appears that this description seems to indicate issues in terms of incentive alignment, process maturity or information asymmetry, rather than supporting the assertion of a 'forced' event.

Adding to the existing database by extending the time all the way to 2018 and including German- as well as English language literature enabled the identification of articles that were not considered by Karjalainen's et al. in 2009, which in turn engendered additional reasons for maverick buying. In addition, the reasons were re-evaluated to see if they are a good fit, based on the author's estimation. A

number of author's published articles about maverick buying and noncompliant purchasing behaviour that were not considered by Karjalainen et al. in 2009, among them Karjalainen and Raaij (2011), Nissen and Mauß (2002) Wannenwetsch (2005 and 2010), Kauppi and Raaij (2015), Moosmann and Fröhlich (2014), Moosmann and Sarikaya (2014), Werner (2013) as well as Scott et al. (2018) and Rothkopf and Pibernick (2018). The author believes that it would be important to include them in the evaluation to test if the newly identified reasons fit Karjalainen et al.'s (2009) original classification and to test if the newly identified reasons for maverick buying also fit the three identified constructs of (1) information asymmetry, (2) organisational aspects/process maturity and (3) alignment and incentive issues.

Table 7. Reasons for maverick buying identified in literature. Categories adapted and expanded based on Karjalainen et al. (2009).

Author / Year (chronologic depiction)	Reasons for Noncompliant Work Behaviour in Business-to-Business Purchasing	Lack of contract/process awareness	Behaviour guided by own interests	Perceived superiority of alternative offer	Perceived superiority of own buying skill	Opportunism	Resistance to change	Construct One: Information Asymmetry	Construct Two: Organisational Aspects / Process Maturity	Construct Three: Alignment and Incentive Issues
Ambrose et al. (2002)	• Feeling of powerlessness to influence purchasing process	X	X				X	X	X	
	• Frustration with the supplier selection approach		X	X	X		X	X	X	
	• Facilitation of work (i.e., to speed up the process, improve deliveries, etc...)	X	X					X	X	X
	• Boredom or fun					X		X		X
	• Injustice (feeling of lack of involvement in purchasing process)	X	X	X	X			X		X
Nissen & Mauß (2002)	• Save time		X			X		X	X	X
	• Standard processes might not be well suited to allow for efficient purchasing activities	X	X				X	X		
Cox et al. (2005a)	• Internal clients' personal preferences for certain products and favourite suppliers		X		X			X		X
Cox et al. (2005b)	• Other functions are often not competent in procurement activities and unaware of the business and commercial risks involved	X		X			X	X	X	
Lonsdale & Watson (2005)	• Personal preference (friendship with supplier)	X	X			X	X	X	X	X
	• Conflicts between purchasing department and internal clients		X					X		
	• Local interest may be bigger than corporate good	X	X			X		X		X
	• Misalignment of interests	X	X			X		X	X	X

Wannenwetsch (2005)	• Purchasing perceived to be not competent	X		X	X			X		X
	• Perception of own purchasing skill superiority				X			X	X	X
	• Hope to hide spend from purchasing		X		X		X	X		X
Geldermann et al. (2006)	• Unfamiliarity with the rules	X					X	X		
	• Perceived inefficiency of following the rules	X					X	X	X	X
Kulp et al. (2006)	• Use of nonpreferred suppliers resulting from own desire to maintain relationship with established but unproven suppliers		X				X	X		
	• New purchase situation	X					X		X	X
	• Lack of information	X		X	X			X	X	X
Angeles & Nath (2007)	• Lack of spend visibility makes it difficult to ensure compliance					X	X		X	X
Meier & Stromer (2008)	• Long purchasing cycle times may entice other departments to initiate their own purchases rather than waiting for purchasing	X	X		X	X		X	X	X
Gabath (2009)	• Framework contracts might not be known or existent	X			X			X	X	X
	• Goals of pooling of demand might not be communicated adequately	X		X	X			X	X	X
	• Standard purchasing process might be considered to be too cumbersome	X	X				X		X	X
Karjalainen et al. (2009)	• Lack of purchasing policy awareness	X				X	X	X	X	X
	• Product or service not covered by contracts				X				X	X
	• Lack of insights into the benefits of corporate agreements	X	X		X			X	X	X
	• Perceived superiority of local deal		X			X	X	X	X	X
	• Personal preference for certain products and favourite suppliers		X			X		X	X	X
	• Favouring local interest over corporate interest		X	X		X		X		
Wannenwetsch (2010)	• Purchasing needs communicated too late	X			X		X	X	X	X
	• Bad purchasing processes may lead to waste (time, quality, ...)			X	X				X	X
	• Unplanned needs due to unpredictable customers	X			X				X	X
	• Departmental thinking		X			X		X		X
	• Get better terms and conditions	X	X	X	X			X		X

Karjalainen & Raaij (2011)	• Maintain existing supplier relationships		X			X		X		X
	• Unawareness of existing contracts	X					X	X	X	X
Werner (2013)	• Lack of contract awareness (of processes, contracts, policies)	X	X	X	X	X	X	X	X	X
	• User price driven, might ignore other factors		X			X		X		X
	• Framework contracts considered to be unfavourable		X		X	X		X		X
	• Ability of existing suppliers questioned; other suppliers seen as superior		X	X	X			X	X	X
	• Conflicts of interest between purchasing and other departments (intrinsic motivation)		X			X		X		X
	• Power-games between the different departments involved in the purchasing process		X			X		X		X
	• Missing incentives to comply with existing contracts		X			X		X		X
	• Budget pressures might force purchasing to engage in one-sided supplier selection		X	X		X		X		X
	• Corruption or existence of undocumented funds					X				X
Moosmann & Fröhlich (2014)	• Information asymmetry (both from agent and principal – and changing principal agent relationships)	X	X	X	X	X	X	X		X
	• Inadequate knowledge of process or product	X			X		X			
	• Misaligned goal systems						X			
	• Emergency situations		X							
	• Forced because of lacking contracts		X	X						
Moosmann & Sarikaya (2014)	• Unawareness of processes	X	X					X	X	X
	• Lacking Expertise	X			X		X	X	X	
	• Intentional noncompliance for various reasons (no need to comply, info asymmetry)	X	X	X	X	X	X	X	X	X
	• Emergency situations		X	X					X	X
	• Forced because of lacking contracts		X			X	X		X	X
Kauppi & Raaij (2015)	• Unfamiliarity with processes or regulations	X			X		X	X	X	X
	• Unawareness of existing contracts	X	X				X	X	X	X
	• Maximise own utility		X			X		X	X	X
	• Products not covered in existing agreements			X				X	X	X
	• Preference for existing, or other suppliers		X			X		X		X

	• Information asymmetry (changing principal agent relationships)	X	X	X	X	X	X	X	X	X
	• Time constraints		X	X				X	X	X
	• Goals incongruence	X	X			X	X	X	X	X
Rothkopf & Pibernick (2018)	• Agency problems (i.e hidden action, adverse selection, etc...)	X	X	X	X	X	X	X		X
	• Unawareness of Agreements	X					X	X	X	X
	• Product not on contract				X				X	X
	• Incentive issues (no reason to comply)	X				X	X		X	X
	• Perceived superior offer	X		X		X		X		X
	• Resistance to change	X	X			X		X		X
	• Lack of awareness of policy	X				X		X	X	X
Scott et al. (2018) (based on their analysis of Karjalainen et al. (2009), Lonsdale & Watson (2005), Liao et al. (2004) Wimbush & Shepard (1994) & others)	• Nonexistence of agreements			X				X		X
	• Lack of insight into benefits of agreements	X		X				X		X
	• Local deals perceived to be better		X			X	X		X	X
	• Purchasing manager preferences		X	X					X	X
	• Local interest more important than corporate		X			X		X		X
	• No incentives	X	X			X		X		X
	• No repercussions	X					X		X	X
	• Corporate culture (o.k. to be noncompliant, no repercussions, etc...)		X	X		X	X		X	X
	• Commitment		X			X			X	X
	• Information asymmetry (changing principal agent relationships)	X	X	X	X	X	X	X	X	X
• Lack of training (of both, purchasing and functional departments)	X	X	X	X		X	X	X	X	
Total	86 identified reasons for the existence of maverick buying	44	56	28	30	40	34	63	53	81
% of naming		18	24	12	13	17	16	32	27	41

Table 7 verifies and validates several items. Firstly, the individual reasons for the existence of maverick buying can generally be assigned to more than one of the main reasons that Karjalainen et al. (2009) used to explain maverick buying. It seems that the identified causes are often not sufficiently differentiated to assign them to only one of Karjalainen's overarching reasons. At the same time, being able to do so also validates Karjalainen's framework. Secondly, it confirms the existence of the three overarching reasons for maverick buying that were previously

identified. Goal misalignment and information asymmetry are the two most common reasons for opportunistic behaviour (Ang & Cheng, 2016; Harrell & Harrison, 1994), this view is also reflected in the conducted analysis, 41% of identified reasons fell into the overarching construct of alignment and incentive issues. Behaviour guided by own interests or habits (as described by Karjalainen et al., 2009) seems to be a form of opportunism, which is normally described as behaviour where people take advantage of certain situations for personal gain (Ang & Cheng, 2016; Berry & Seiders, 2008; Macintosh & Stevens, 2013). Thirdly, it is important to notice that all three of the overarching constructs—namely (1) information asymmetry with 32% of the reasons, (2) organisational aspects and process maturity with 27% of the reasons as well as (3) incentive and alignment issues with 41% of the reasons—were confirmed as core reasons, or rather underlying constructs that explain maverick buying. When trying to understand the phenomenon of maverick buying and identify reasons for its existence or determining approaches of how companies might want to deal with the phenomenon in a real business environment, then all three of these constructs appear to be necessary in gaining a thorough understanding.

2.8 Ways to Address Maverick Buying

A few core achievements have been accomplished so far in this thesis. For one, several terminological ambiguities have been resolved, and a definition for noncompliant work behaviour in business-to-business purchasing was generated based on a thorough review of relevant literature. Utilising a structured literature review, it was determined that maverick buying is indeed a form of noncompliant work behaviour, and a definition was generated for maverick buying as the most widely discussed form of maverick buying.

For this reason, it was also determined noncompliant work behaviour in business-to-business purchasing will simply be called maverick buying from now on during this dissertation. In a further step, the reasons for and corporate impact of maverick buying were discussed, which reinforced the conclusion that maverick buying can at times be indeed harmful to corporations (chapter 2.4).

Maverick buying is often perceived to be a corporate challenge that may cause many problems including financial loss. For this reason, it is prudent to look at the approaches in literature to limit or manage maverick buying. While it is often difficult to determine which and how many of a company's orders are processed without the involvement of the purchasing department (Schild, 2007), there are nevertheless several proactive measures that are taken to prevent maverick buying. Chapter 2.8 now examines several approaches that have been discussed in the literature.

E-Procurement

One of the most frequently proposed solutions to address maverick buying is the introduction of e-procurement tools and systems (Cuganesan & Lee, 2006; Karjalainen et al., 2009; Kulp et al., 2006). De Boer, Harink, & Heijboer (2002) found that the introduction of e-procurement for indirect products had a direct impact on significantly decreasing maverick buying (also see Hartmann & Petschke, 1999; Melzer-Ridinger, 2007). Consumers often find 'detours' around the central purchasing department in seemingly unimportant, inefficient and cumbersome transactions such as the ordering of office supplies (Geldermann et al., 2006), and they find it attractive to take care of more mundane procurement activities by simply excluding the purchasing department via electronic procurement tools (Hartmann & Petschke, 1999; Melzer-Ridinger, 2007).

E-procurement greatly reduces the bureaucratic elements of ordering and achieves substantial savings on processing costs with the elimination of sub-processes such as the forwarding of requirements to purchasing departments or queries about the purchase (Karjalainen et al., 2009; Nenninger, 1999). By allowing a kind of 'one-stop-shopping', e-procurement systems eliminate tedious ordering processes and consequently significantly reduce the incentive for maverick buying (Angeles & Nath, 2005; Michaelides, Ho, Boughton, & Kehoe, 2003). Overall, using e-procurement software provides better spending visibility, which can translate to maverick buying reductions of up to 40% (Cuganesan & Lee, 2006; Kulp et al., 2006).

Purchasing Cards

Very closely related to e-procurement tools and systems is the use of electronic purchasing card systems, also known as purchasing cards, to tackle maverick buying of non-strategic goods and services (Cox et al., 2005b; Karjalainen et al., 2009; Moosmann & Sarikaya, 2014; Palmer, 1996). Employees with purchasing cards are authorised to make purchases directly from approved suppliers within certain budgetary constraints (Wannenwetsch, 2013). Purchasing processes and procedures are pre-determined by the purchasing department, which results in greater spend visibility among other departments (Werner, 2013). Because purchasing cards function in essentially the same way as credit cards, they are a means of controlling maverick buying that is easily accepted by employees (Werner, 2013). In addition to reliably ensuring compliance with purchasing guidelines, a purchasing card system can reduce transaction costs by up to 75% (BME, 2007). Cost reductions can be further empowered by long term contracts (Poucke, Weele & Matthyssens, 2014).

Elimination of Information Asymmetries

Another commonly cited approach to reduce maverick buying is the elimination, or reduction of information asymmetries (De Boer et al., 2002; Karjalainen et al., 2009; Kauppi & Raaij, 2014; Moosmann & Sarikaya, 2014; Scott et al., 2018). On the one hand, maverick buying can be limited by ensuring that buyers are knowledgeable about the items that they are purchasing, and on the other hand, users need to be informed of existing contracts and established purchasing processes (Karjalainen et al., 2009; Kauppi & Raaij, 2014).

Many authors cite a lack of knowledge of the items that are supposed to purchase as a possible reason for maverick buying (Chitale & Gupta, 2007; Monczka, Handfield, Giunipero, & Patterson, 2015). In addition to this knowledge gap comes a different understanding in terms of sending and receiving messages; e.g., the specifications provided by a department with certain product or service needs might not be correctly 'translated' into a buying agreement negotiated by a different department (Chitale & Gupta, 2007). Given the ever-increasing complexity of purchasing decisions which is often owed to the increasing percentage of value creation which is outsourced to suppliers (Scotti, 2007; Stevenson, 2017), decisions in

business-to-business purchasing might simply be too technical and go beyond the knowledge and skill-set of many buyers.

To overcome such issues, it is vital for purchasing managers to provide that their department has adequate resources, knowledge and information to successfully work with other functional departments (Kauppi & Raaij, 2014; Pooler, Pooler, & Farney, 2004). If buyers are not knowledgeable about the items which they purchase, then training them to remain abreast of such information can have a positive impact in eliminating maverick buying (Kauppi & Raaij, 2014; Karjalainen et al., 2009). In many cases, those who ultimately use the product or service know more about their requirements than a purchaser who has expertise in other areas. Maverick buying often occurs during more complex purchases because the consumer is dissatisfied with the quality of the items obtained by purchasing. Intensive communication between the immediate consumer and the purchasing department about product specifications can help in such cases (Kulp et al., 2006), and ensures that the end user actively engages in the procurement process, and thus feels less need to pursue better terms through maverick buying (Karjalainen & Raaij, 2010).

Providing purchasing managers with greater insights into departmental needs and keeping them involved at the start of new projects can increase their knowledge and expertise (Pooler et al., 2004), which might also improve the relationship among functional areas. In addition, users or requestors of goods and items need to be better informed on the terms of current contracts with suppliers (Pooler et al., 2004).

Training for purchasing employees and the creation of channels to transmit information regarding existing supplier agreements appear to be important solutions that managers can adopt to decrease maverick buying (Kulp et al., 2006). In the end, reducing agency's costs by increasing the monitoring of the agent will lead to a reduced occurrence of maverick buying (Rutherford, Buchholtz, & Brown, 2007).

Table 8 summarises the types of maverick buying on which the elimination of information asymmetries could have a positive impact. It shows that the elimination of information asymmetries will not work equally well for all types of

noncompliant work behaviour (only areas highlighted in pink will benefit from the elimination of information asymmetries).

Table 8. Information asymmetries as a factor in noncompliant purchasing (adapted from Karjalainen et al., 2009)

Cause of maverick buying	Problem	Type of maverick buying	Remedies
Information asymmetry and no opportunistic behaviour (Karjalainen et al., 2009)	Agent (User) does not know purchasing policies.	Unintentional maverick buying	Information systems, training and standardisation (this applies to the requestors as well as the purchasing department)
	Product specifications of the user are not fulfilled in an adequate manner.	Casual maverick buying	
	Competence and usefulness of central purchasing are questioned by users.		
Information asymmetry and opportunistic behaviour (Karjalainen et al., 2009)	Personal (existing long-term) relationships with suppliers	Well intentioned maverick buying	Control and incentive systems (the creation of incentive and control systems focusses mainly on getting users to involve the purchasing department in the purchasing process)
	User not incentivised to adhere to rules, regulations and policies of the purchasing department.	Casual- and well-intentioned maverick buying	
	Resistance to change	Ill- intentioned maverick buying	

Centralised Purchasing Department

Centralisation is a key tool to manage or limit maverick buying. Karjalainen has probably published the most comprehensive evaluation of the value of purchasing department centralisation to address the phenomenon of maverick buying in public procurement to this date (e.g., Karjalainen & Kemppainen, 2008; Karjalainen et al., 2009; Karjalainen & Raaij, 2009). Centralised purchasing departments generally have a larger percentage of standardised processes than de-centralised purchasing organisations (Dubois & Wynstra, 2005). Because standardisation is seen as a way to address maverick buying, (Karjalainen & Raaij, 2011; Wannenwetsch, 2013; this is also discussed in more detail later in this chapter), centralisation is in turn considered an effective approach to achieve compliance in purchasing.

Centralisation also professionalises the purchasing department (Gadde, Håkansson, & Persson, 2010), thus engendering a better and more aligned goal setting process between that unit and other corporate departments (Karjalainen & Raaij, 2010; Kulp et al. 2006; also see the section on employee training in this chapter), which ultimately facilitates the management of noncompliant purchasing behaviour.

Incentive System Alignment

It is extremely difficult for purchasing departments to control the purchasing behaviour of users, since maverick buying can only be verified ex-post (Karjalainen & Raaij, 2010). Consequently, suitable incentive systems need to align the interests of users with those of the purchasing department (Kulp et al., 2006). Maverick buying occurs, because the contracts signed by the purchasing department might not be well-suited for their intended needs (Cox et al., 2005a; Karjalainen et al., 2009; Kulp et al., 2006), or that functional departments might fear that the purchasing department will select suppliers based on the wrong criteria. For example, the quality might be too low due to excessive price constraints, or delivery schedules might not be adequate to meet customer needs. Focussing on total cost systems can help with intra-departmental goal alignment. Kulp et al. (2006) proposed three steps to achieve a significant decrease in maverick buying: (1) gather information about key areas of noncompliance; (2) identify the causes for maverick buying; and (3) design systems and introduce incentives to encourage compliance.

Control systems, which check the compliance of other functional departments with the rules, regulations and policies of the purchasing department, can reduce maverick buying and enhance goal congruence between purchasing and its partner functions (Karjalainen & Raaij, 2010). Sanctioning measures such as formal or informal warnings to employees who violate purchasing regulations might also be beneficial (Kulp et al., 2006). Control systems incentivise employees to act compliant by making them aware that nonconformity can adversely affect their performance evaluation (Karjalainen & Raaij, 2010).

Eisenhardt (1989) identified two control options, namely process and outcome controls. In implementing process controls, the principal monitors the behaviour of the agent, whereas outcome controls focus on the ultimate results of the

agent's work (Eisenhardt, 1989). Outcome controls often have a significant positive impact on employees' behaviour, whereas process controls often cause resistance in employees (Heide, Wathne, & Rokkan, 2007; Karjalainen & Raaij, 2009). Frese (1980) proposed that incentive systems are most effective in ensuring purchasing compliance when they are designed to motivate partner functions to willingly conform to the goals of the purchasing department (Frese, 1980).

Standardisation

The more standardised purchasing processes are, the less likely it is they will be ignored (Karjalainen & Raaij, 2011). Increased harmonisation and standardisation, supported by increased transparency therefore reduce noncompliance (Narasimhan & Das, 2001). For example, orders might require a signed purchase order from the purchasing department (Gabath, 2010). Suppliers must be informed in advance that orders will not be paid without corresponding and presenting the correct documentation (Wannenwetsch, 2013). In the same way, accounts payable can be instructed to pay only those invoices that contain a corresponding reference number for the purchase (Wannenwetsch, 2010). If suppliers have an order without a corresponding authorisation via a signature or reference number, then they could be instructed not to accept these orders and to submit a message to the central purchasing department (Höveler & Nold, 2008). Such measures aim to convince employees of the advantages of following a standardised procurement path via central purchasing through administrative hurdles (Höveler & Nold, 2008). If such prescribed processes of the ordering process are closely tied to existing framework agreements, then noncompliance due to personal interests, familiarity with an unauthorised supplier, or aversion to change is less likely (Karjalainen & Raaij, 2010; Kulp et al., 2006).

Hendry (2002) suggested that standardised processes are only effective and efficient if the processes are explained and communicated to employees. Karjalainen and Raaij (2009) showed that the standardisation of ordering processes has a significant influence on the reduction of information asymmetry and this help to control maverick buying. Standardisation and the elimination of information asymmetries go hand in hand. The assumption is that more standardisation in the

purchasing process leads to less information asymmetry and this serves as an adequate way to deal with noncompliant behaviour in purchasing.

Employee Training

In many ways, training could also be included in the previous sections – ‘Elimination of Information Asymmetries’ and ‘Standardisation’. Training employees often helps in eliminating information asymmetries.

However, the author chose to list employee training as a separate approach to address maverick buying, because many companies already have existing training programs that might be used as a separate resource to deal with this behaviour. Hendry (2002) warned that standardised processes are only effective and efficient if the processes are properly explained to employees. Accordingly, to prevent conscious maverick buying, employees need to be knowledgeable about the impact of their behaviour (Karjalainen & Raaij, 2010). Cost centre managers often hope to achieve supposedly better prices or conditions through maverick buying; however, although it may be possible to negotiate a lower article price for individual purchases (Werner, 2013), process costs and long-term costs associated with installation, maintenance and repair might be negatively impacted. Structured employee training is also required to enforce practices such as desktop purchasing systems, e-procurement and/or purchasing cards (discussed earlier in this chapter) that have been shown to have a positive effect on the occurrence of maverick buying. Particularly in the introductory phase, users should be made aware of the benefits of new systems through seminars and trained in their practical implementation and use (Croom & Brandon-Jones, 2007).

Company Internal Customer Management

The more responsive and internally customer oriented the different departments within a company are, the lower the likelihood of noncompliant work behaviour (Chavez et al., 2015) and consequently the occurrence of maverick buying will also be lower. In one survey, approximately 30% of US companies reported having a small supply market research staff, and about two-thirds reported that they have no staff research personnel, but rather depend on the buyers to conduct their own

commodity research (Pooler et al., 2004). Such results highlight the importance of a good relationship between purchasing and other functional departments; for example, those companies with decentralised commodity research functions need a close working relationship with the respective requestors of goods or services to be able to know what exactly to buy and how to evaluate a good product or service (Monczka et al. 2015). The purchasing department needs to realise that a heightened sense of internal customer management will also decrease the likelihood of maverick buying.

Corporate Climate

A lack of compliance with applicable purchasing rules can be assumed to indicate that the employees do not feel a need to adhere to them (Karjalainen & Raaij, 2010). It should be a task of management to set up appropriate control and incentive systems, which require employees to comply with existing agreements or processes and to limit maverick buying (Karjalainen & Raaij, 2010). A number of articles have confirmed the close link between company climate and the behaviour of employees (Wimbush & Shephard, 1994). Thus, maverick buying is more likely to occur in companies where employees perceive that management does not care if existing rules and regulations are violated (Karjalainen & Raaij, 2010).

Eisenhardt's (1989) process controls and outcome controls were mentioned among the different control mechanisms described in Chapter 4. Aulakh and Genc-turk (2000) extended Eisenhardt's (1989) concept to incorporate a third control mechanism: social control, which is manifested at the interpersonal level and is therefore included here in the category 'corporate climate'.

2.9 Intermediate Conclusion – Causes, Identified Forms and Approaches to Address Maverick Buying

The main intention of chapter 2 was to gain a solid, literature based, understanding of the phenomenon of noncompliant work behaviour and noncompliant work behaviour in business-to-business purchasing, also called maverick buying. Particular emphasis was placed on first defining the phenomena of noncompliant

work behaviour and then of noncompliant work behaviour on business-to-business purchasing in particular.

Figure 2 on page 47 shows the different reasons for noncompliance in purchasing and the underlying motivation of the employees engaging in noncompliant conduct. Table 6 on page 51 assigns three identified core underlying causes of non-compliant work behaviour in business-to-business purchasing to the different forms of maverick buying. Figure 4 below depicts the sequential line of argumentation of the core components of chapter 2.

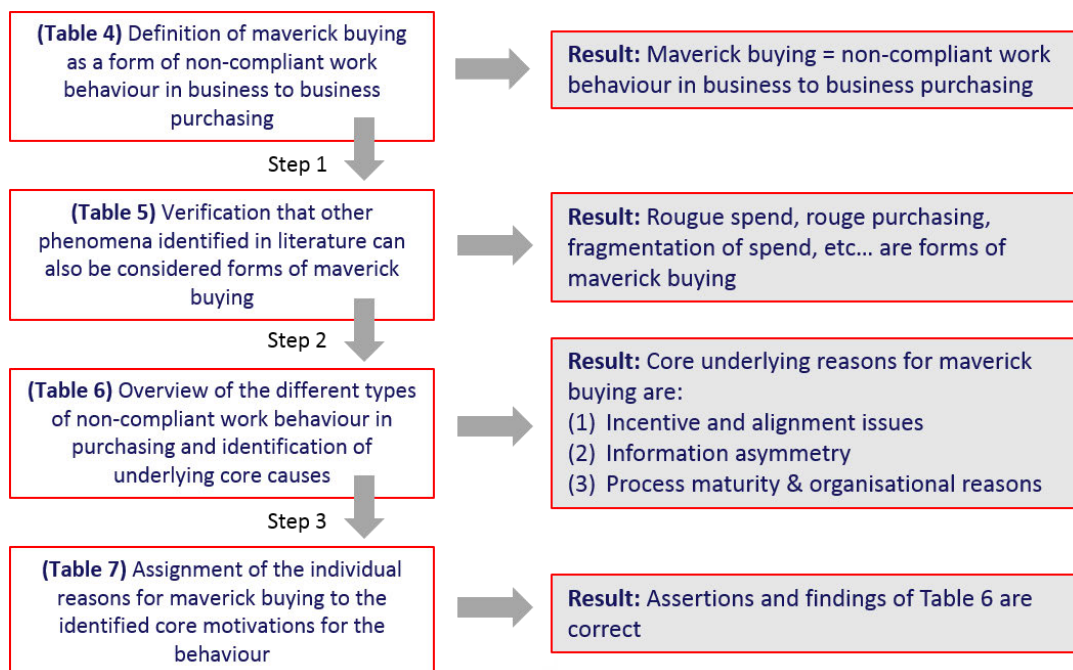


Figure 4. Reasoning to arrive at the identification of the three-core underlying reasons for maverick buying.

The outcomes of this chapter are significant, because they show that purchasing processes often do not follow the policies and the norms of the corporation. In other words, the assumption that a company’s employees would be using established structures in the form of a purchasing department does not hold true in many instances. This seems to contradict the concept of ‘structure follows strategy’, as described by Chandler (1962/1990). Assuming that structure truly follows strategy, as suggested by Chandler (1962/1990) could lead to hypothesise that a central purchasing function might in itself be inefficient in many instances.

A wide array of reasons was identified to explain why employees engage in noncompliant work behaviour (chapter 2.3) and noncompliant work behaviour in business-to-business purchasing, i.e., maverick buying:

- Management and leadership style (Litzky et al., 2006; Rothkopf & Pibernick, 2018)
- Demographic factors (Karjalainen et al., 2009)
- Personality traits (Badenhorst 1994; Liao et al., 2004; Litzky et al., 2006; Scott et al., 2018; Trevino, 1986)
- Organisational factors (Badenhorst, 1994; Karjalainen & Raaij, 2011; Scott et al., 2018)
- Organisational culture and climate (Vardi, 2001; Scott et al., 2018)
- Ethical climate (Peterson, 2002; Robinson & Bennett, 1995)
- Information asymmetries (Ates et al., 2014; Chavez et al., 2015; Gallino & Moreno, 2014; Mikkelsen & Johnsen, 2019, Rothkopf & Pibernick, 2018; Scott et al., 2018)

Based on the analysis of reasons for maverick buying and the analysis of approaches to deal with maverick buying, (1) The implementation of e-procurement tools and systems (2) The use of purchasing cards (3) The elimination of information asymmetries (4) The centralization of the purchasing department (5) The alignment of incentive systems (6) The standardisation of the purchasing process (7) The training of employees (8) Company internal customer management and (9) Corporate climate, a taxonomy of maverick buying was developed. The taxonomy of maverick buying which was the result of the literature review presented in chapters 2.5 and 2.6, and the review of approaches to deal with maverick buying in chapter 2.8, is the key outcome of chapter 2. Chapter 2 found that there seem to be three core constructs which explain maverick buying. These core constructs are:

(1) organisational factors and process maturity;

(2) incentive and alignment related issues; and

(3) information availability and information asymmetry.

Table 9 summarises the reasoning behind the above classification, matching the remedies for noncompliant work behaviour to its forms in the context of

maverick buying in order to determine if the remedies can be grouped into the three categories identified as explanations for noncompliant work behaviour.

For a more detailed version of Table 9, which also goes into much more detail in regard to the reasoning for the made classifications, please refer to Appendix VI. Appendix VI not only gives the reader a much-expanded list of authors of exemplary studies, but also goes into detail about the types and forms of noncompliant behaviour addressable with the presented approaches to deal with maverick buying. Appendix VI also gives exemplary reasons for the described types of maverick buying.

Table 9. Forms of maverick buying categorised according to the three identified core constructs

Approaches to deal with MB	Core Constructs to Explain Maverick Buying			Exemplary studies	Type/Form of noncompliance (and most commonly affected material/commodity groups)
	(1)	(2)	(3)		
3.1 e-Procurement		X	X	Angeles and Nath, 2005; Cuganesan and Lee, 2006; Geldermann et al., 2006; Hartmann and Petschke, 1999; Kulp et al., 2006; Melzer-Ridinger, 2007; Michaelides et al., 2003; Nenninger, 1999	Unintentional & Casual noncompliance <i>C-parts, MRO, office equipment, etc.</i>
3.2 Purchasing cards and petty cash		X	X	Cox et al., 2005b; Karjalainen et al., 2009; Moosmann and Sarikaya, 2014; Palmer, 1996; Poucke, et al., 2014; Wannenwetsch, 2013; Werner, 2013; Wild, 2002; Wisner, Tan, and Leong, 2008	Unintentional & Casual noncompliance <i>C-parts, MRO, office equipment.</i>
3.3 Elimination of info. asymmetries	X	X	X	Chitale and Gupta, 2007; Karjalainen et al., 2009; Kauppi and Raaij, 2014; Kulp et al., 2006; Monczka, Trent, and Petersen, 2008; Moosmann and Sarikaya, 2014; Rutherford, et al., 2007; Scott et al., 2018	Well-Intentioned & Ill-Intentioned noncompliance (<i>A and B parts</i>)
3.4 Centralised purchasing	X	X	X	Dubois and Wynstra, 2005; Gadde et al., 2010; Karjalainen, 2008; Karjalainen and Kemppainen, 2008; Karjalainen and Raaij, 2011; Kulp et al. 2006; Wannenwetsch, 2013	Unintentional, Casual, Well-Intentioned, Ill-Intentioned & Forced noncompliance (<i>A, B and C-parts</i>).
3.5 Alignment of incentive system	X	X	X	Cox et al., 2005a; Eisenhardt, 1989; Frese, 1980; Heide et al., 2007; Karjalainen et al., 2009; Karjalainen and Raaij, 2010; Kulp et al., 2006	Unintentional, Casual, Well-Intentioned, Ill-Intentioned & Forced noncompliance (<i>A, B and C-parts</i>)
3.6 Standardisation	X	X	X	Gabath, 2010; Hendry, 2002; Höveler and Nold, 2008; Karjalainen and Raaij, 2011; Kulp et al., 2006; Narasimhan and Das, 2001	Unintentional noncompliance - Casual noncompliance - Well-Intentioned noncompliance (<i>C- and B parts. Possibly helpful for A-parts</i>)
3.7 Employee training		X	X	Croom and Brandon-Jones, 2007; De Boer et al., 2002; Hendry, 2002; Werner, 2013	Unintentional, Casual, Well-Intentioned & Ill-Intentioned noncompliance (<i>A, B and C-parts</i>)
3.8 Internal cust. mgmt.		X	X	Chavez et al., 2015; Monczka et al., 2008; Pooler et al., 2004; Zenz, 1994	Unintentional, Casual, Well-Intentioned & Ill-Intentioned noncompliance (<i>A, B and C-parts</i>)
3.9 Corporate climate		X		Aulakh and Gencturk, 2000; Eisenhardt's, 1989; Karjalainen and Raaij, 2010; Wimbush and Shephard, 1994	Unintentional noncompliance; Casual noncompliance; Well-Intentioned noncompliance (<i>A, B and C-parts</i>).

In summary, we can see that the proposed approaches to deal with maverick buying can be grouped into three main categories that confirm and re-affirm the three core constructs identified above.

(1) Organisational factors and process maturity - Initiatives that focus on organisational aspects, such as centralising the purchasing department. This aspect will be discussed later with the additional focus on organisational maturity, i.e., the assumption that maverick buying is less of an issue when the purchasing department is well established within the organisation.

(2) Incentive and alignment related issues - Initiatives that incentivise people to act according to existing rules and regulations like petty cash, purchasing cards and e-procurement.

(3) Information availability and information asymmetry - Initiatives that try to decrease information asymmetries, including proposals for internal customer management and standardisation.

Accordingly, these three elements will serve as the basis for creating a theoretical framework to understand and explain, maverick buying.

Figure 5 attempts to graphically depict the identified constructs and puts them into an overall purchasing focussed organisational context similar to the one used in the International Purchasing Survey (2012). Based on the literature review in chapter 2, it can be asserted that purchasing strategies and goals are generally the results of the overall business strategy. One of the identified constructs to explain noncompliant purchasing behaviour seems to be positioned therein. It was discovered that many authors see a disconnect between the strategy and goals of the purchasing department and those of other functional departments as one of the reasons for noncompliant purchasing behaviour (e.g., Litzky et al., 2006; Vardi, 2001). The literature review also showed that several authors see organisational factors and process maturity as an overarching reason for the occurrence of non-compliant purchasing behaviour (Karjalainen & Raaij, 2011; Scott et al. 2018). For this reason, that factor will be used as the second construct in the authors attempt

to better understand the phenomenon of noncompliance in purchasing. Finally, purchasing processes and the possible resultant company internal information asymmetries are identified by numerous authors as core overarching reasons for the existence of noncompliance in the area of purchasing (Ates et al. 2014; Chavez et al. 2015; Karjalainen & Raaij, 2011). Information availability and information asymmetry are therefore identified as the third and final construct to understand and explain noncompliance in purchasing in the scope of this dissertation.

Consequently, as depicted in Figure 5 below, purchasing performance and noncompliant work behaviour in the area of purchasing seem to be the result of the three identified constructs.

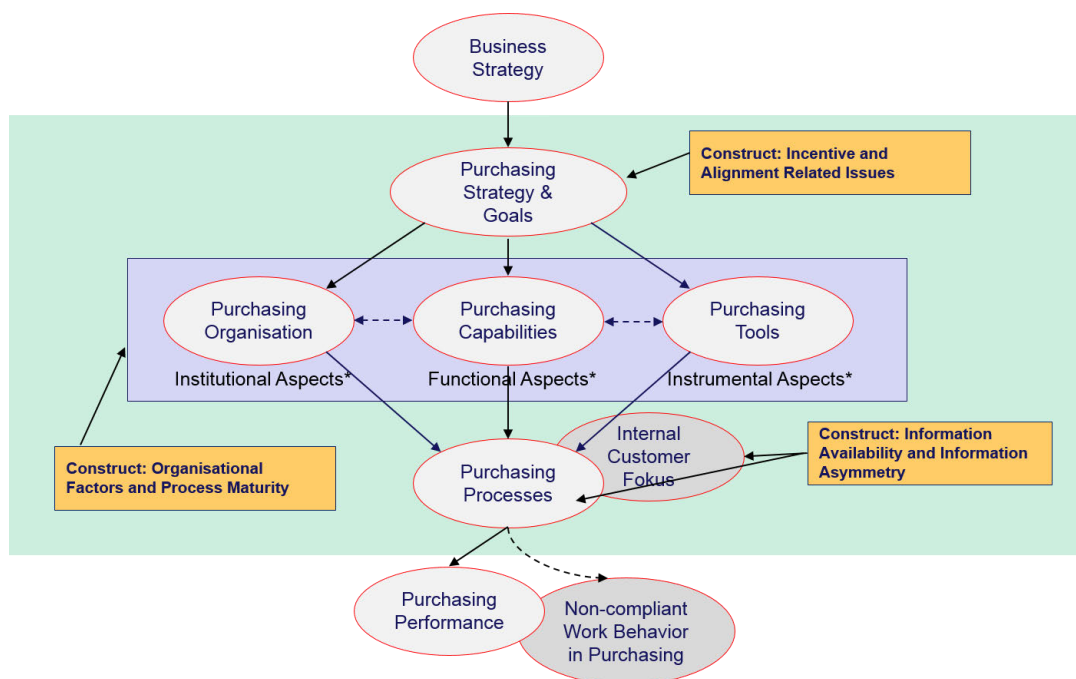


Figure 5. Graphic depiction of the three constructs that used to explain and understand noncompliant purchasing behaviour in the scope of the presented dissertation.

3. Understanding the Three Key Constructs of Maverick Buying

Chapter two served to develop a taxonomy of maverick buying and identified core constructs that can serve to understand and explain maverick buying, i.e., (1) organisational factors and process maturity, (2) incentive and alignment issues and finally (3) issues of information availability and information asymmetry. From a behavioural science perspective, noncompliance is described as ‘deviant behaviour contrary to universal norms’, or as a ‘noncompliant’, antisocial and counterproductive behaviour (e.g., Werner, 2013). From an agency theory or incentive problem perspective, Karjalainen et al. (2008) cited insufficient information (information asymmetries) as a major cause of maverick buying which was related to Lonsdale and Watson’s (2005) framework, which classifies noncompliant behaviour as an expression of the principal agent problem. Lonsdale & Watson (2005) attributed the phenomenon to inadequate company internal information management and uncoordinated goal setting systems between purchasing, user and the corporation itself. Finally, noncompliance and in turn, maverick buying, can be analysed from a process maturity perspective, such that noncompliant work behaviour can be at least in part attributed to an inadequate level of process maturity and purchasing maturity (e.g., Beamish et al., 2014).

Chapter 3 will therefore provide the theoretical underpinnings for the three constructs, i.e., (1) information availability and information asymmetry (chapter 3.1), (2) organisational factors and process maturity (chapter 3.2), and (3) incentive and alignment related issues (chapter 3.3), which were developed in chapter 2 and which serve to understand and explain maverick buying.

3.1 Construct One: Agency Theory

The basic agency paradigm was created in the mid-19th century to determine amounts of risk sharing among different individuals (Namazi, 2013); however, since then, the areas of application for agency theory have greatly expanded to include various forms of cooperation between different people with different goals. In its most basic form, ‘agency theory relates to situations in which one individual

(called the agent) is engaged by another individual (called the principal) to act on his/her behalf' (Namazi, 2013, p.40). Thus, in a management context, principal agent theory aims at understanding and solving potential problems between the principal and the agent (Kaluza, Dullnig & Malle, 2003; Eisenhardt, 1989; Erlei, 2014; Pepper & Gore, 2013).

Agency theory encompasses both normative and positivist approaches (Mitnick, 1973, 1994, 2013). The normative approach posits that principal and agent will try to maximise their positions by interpreting contracts in their own favour (Fayezi, O'Loughlin, & Zutshi, 2012). 'In agency relationships, it is normal that the principal seeks to minimise agency costs, while the agent works towards maximising rewards and reducing principal control' (Mukura, Shalle, Kanda & Ngatia, 2016, p.195; also see Fleisher, 1991). This framework looks at self-interests, bounded rationality and agent risk aversion as core items to understand agency theory (Eisenhardt, 1989; Fayezi et al., 2012). In contrast, positivist agency theory aims to understand real world behaviour and relationship dilemmas in terms of agency logic (Shapiro, 2005). It attempts to clarify illogical behaviour of agents and principals when they are unwilling to forward sensitive information because of a lack of trust, such that those relationships can be understood and managed more effectively (Fayezi et al., 2012; Shapiro, 2005).

Principal agency theory studies the impact of information asymmetry in principal agent relations (Linder, Foss, & Stea, 2014; Namazi, 2013), which occurs when people who work together are differently well informed about the same topic (Namazi, 2013). Principal agency theory 'assumes the principal to be perfectly knowledgeable of some pieces of information' (for example, risk aversion), 'while others ... are considered to be perfectly private information of the agent' (Linder et al., 2014, p. 21). A 'rational and utility maximizing agent' (Linder et al., 2014, p. 4) 'will not always act in the best interests of the principal' (Jensen & Meckling, 1976, p. 5). Consequently, the principal should keep a close eye on the agent's activities and try to reinforce them through any means towards his benefit (Namazi, 2013). It is the principal's responsibility to manage agency problems and ensure that the agent does not fall victim of the issue of moral hazard. Naturally, agents are more

informed about their own abilities than principals (Linder et al., 2014). Agents might try to exploit this information asymmetry *ex ante*, i.e., before signing a contract (adverse selection, or hidden characteristic) by promising unrealistic performance, or *ex post*, after contract signature (moral hazard) by not performing to their fullest ability (Linder, et al., 2014).

However, agency theory also assumes that the principal demands that the agent acts in the principal’s best interest (Jensen & Meckling 1976). This situation can lead to conflict, since both parties are operating on limited rationality and hope to maximise their own utility (Linder et al., 2014; Namazi, 2013). Opportunistic behaviour on the agent’s side is only possible because of asymmetric information (Dullnig et al., 2003), for which there are three categories (Figure 6), namely ‘hidden characteristics’, ‘hidden action/hidden intention’, and ‘adverse selection’ (Dullnig et al., 2003).

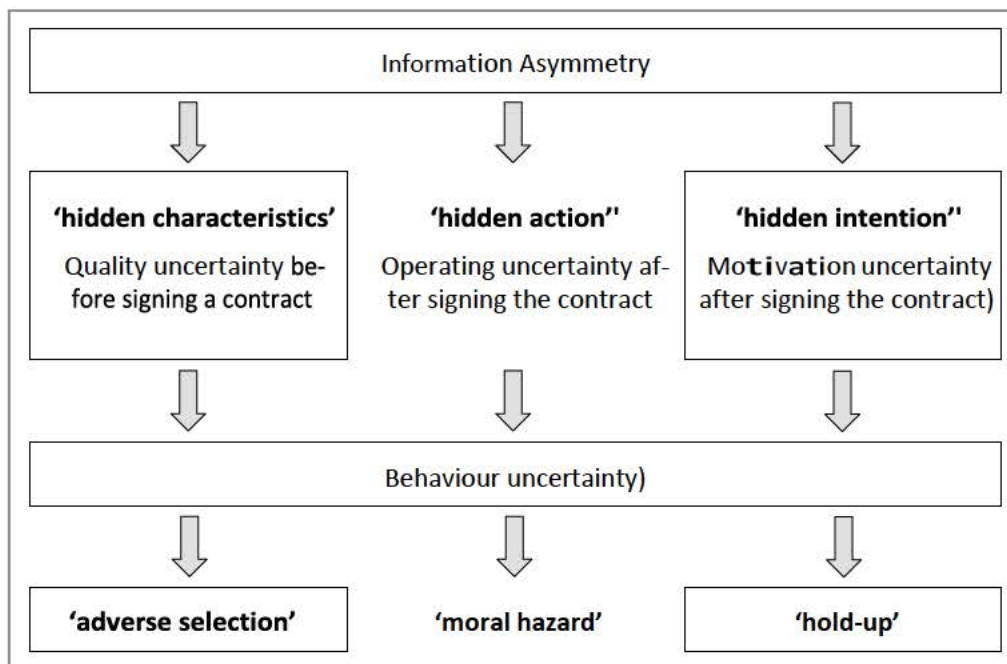


Figure 6. Information asymmetry and behaviour uncertainty. Adapted from Dullnig et al. (2003)

‘Hidden characteristics’ describes a situation in which it is impossible for the principal to identify if an agent meets all prerequisites. This type of asymmetric information may result in an ‘adverse selection’, selecting the wrong agent for a task before the contract is signed (Fayezi, et al., 2012). ‘Hidden action’ describes a

situation in which a principal able to observe the results but is incapable of judging the performance of agent because of their shortage of expertise in a specific field of activity. The agent could then exploit the principal's ignorance in their own favour and thus faces a so-called 'moral hazard' (Fayezi, et al., 2012). Finally, 'hidden intention' deals with cases in which the agent has an information advantage over the principal because the latter does not know the attitude and the motivation of the agent after signing the contract. The principal is not able to assess if a different agent behaviour would improve the result. This type of asymmetric information is problematic if there is a dependency on the principal's side and the possibility of aligning the interest of both parties has eroded irreparably. This form of uncertainty behaviour is called a 'hold up' (Dullnig, et al., 2003).

3.1.1 Information Asymmetry in the Purchasing Process

In a purchasing context, principal agent theory deals with client-contractor relationships (Kreikebaum, Gilbert, & Reinhardt, 2002) and with relationships between the requestor of an item and the purchasing organisation. The action of the contractor (agent) impacts the welfare of the principal as well as the agent (Kreikebaum et al., 2002). The role of principal or agent can be either an individual, a group or an organisational unit (Kreikebaum et al., 2002). Thus, the job is performed by at least one principal to one or more agents, and decision-making authority is transferred to the agent (Karjalainen & Raaij, 2009; Kreikebaum et al., 2002). For this reason, the basic problem may be characterised by the fact that the principal, once instructed by the agent to do something, cannot be sure that the agent is acting entirely in their favour (Bea & Göbel, 2006).

Nevertheless, applying agency theory to a purchasing setting has proven to be rather difficult (Levinson, 2011). Supply chains and purchasing networks can be exceedingly complicated with many involved parties and stakeholders (Levinson, 2011). In the context of maverick buying, principal-agent relationships create a conflict of interest during the purchasing process, such that the agent must determine whether to purchase items according to existing procedures or to act in his or her own best interest (Cox et al., 2005a; Karjalainen, 2008; Moosmann & Fröhlich,

2014; Wannenwetsch, 2013; Werner, 2013). One of the fundamental problems of principal-agent relations is caused by 'moral hazard', whereby the agent exerts minimal effort toward completing work tasks and exhibits lax compliance with existing rules, processes or regulations (Eisenhardt, 1989). This issue is often exposed through 'hidden action', such that potential compliance issues are revealed only after contracting (Steinle et al., 2014), when the agent damages the company by not using existing framework agreements or not complying with existing processes (Kauppi & Raaij, 2015; Rothkopf & Pibernik, 2016; Scott et al., 2018).

Another challenge to applying agency theory to a purchasing context is caused by the many different functional departments that are involved in purchasing and supply management processes, such as purchasing, manufacturing, quality and logistics, which leads to multiple principal-agent relationships (Fayezi et al., 2012). In many cases, all parties would agree that operating with cooperative behaviour would increase the overall utility of all parties; nevertheless, every department will try to increase their personal benefits by enforcing their own interests in an opportunistic manner (Dullnig, et al., 2003).

On the other hand, there are several examples in which agency theory has been successfully used to explain and manage agency problems in supply chain and purchasing settings (Agrell, Lindroth, & Norrman, 2004; Cheng & Kam, 2008; Fayezi et al., 2012; Nagarajan & Socis, 2008; Norrman, 2008; Pfeffer & Alison, 1987). A wide body of research has identified principal agent problems as providing the foundations of noncompliance (Bea & Göbel, 2006; Karjalainen & Raaij, 2009). In the case of maverick buying, the purchasing is the principal and operational buyers are the agents (Karjalainen & Raaij, 2009).

As previously discussed, maverick buying can be described as the procurement of goods that bypasses the company's purchasing department and its existing framework agreements and processes (Wannenwetsch, 2013; Werner, 2013, also see chapter 2.5). As described in chapter 2, one of the primary drivers for noncompliance is the lack of information obtained by the agent, and a consistent level of information is sometimes proposed as a remedy against noncompliant work behaviour in purchasing (Kleemann, 2006). Information deliberately withheld for a variety

of reasons can contribute to maverick buying in business-to-business purchasing (Dresp, 2004; Imig & Kusserow, 2002), and the problem is often exacerbated by poorly structured processes for obtaining information or for storage (Read, 2002). Purchasing, with various principals and agents can make information sharing and behaviour monitoring very difficult (Adams, 1996).

The principal-agent problem thus arises from the combination of imperfection of information structures, information asymmetry and the resulting motivation and coordination problems. Having an informational edge, the agent is much better acquainted with their task and knows how they have struggled in each situation and what knowledge and skills they possess (Bea & Göbel, 2006, Karjalainen & Raaij, 2009). In a purchasing context, asymmetry in information can be related to the issue of 'hidden action' described above, when the principal cannot observe the agent until the process has already been completed (Bea & Göbel, 2006; Karjalainen & Raaij, 2009). In cases of 'hidden information', the principal (i.e., the purchasing department) cannot always verify if the agent (i.e., functional departments) is ordering outside the contract frameworks established by the purchasing department (Bea & Göbel, 2006; Karjalainen & Raaij, 2009). Thus, the agent could have information about specific local offers that would be beneficial to the company, but which are not known to the principal and therefore are not considered when negotiating framework contracts (Karjalainen & Raaij, 2009). From these two types of information asymmetry derives the problem of moral hazard, which manifests itself in the agent prioritising their own interests when making the purchasing decision (Bea & Göbel, 2006).

It is important to note that principal-agent problems in purchasing also result from divergent goals, showing the close link between the construct of information asymmetry and the construct of alignment and incentives (chapter 3.3). The agent will take advantage of their informational advantage at the expense of the principal (Bea & Göbel, 2006; Karjalainen & Raaij, 2009; Krapp, 2000). Target divergence assumes that both principal and agent are utility maximisers (Bea & Göbel, 2006, Karjalainen & Raaij, 2009). In the case of maverick buying, goal divergence may result in the agent being unwilling to lose benefits to themselves or their own

department by adhering to existing rules and regulations or complying with the purchasing department's framework contracts (Karjalainen & Raaij, 2009). The agent would prefer to shop for the deal that best benefitted the individual or the department, whereas the principal or purchasing department would aim to minimise the total cost of ownership, which denotes true cost of a supplier transaction (Karjalainen & Raaij, 2009; Large, 2013). According to this concept, all costs are considered from the pre-purchase phase (supplier search and selection), through the purchase phase (price, freight and ancillary costs), to the post-purchase phase (supplier management, returns) (Large, 2013).

Although, as described thus far, agency problems of moral hazard and adverse selection have generally been related to the agency side (Fleisher, 1991), this is not always the case. Principals and agents may swap roles several times during the purchasing process, or both parties can simultaneously serve as principal and agent (Nagarajan & Socis, 2008; Perrow, 1986a).

In summary, maverick buying can indeed be modelled as an agency problem, especially with respect to 'hidden action' (Karjalainen & Raaij, 2009). Maverick buying is related to two main features of the principal-agent theory, information asymmetry and target divergence (Karjalainen & Raaij, 2009). In addition, maverick buying can be controlled with the classic 'governance mechanisms. Incentive systems and 'output monitoring' result in action being increased by the agent in accordance with the framework agreements given by the agent (Karjalainen & Raaij, 2009). Possible solutions to principal-agent challenges include specific contractual agreements as well as incentive and control systems (Eisenhardt, 1989; Erlei, 2014). Whereas process-oriented systems aim at influencing the behaviour of the agent, goal-oriented systems are used to improve the outcome itself (Dullnig et al., 2003). Agency theory presumes that employees will perform best if they have the necessary skills, abilities, environment and motivation, and incentives can act as moderators in this relationship (Jensen & Meckling, 1976; Pepper & Gore, 2013)

3.1.2 Conclusion About Information Asymmetry in Purchasing

The diverse interests of the people involved in buying processes, the degree of information asymmetry, the established trust within the relationship and the duration of collaboration are essential factors for the principal agent problem (Letmathe, 2001). In many cases, the coordination of information supply, planning, control and organisation are not adequate to compensate for the existing misalignment of goals and incentives (Dullnig et al., 2003), and behaviour uncertainty is a continuous threat to undermine the principal-agent relationship.

Figure 7 illustrates some approaches to mitigating behaviour uncertainty. The nature of these challenges indicates two broad temporal categories of approaches to rectifying the principal-agent relationship: 'before signing' and 'after signing' the contract with a supplier (Dreyer, 2000). In the former case, there are three possible solutions to prevent adverse selection. The agent performs 'signaling' by providing the principal with information about their attitude and character to show that the agent is capable and willing to fulfil the potential agreement (Spremann, 1990). 'Screening' occurs when the principal tries to collect information in order to create an understanding about the characteristics and activities of the agent (Dullnig et al., 2003; Spremann, 1990). In addition, the principal can use 'self-selection' to prevent an 'adverse selection', such that agent must choose from different contractual agreements and perform a self-assessment that will be included in the contract (Spremann, 1990). Since the acquisition of information and the process of creating multiple contract versions is cost-intensive, a balance between benefits and costs must be made for individual cases (Dullnig et al., 2003).

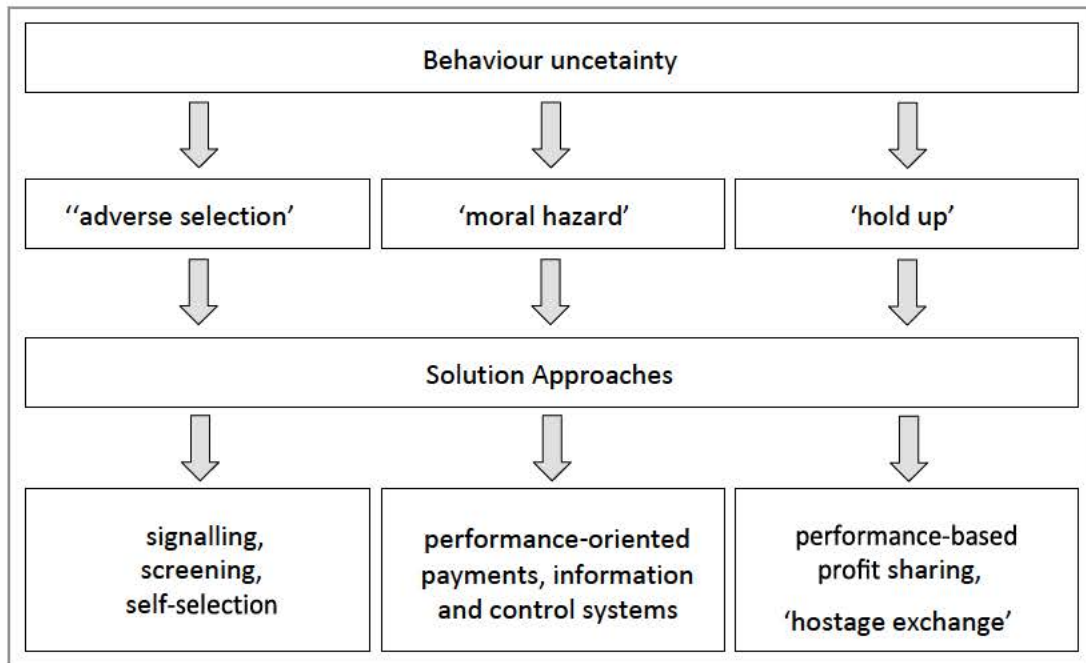


Figure 7. Behaviour uncertainty and connected solution approaches. Adapted from Spremann (1990)

Solution approaches after signing the contract largely address the problems of ‘moral hazard’ and ‘hold up’. To address the moral hazard, the principal can use control systems to monitor the processes and to turn them into procedures that can be evaluated. An external principal can use accounting and business reports as well as audits to observe the undertaken measures (Fayezi, et al., 2012). Principals can use incentive systems in the form of payments of development aid as a performance-based payment tool to align the interests of both parties (Fayezi, et al., 2012). In this way, both the agent and the principal benefit from the increased potential of the agent (Fayezi, et al., 2012).

‘Hidden intentions’ and the connected ‘hold up’ can be avoided through performance-based profit sharing (Dullnig et al., 2003). This solution aligns the interests of both parties, but also requires longer-term contracts that can lead to strong dependencies (‘hostage exchange’). The critical issue is that agents must be connected to the results of their performance (Dullnig, et al., 2003). If monitoring costs are low, control systems can be applicable to make the behaviour of the agent more transparent. If monitoring costs are high, incentive systems might be more effective. Balancing risk and reward equally is more effective than using simple

reward strategies (Norrman, 2008). Having to choose between financial or social enticements may help to control the principal's and the agent's opportunistic behaviour (O'Loughlin & Clements, 2007).

Agency theory has shown its benefit in terms of mutual information, risk and reward sharing, integrated relations and processes, goal congruence during the purchasing process and when the creation of long-term relationships seems desirable (Fayezi, et al., 2012). It is an appropriate tool to understand and manage relationships in purchasing situations and increase the efficiency of operations. At the same time, aligning the interests of both parties seems to be more effective than simple reward systems (Fayezi, et al., 2012, also see chapter 3.3).

3.2 Construct Two: Organisational Aspects and Process Maturity

The literature review clearly identified that organisational elements such as the maturity level of the purchasing function have a strong effect on purchasing compliance in corporations (Batenburg & Versendaal, 2008; Beamish et al., 2014). Variations in procurement practices and procurement maturity levels impact purchasing performance and, indirectly, the financial performance of the firm, such that an advanced maturity level has a decisive impact on the performance of the purchasing organisation (Foerstl, Hartmann, Wynstra, & Moser, 2013; Koivisto, 2013).

The quality of processes is a strong determinant of corporate profitability (Foerstl et al., 2013). The quality of processes is often referred to as 'process maturity', i.e., the level of development and correspondence to the company's strategic perspectives (Lockamy & McCormack, 2004a). As previously discussed (chapter 2.1), traditional approaches tended to consider purchasing to be solely a supportive activity to production and purchasing received little attention by companies' senior management (Tan, 2001). However, companies are increasingly coming to view purchasing systems as vital processes that directly influence the cost of goods and require deliberate and specific approaches to their management (Schiele, 2007). In this context, Weele (2010) defined purchasing as the process which is necessary to manage all of a company's acquisition activities in the best- and most professional

manner. By extension, purchasing maturity can be seen as the level of professionalism which is employed to manage this process (Rozemeijer, Weele, & Weggeman, 2003). As such, this function is closely connected to the purchasing department's status and role in the company, which derives from the professionalism of its employees, quality and availability of its information systems, and collaboration with suppliers.

The main influence of purchasing maturity on companies' performance is on cost reduction (Foerstl et al., 2013; Schiele, 2007). The more advanced the purchasing function in the organisation, the larger the potential it has for cost savings (Schiele, 2007). The maturity level of the purchasing function also has a smaller, yet positive effect on company's innovativeness (Hartmann, Kerkfeld, & Henke, 2012). While operations and quality directly influence financial performance, innovation generates success in the long term (Hartmann et al., 2012). Additionally, the level of purchasing and supply-chain management integration influences customer satisfaction and thereby company performance (Vickery, Jayaram, Droge, & Calantone, 2003).

Schiele (2007) proposed that a high level of overall maturity generates a positive impact because it tends to have a better and faster absorption towards best-practices. The higher the level of maturity, the longer a company cooperates and is involved with its supply-chain partners, by fostering long-term, close relationships, creating open communication and developing strategic partnerships with suppliers, companies can gain a distinct advantage in comparison to its competitors (Chen, Paulraj, & Lado, 2004; Tan, 2001). The higher a company's process maturity, the more sophisticated its management methods and the higher its focus on strategic purchasing and purchasing synergy rather than only operational activities (Rozemeijer et al. 2003, Úbeda, Alsua, & Carrasco, 2015).

3.2.1 Measuring Purchasing Maturity

From the above discussion it seems safe to conclude that organisational- and process maturity are significant in ensuring the competitiveness of businesses (Foerstl et al., 2013; Lockamy & McCormack, 2004a; Schiele, 2007; Tan, 2001). To

gain a better understanding of how purchasing can be further improved and be structured to address maverick buying, let us now discover how the maturity level of the purchasing function is determined. This will also help in identifying whether maverick buying occurs at all levels of maturity, or if noncompliance is especially prone to occur only at certain levels.

Reck and Long (1988) published one of the first studies dealing with the development stages of purchasing, and Cousins, Lawson, and Squire (2006) used their approach to describe four levels of purchasing maturity ranging from passive to integrative (Table 10).

Table 10. Four stages in the development of purchasing maturity (Cousin et al., 2006; Reck & Long, 1988)

Passive	Independent	Supportive	Integrative
Purchasing handles orders, reports to the factory and follows the internal orders.	Purchasing has developed some functions and some operations are automated. Searching for new suppliers actively, but the focus is on efficiency and costs are analysed.	This function supports to find competitive advantage. Purchasing involves product development yet maintains a view on TCO. The purchasing department communicates with all functions and reports to management.	Purchasing is vitally responsible for competitive success of the firm and understands how the functions impact each other. Purchasing has become a part of the firm's competitive strategy.

Building on Reck and Long's (1988) work, Keough (1993) developed the model further, such that the development of maturity is measured by five different stages of purchasing: serve the factory; lowest unit cost; coordinated purchasing; cross-functional purchasing; and world-class supply management (Keough, 1993). Rozemeijer (2000) also demonstrated a strong connection between the type of industry/organisation and the role and maturity level of purchasing within the organisation, finding that whereas purchasing departments in the financial services sector were placed in the 'serve the factory' category, purchasing functions in the microcomputer industry were considered 'world-class' level functions (Rozenmeijer, 2000).

Building on the above- mentioned research, Batenburg and Versendaal (2008) further developed the level of purchasing maturity to include six different stages (Figure 8):

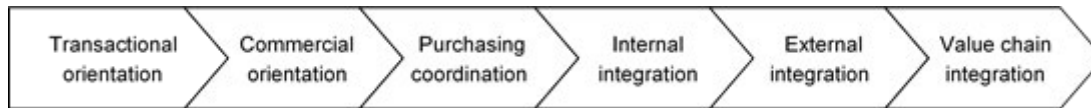


Figure 8. Purchasing maturity stages according to Batenburg and Versendaal (2008)

Higher levels of purchasing maturity generally require more integration of the purchasing function into all levels of the supply chain. To conclude, the transition in purchasing maturity can be described as an evolutionary development of purchasing, where the organisation that is most suited to its environment will succeed (Cousins et al., 2006).

Poucke's model (2014) uses three proxy elements in order to measure the level of purchasing maturity and its influence on the organisation's performance, 'Purchasing involvement', 'Contract Coverage Rate' and 'Contract Duration'. Purchasing involvement focuses on the integration of the purchasing department in such activities as new product development, supplier selection or evaluation and supplier management. Contract coverage rate measures the percentage of total purchasing volume that is controlled by purchasing, and contract duration looks at the duration that contracts are generally signed for (Poucke, 2014).

Beamish et al. (2014) developed a maturity model which clusters the different maturity level into six groups, ranging from the ad-hoc level to the professional level. While it would be interesting to go into a detailed description of all six stages of purchasing maturity which were developed by Beamish et al. (2014), it seems the most efficient and goal oriented to only compare the first as well as the sixth stage of purchasing maturity to show the difference in focus and purchasing approach. When a company's purchasing activities are at the first- or *ad-hoc level*, then there are no clear procurement policies and no clearly assigned responsibilities in the process. The act of acquiring goods or services is simply a clerical activity such that people in the purchasing department act based on the orders of others. At the last, the sixth stage of development, or the professional level of maturity, the purchasing

function has truly reached its highest possible level, and the purchasing department is recognised as a value adding function that can take a leadership position in the company in certain instances. Staff is professional and highly trained, and the chief procurement officer is normally at the executive level of the company. Ethical considerations and elements of corporate social responsibility are actively managed through the procurement department, and relationships with key suppliers (A-parts) are generally good, often long term and truly cooperative. Supplier selection is based on a total cost of ownership approach (Beamish et al., 2014).

It would go beyond the scope of this work to list or discuss the entire range of process maturity models; however, from the above analysis the author concludes that there are a number of components which one needs to evaluate in order to determine the maturity level of the purchasing function. These components are:

Planning: Almost all maturity models include a planning phase. This could include the preliminary draft of materials specifications needed for the project or a time (Barry, Cavinato, Green, & Young, 1996), or the determination, clustering and arranging of potential suppliers and developing a strategy for cooperation (Beamish et al., 2014).

Organisational structure of purchasing: Aspects of the organisational structure of purchasing refer to how the purchasing function is integrated in the organisation and the extent to which the structure serves and corresponds to overall strategic priorities, including the vision for the procurement function (Beamish et al., 2014; Cousins et al., 2006), Schiele (2007) emphasised the importance of clearly defining and documenting roles and responsibilities.

Process orientation: This refers to the clear link between organisational performance and sophistication of practices of selection, evaluation and development of relationships with suppliers, including supplier training (Carr & Pearson, 2002; Keough, 1993). Information systems considerations are also included in this consideration of purchasing maturity (Paulraj & Chen, 2007).

Human resources and leadership: This component of maturity considers the employees' skills in procurement (Beamish et al., 2014; Schiele, 2007). The skill

level, and the level of professionalism determines how deeply procurement is involved in throughout the purchasing process (Atuahene-Gima, 1995; Ogden, Rossetti, & Hendrick, 2007).

Controlling in procurement: Purchasing controlling is another important perspective in determining the maturity of the purchasing function (e.g., Beamish et al., 2014; Schiele, 2007). For example, Schiele (2007) distinguished between three components: (1) the establishment of clearly defined controlling systems; (2) institution of concrete procedures and practices; and (3) implementation of tools to assess the efficiency of controlling and improving the function according to received feedback.

Collaboration: Company processes can be judged from the point of view of collaboration. The purchasing function within a company can be assessed on a spectrum between confrontations and partnership (Beamish et al., 2014; Burt & Doyle, 1994). Practices of collaborative forecasting and early supplier involvement are also assessed within this dimension of purchasing maturity (Lockamy & McCormack, 2004a).

It is exceedingly important to realise that purchasing can only add value for companies once a certain level of maturity or the function has been reached (Schiele, 2007). Schiele (2007) defined a 'minimum maturity point' that each company must reach to achieve cost reduction through purchasing. According to the model, a company will only start benefiting from a corporate purchasing function once it reaches the professionalism level of performance, and companies cannot effectively access or apply best practices in purchasing unless a certain minimum level of maturity has been achieved (Ellram, Zsidisin, Perrot, & Stanley, 2002; Schiele, 2007). This is important because it indicates that maverick buying does not necessarily always lead to negative consequences for the company. In cases when the maturity level of the purchasing function is lower, then it lacks the capabilities to generate value for the company, regardless of whether the purchasing activities are conducted by the purchasing department or other functional departments.

Procurement – A Low Maturity Level Can Lead to Noncompliance

Procurement, which is sometimes called ‘operative purchasing’, generally refers to the operative execution of administrative and transactional responsibilities as they refer to the creation of requests for quotation, order taking, bid- or offer comparisons, and, to an extent, price negotiations (Arnolds, Heege, Röh, & Tussing, 2016; Hofbauer & Bauer, 2004; Kreuzpointer & Reißer, 2006). More traditional frameworks of procurement consider it as a purely operative and tactical activity largely limited to order handling and processing and do not generally include strategic and long term-oriented activities (Cox, Harris, & Parker 1999; Ecksele, 1999; Kleemann, 2006; Nenninger & Lawrenz, 2002). The selection of suppliers as well as the initiation of strategic partnerships is initiated & executed by different corporate departments like R&D and not by the procurement department (Arnolds et al., 2016).

Purchasing: A High Maturity Level is Conducive to Compliant Behaviour

Purchasing is the core topic of focus in this work, and a clear definition- and understanding of the concept is important. Purchasing is the link between the supply markets and the corporation, and it includes all activities and mechanisms that are necessary to supply a company with the resources that are needed to produce goods or services (Arnold, 1997, 1999; Ecksele, 1999; Hofbauer & Bauer, 2004; Pfohl, 2009; Stölzle, 1999; Vahrenkamp, 2012). According to Arnolds (1985), purchasing entails the beneficial supply of a company with the means of production, which is a strategic function that extends well beyond the simple supply of goods and services to impact long-term plans and outcomes (Arnolds, 1985; Kreuzpointer & Reißer, 2006). These plans include the selection of suppliers, as well as supplier development and relationship management (Arnold, 1997; Carr & Smeltzer, 1997). Long-term strategic acquisition systems for goods and services that are based on market- or customer development forecasts and are well-aligned with overall corporate strategies are also a characteristic of a purchasing function (Carr & Smeltzer, 1997). Goals for strategic purchasing are broader than simple price reductions; they incorporate quality, delivery and locational determinations (Arnold, 1997; Ecksele, 1999). Such wide-ranging responsibilities reflect the role of an efficient and effective procurement function in maximising organisational outcomes (Ecksele, 1999).

Analysts have widely advocated for modern purchasing organisations to have a more cross-functional orientation and to be horizontally positioned alongside other critical strategic corporate functions like R&D or marketing (Cox et al., 1999; Large, 2000; Roland, 1993). A significant responsibility of the purchasing function in manufacturing is to supply all organisational activities and mechanisms with the externally derived resources necessary for them create goods and or related services (Arnold, 1997; Ecksele, 1999; Hofbauer & Bauer, 2004; Stölzle, 1999; Vahrenkamp, 2012).

Ultimately, purchasing is characterised by activities that are more strategic, while procurement is more narrowly oriented toward operative rather than strategic activities (Baily et al., 2015). Purchasing has considerable potential to support the profit maximisation of the company, realise corporate goals and savings and develop competitive advantages (Arnold, 1993; Baily et al., 2015). This is done by selecting the correct suppliers, signing framework contracts and pooling corporate demand (Braun & Dietrich, 2007).

Monczka and Markham (2007) highlighted the increasingly strategic focus, of the purchasing department which seems to be in-line with an increase in the maturity level of purchasing, as described above. The changing strategic focus of the purchasing institution is also reflected in the qualification profiles of purchasing employees, many of whom are now equipped with advanced professional qualifications or university degrees (Black, 2009; US Department of Labor, 2008).

It is very important to note that many of the reasons which were identified to be reasons for noncompliant work behaviour in chapter 2.3 may also be indicators of a low level of purchasing maturity. It therefore seems adequate to take a brief look at factors of organisational process maturity which can also lead to low levels of compliance, and which might support the existence of maverick buying.

Managers and Leadership Style: Researchers have identified the leadership style and motivation techniques of managers as one of the core reasons for deviant workplace behaviour (Wimbush & Shepard, 1994). Litzky et al. (2006) researched six factors in the managers' area of responsibility that can cause deviant behaviour of their employees: 1) compensation/reward structure; 2) social pressure to

conform; 3) negative and untrusting attitudes; 4) ambiguity about job performance; 5) unfair treatment; and 6) violation of employee trust.

Organisational Culture and Climate: Organisational culture and climate is another factor which can lead to maverick buying and which is often affected by an organisation's maturity level. As stated by Vardi (2001), organisational culture can be a significant contributor to the motivation of employees and the loyalty that they have towards their employer. Positive organisational culture and a positive organisational climate are described as an important factor to limit noncompliance and therefore in turn might also have a positive impact on the occurrence of maverick buying (Vardi, 2001).

Impact of Ethical Climate: Various authors (Ambrose et al., 2002; Peterson 2002; Robinson and Bennett, 1995; Wimbush & Shepard, 1994) state that there is a strong correlation between the ethical climate of an organisation and the likelihood that its employees will act noncompliant. It is also stated that older more mature organisations often have better and more firmly established processes (Schiele, 2007). This in turn leads to the conclusion that it is likely that a more mature purchasing organisation has higher levels of spend compliance (Schiele, 2007) and also a more mature and better developed ethical climate.

3.2.7 Conclusion About Purchasing Maturity

In summary, purchasing generally refers to strategic activities associated with the acquisition of goods and services, whereas the term procurement generally refers to the tactical day-to-day activities that are linked with the acquisition of goods and services (Baily et al., 2015). Overall, the range of definitions for procurement and purchasing correlate broadly with the levels of purchasing maturity, in that procurement denotes an ad-hoc- or process-oriented procurement approach (Beamish et al., 2014), whereas the term purchasing seems to be more in line with the strategic or professional description of the purchasing function. In the scope of this work, the term 'purchasing' will denote all strategic, often long-term oriented, purchasing activities like those mentioned above, whereas, the term 'procurement'

will refer to those more short-term operative purchasing activities that are generally a limited part of the responsibility of the corporate purchasing function.

Considering Schiele's (2007) model of a minimum maturity point, this would indicate that companies that have not reached a minimum level of purchasing maturity would not need to worry about maverick buying, because their purchasing department does not yet add value for the corporation.

3.3 Construct Three: Alignment and Incentives

As identified in chapter 2, a third important theoretic approach that contributes toward a framework for understanding noncompliant work activity is the behavioural perspective. This perspective looks at how do managers and employees in an organisation behave, and how are they incentivised to follow rules, regulations and processes. Being agile and able to adapt to changing external environmental conditions is of the utmost importance in today's business environment (Cianni & Steckler, 2017; Nautin, 2014); consequently, the alignment and incentive systems must also be sufficiently flexible to respond to these requirements.

The concept of internal alignment focuses on creating a situation within a company 'where strategy, goals, and meaningful purpose reinforce one another' to create a 'clearer sense of what to do at any given time' (Nautin, 2014, p. 2), and the concept of internal customers offers a tool to improve and accelerate the linkages along the internal value chain to ensure that customer needs are met (Jun & Cai, 2010).

3.3.1 Organisational Alignment

In the field of strategic management, the concept of fit or alignment has long been recognised as a central factor of success (Tan & Tan, 2005). The interdependency of processes and departments along the value chain create the need to align each of them towards common objectives and values (Figure 9). Trevor and Varcoe (2017, para. 3) state that:

[Alignment] means winning through a tightly managed enterprise value chain that connects an enterprise's purpose (what we

do and why we do it) to its business strategy (what we are trying to win at to fulfil our purpose), organizational capability (what we need to be good at to win), resource architecture (what makes us good), and, finally, management systems (what delivers the winning performance we need).



Figure 9. Model of vertical structural alignment in a company (Trevor & Varcoe, 2017)

Thus, in order to be aligned, an organisation necessitates a common understanding of its goals and objectives at any level of the hierarchy and within all the different units of the company (Kathuria, Joshi, & Porth, 2007). Many studies have demonstrated that the performance of companies increases when ‘various levels of strategy, and strategic priorities are consistent, linked, and mutually supporting’ (Kathuria et al. 2007, p. 508). Whereas vertical alignment throughout strategic or organisational hierarchy levels has seen comprehensively researched, there is much less literature on horizontal alignment of processes, structures and departments along the value chain (Cianni & Steckler, 2017). However, literature and case studies have largely supported Porter’s (1996) proposal of a positive correlation between alignment and performance (Cianni & Steckler, 2017). There are many negative effects on operational performance if alignment is low within an organisation (Cianni & Steckler, 2017; Jun & Cai, 2010). If departments and hierarchy levels are not operating towards the same objectives, then employee motivation remains below potential levels, transformation processes are likely to fail, and higher fluctuation rates and decreasing internal service quality are likely to occur, which will in turn affect external customers and damage the company’s competitiveness (Cianni & Steckler, 2017; Jun and Cai, 2010).

The remaining parts of this section reviews several issues, identified in literature, as being important for organisational alignment, and consequently influence compliance.

3.3.2 The Horizontal Approach of Aligning Value Chains

The way that a firm is structured impacts how the work gets done and how employees work together to share information and outcomes. The goal of organisational design is thus the creation of a strategy-aligned operating model that enables businesses to run efficiently (Thomas Smith, & Diez, 2013) As employees are divided into departments, the information load on top managers increases so that decision making becomes inefficient and interaction across functions becomes poor, resulting in a slow reaction to changing market conditions and limited innovation (Colombo et al., 2013; Daft, 2015). Furthermore, principal-agent problems arise as the organisation's goals become subordinated to interests of functional specialists. All these issues can eventually lead to interdepartmental alignment issues and noncompliant work behaviour.

Heesen (2016) elucidated the main process steps that are necessary to achieve process alignment. According to Heesen (2016, p.28), these steps are:

- 'Formulate your strategy'.
- 'Identify stakeholder groups and their information needs'.
- 'Establish meaningful key performance indicators and understand cause and effect linkages or correlations between key performance indicators'.
- 'Measure and collect performance relevant information. Information models should make the information available, so it can be easily retrieved and communicated'.
- 'Select the appropriate communication channels, to meet the information needs of all stakeholders. This enables the analysis of the performance of all stakeholders, to make appropriate decisions to improve performance, and to act, based on the decisions made'.

In their article 'How Strategy Shapes Structure', Kim and Mauborgne (2009) maintained that the long-term success of a business can only be guaranteed if the company manages to align three core tasks. These three tasks are the creation of a working and believable value proposition, hiring and motivating the right employees, and being profitable (Kim & Mauborgne, 2009). Companies need to understand that long term economic success and survival is only ensured when they take a very holistic view of management in which the different needs of all stakeholders are considered and the company is aligned horizontally as well as vertically (Kim & Mauborgne, 2009). Having an aligned strategy means that short- and long-term goals of the company are balanced and that employees, customers and the external business environment are all considered in the creation of an aligned corporate strategy (Kim & Mauborgne, 2009).

3.3.3 Internal Customer Orientation

In line with the concept of alignment arises the framework of internal customer orientation, which can be broadly divided into two main perspectives. From a branding and marketing point of view, the literature suggests that it is necessary to focus marketing activities on internal as well as external customers (Hauser, Simester, & Wernerfelt, 1996). The internal relationships must be cultivated to reduce the divergence of subjective goals from the firm's objectives (Hauser et al., 1996). The other perspective focuses on the employee as 'both a supplier and a customer to other employees within the organisation' (Matanda & Ndubisi, 2013; p. 1042). This implies that the employees of a company have to understand that the needs and wants have to be translated into the driving force of company internal value creation. By perceiving the external needs as the driving force of internal cooperation, the company in essence is creating company internal customer-supplier relationships that while benefitting the internal customers, also benefit the external customer (Matanda & Ndubisi, 2013). Both views contribute to increasing the level of employees' performance in accordance with the firm's objectives and thus foster added value and play an important role in external customer orientation by increasing goal congruence (Matanda & Ndubisi, 2013).

In addition to contributing towards alignment with firm objectives, internal customer orientation considers each employee and each department to be both an internal supplier and a customer to other departments (Conduit, Matanda, & Mavondo, 2014).

Incorporating the concept of customer orientation implementation into the culture of an organisation not only sharpens its ability to deal with external customers, but also contributes to employee satisfaction & loyalty, guiding attitudes and behaviours to deliver quality products and services and reducing losses by matching process outputs with required inputs for the following processes (Conduit et al., 2014; Hauser et al., 1996).

Bringing both concepts together, internal customer orientation creates a strong supportive culture to achieve organisational alignment, thus supporting the orientation of corporate goals and individual objectives towards the customers. This perspective delivers deeper insight on the ethics and values of firm alignment in terms of behaviour and collaboration is achieved (Hauser, Simester, & Wernerfelt, 1996; Matanda & Ndubisi, 2013). The view of employees as internal customers and suppliers also offers potential for performance increases in terms of generation and dissemination of information for and within a company (Conduit, et al., 2014), efficiency and effectiveness (Hauser, et al., 1996), and alignment of inputs, output and communication between departments (Matanda & Ndubisi, 2013), with the latter being a particularly strong factor in the success of vertical alignment strategies.

3.3.5 Conclusion About Alignment and Incentives

Vertical alignment is a concept that can generally be applied to any organisation and any department (Nautin, 2014). In the context of purchasing, 'procurement excellence is about aligning with overall business objectives, and then collaborating around those objectives' (Timothy Fiore, cited in Atkinson, 2013). Globalisation has increased the costs associated with procurement such that they can reach up to 70% of costs of goods sold in certain industries (Nair, Jayaram, & Das, 2015). Not aligning the processes and therefor the output of purchasing

departments would therefore be highly problematic. In a competitive business world this implicates a direct loss of performance and competitiveness (Lindgreen, Vanhamme, Raaij, & Johnston, 2013).

As shown in Figure 10, in every connection between departments or processes within a company, internal suppliers' performance defines the level of internal service quality, which, in the end, leads to external customer satisfaction (Jun & Cai, 2010). This particularly applies to 'purchasing department(s), which provide many services to a variety of other work units (purchasing's internal customers) within an organisation' (Jun & Cai, 2010), and are therefore subject to a high number of these connections into various departments of a company (Ucheanna & Riyad, 2011). A related notion is that there are not only single supplier-customer-relationships between departments; rather, purchasing is often dependent on the quality of input from multiple dimensions of customers. It is obvious that in a high service environment, a culture of aligned processes improves the exchange of information, and thus enhances organisational outcomes.

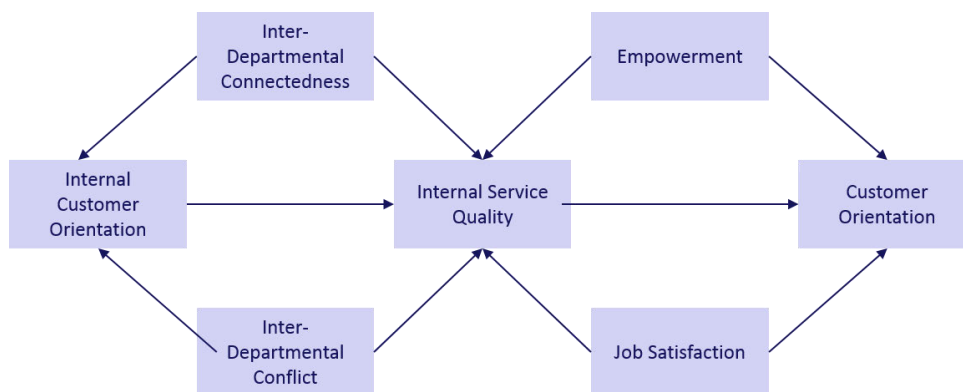


Figure 10. Generic model for customer orientation implementation (Ucheanna & Riyad, 2011).

It appears that the concepts outlined in this section have a high level of applicability for purchasing departments and processes. One element of purchasing that has been gaining more research interest is the role of talent management in purchasing departments and employee satisfaction. Missing alignment to the overall corporate goals and strategy makes it difficult to credibly communicate values and meaning, thus leaving employees without a deep commitment to the tasks,

(APQC, 2013; Atkinson, 2013; Nair et al., 2015). The literature suggests that a few companies have successfully adapted alignment concepts; for example, the cases of ATMI (APQC, 2013) and Southwest Airlines (Kathuria et al., 2007) show that these ideas can potentially help organisations to achieve a sustainable competitive advantage through better customer orientation and faster and more agile processes. Examples of best-practice companies that show a high level of alignment and internal customer orientation related to purchasing processes confirm the positive effects of such measures on corporate performance; however, the majority of the literature suggests that such alignment and orientation have not reached a sufficient level in the major share of firms and are more likely to be successfully achieved by smaller companies than larger corporations (Atkinson, 2013). Amidst new market entrants and intense competition fostered by the increasing speed of technological developments, companies that can align their purchasing department to corporate strategy have greater potential to reduce risks, increase efficiency and react both more sustainably and flexibly to changes in the market. At the same time, high level skills are required from a mostly deserted labour market, as low alignment leads to lower motivation and greater turnover; thus, the importance of employee motivation and retention are likely to continue to grow, particularly in the case of purchasing departments (Nair, Jayaram, & Das, 2015). Overall, the positive effects associated with both concepts have not yet been widely exploited, with negative implications on both customer satisfaction and a firm's competitiveness, which clearly leads to the conclusion that further improvement can and should be achieved.

3.4 Creating a Causal Map to Understand the Phenomenon of Maverick Buying

Whereas the literature review yielded various studies that were useful in understanding the phenomenon of noncompliance in purchasing, there were a few key publications that proved to be especially valuable in terms of helping the author better grasp the issues at hand. These critical sources can be grouped in a few different categories. For one, certain publications informed the identification of the

three core constructs to explain noncompliance in purchasing, namely organisational design and process maturity, alignment and incentive issues, and information asymmetry. The core publications in each category are summarised under these three constructs in Figure 11.

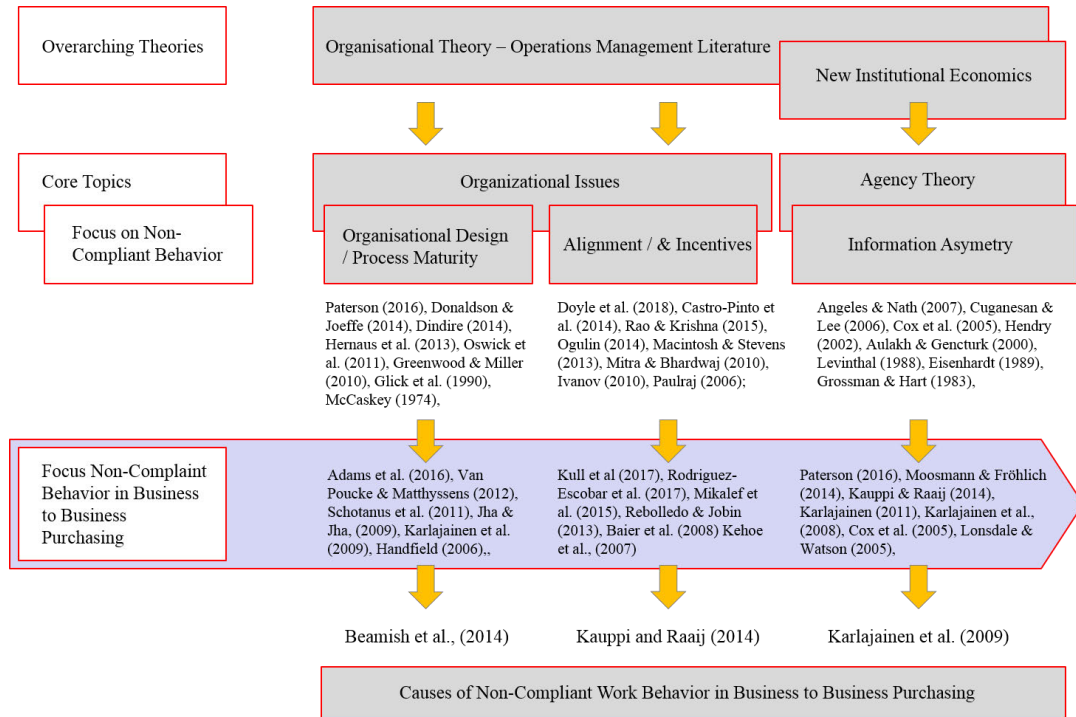


Figure 11. Literature synthesis on maverick buying, including seminal works for the three identified core constructs.

As previously stated in chapter 2.4, there has been very little empirical work done on noncompliance in purchasing in German companies. Those examples that have considered the topic have generally referred to existing writings about the phenomenon and simply assumed that the different forms, reasons and approaches to mitigate noncompliant behaviour are the same in Germany as they are in other countries (e.g., Mossmann & Fröhlich, 2014). This leads to the conclusion that many key assumptions made based on the literature review need to be verified in a German setting.

A thorough review of existing literature has provided a sufficient understanding of the major causes, symptoms and solutions to address maverick buying to now be able to construct a questionnaire, which will help to explore the phenomenon further and add new knowledge to existing understandings of this

activity. Accordingly, the following subsections summarise the most important aspects of the acquired knowledge.

Terminological Classification of Maverick Buying

A review of literature on key characteristics of maverick buying resulted in the following definition of the term: 'purchases that are conducted without the formal involvement of the purchasing department, and/or without the use of existing framework contracts and/or outside of established purchasing processes. Other frequently used expressions, such as maverick buying, maverick spending, noncompliant spending, among others, were determined to be synonymous with maverick buying.

Underlying Reasons for Non-Compliant Work Behaviour in Business-to-Business Purchasing, aka. Maverick Buying

Three core categories of reasons were found to explain the practise of maverick buying:

1. *organisational aspects and process maturity*, also described as a misfit between strategy and structure;
2. *information asymmetry*, denoting a misfit between the information levels of different parties or departments involved in the purchasing process as a core reason for noncompliance; and
3. *alignment and incentive issues*, in which a misfit occurs between the incentive and goal systems of different departments.

Key Effects of Maverick Buying

One of the important findings of the literature review was that maverick buying does indeed present a problem for companies if the purchasing function has reached a minimum level of maturity and competence. Several different core effects were identified, most of which were problematic for corporations, such as lost economies of scale, increased process costs, purchases made without considering the core goals of the purchasing department and many other challenges. It was possible to cluster all these results of noncompliant work behaviour into three main

categories, namely (1) cooperation conflicts between departments, (2) non-manageable financial burden, and (3) unknown purchasing activities. The underlying reasons for maverick buying (chapters 2.3 and 2.6) and the three core categories of results of non-compliant purchasing behaviour are graphically depicted in Figure 12.

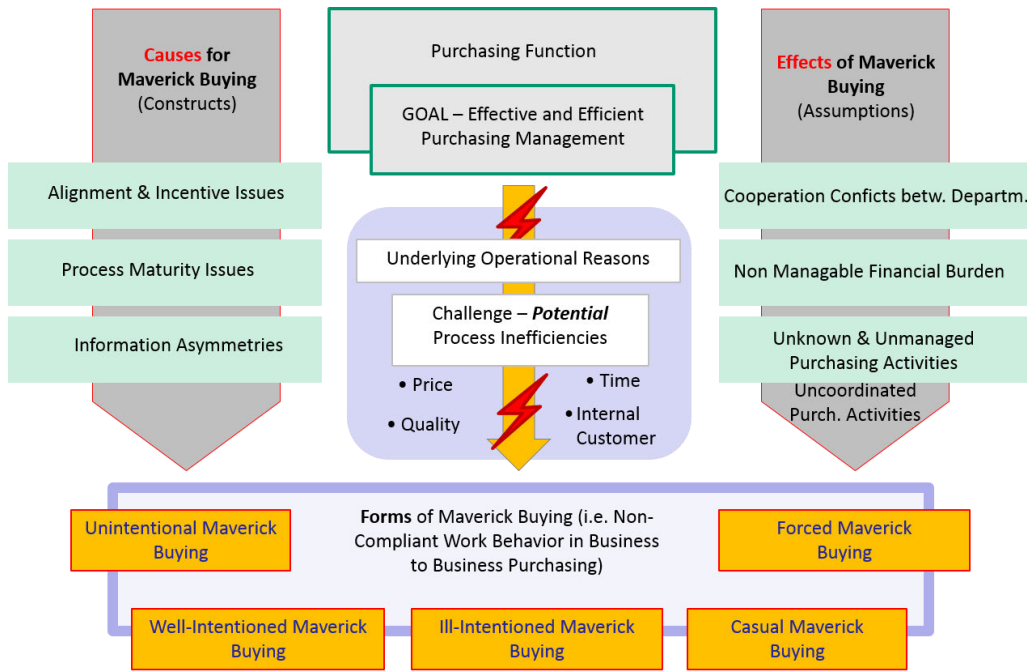


Figure 12. Causal map - Synthesis of the literature on the phenomenon of maverick buying

A key task of the empirical part of the dissertation will be to try to verify the casual map of maverick buying. Can the causes of noncompliance be grouped into the three key areas identified above? Is it possible to summarise the core effects of noncompliance in purchasing in the three key categories presented in Figure 12? Finally, can the existence of these five forms of maverick buying be verified in the businesses sampled for this thesis?

In addition to identifying the key underlying reasons for and the key effects of noncompliance in business-to-business purchasing it is hypothesised by the author that the phenomenon of maverick buying can really only be understood by realizing and accepting that the three identified constructs of (1) information asymmetry, (2) organisational aspects and process maturity and (3) alignment and incentive issues are closely related and that they cannot be looked at as individual and

independent constructs. Maverick buying is the result of a combination of issues in relation to these three constructs that cannot be separated.

4. Methodology

Although there is a range of possible scientific methodological approaches one can use to gain insight into varied challenges in business, an expanding discipline such as purchasing research demands a high degree of methodical rigor (Mentzer & Flint, 1997). Methodologically rigorous studies tend to rely primarily on empirical research to expand knowledge in the field (Craighead, Blackhurst, Rungtusanatham, & Handfield, 2007).

Scientific methodologies can generally be divided into three basic logics: 1) theoretically deductive approaches; 2) empirically inductive approaches; and 3) a combination of these types. Deductive approaches draw conclusions by analysing existing knowledge in the literature (Babbie, 2014), and research strategies are developed to test hypotheses which are formed based on existing theories, (Wilson 2015). Deductive reasoning proceeds from the particular to the general on the premise that a causal link 'seems to be implied by a particular theory or case example, it might be true in many cases. A deductive design might test to see if this relationship or link did obtain on more general circumstances' (Gulati, 2009, p. 42). In contrast, inductive researchers often formulate theories based on empirical data from observations (Babbie, 2014), which can be in the form of experiments, surveys, interviews or personal investigations. Empirical research includes both quantitative analyses based on numeric data and qualitative forms focussing on non-numeric data (Punch, 2005). Qualitative research is often applied when an observation is relatively new and requires initial exploration (Riesenhuber, 2007). Data about an event, organisation or phenomenon is gathered and theories or generalisations are developed based on this data (Babbie, 2014; Gill & Johnson, 2014). Conversely, inductive research gains a better understanding of the subject under investigation. Mixed methods approaches are common because it is often impossible to impose a complete separation between qualitative and quantitative methodology (Creswell, 2009). For example, a researcher may begin by analysing a single case with detailed data using quantitative techniques and then apply

qualitative methods for a survey at a later stage of the research process (Lamnek, 2005).

This thesis uses an empirically inductive research approach in the form of phenomenology to gain insight into the phenomenon of maverick buying in business-to-business purchasing. Chapter 4 will give a detailed overview of the used methodology and the steps taken to ensure methodological rigour.

As summarised in chapter 1.7, an inductive, research approach with a structured literature review was utilised to gain a general understanding of the main constructs in relation to maverick buying, i.e., alignment, organisational design, and information asymmetries. In terms of the empirical part of the dissertation, the author followed an interpretivist research paradigm which resulted in the use of phenomenology in order to try to verify the hypothesis that the three constructs which were identified in the literature review, i.e. process maturity, alignment and incentive issues as well as information asymmetry (also see chapter 2.9), can indeed serve to better understand the phenomenon of noncompliance in purchasing. In other words, based on the results of the literature review, a qualitative inductive interpretivist methodology in the form of phenomenology was used to explore if there are reasons for this phenomenon that are currently not identified in existing purchasing literature. The reasoning for the use of an empirical qualitative and interpretivist methodology is that most research about noncompliant work behaviour in purchasing has been quantitative or theoretical in nature (e.g., Perner, 2014; van Pouke et al., 2014). Interpretivism generally assumes that:

“... quantitative research methods are not adequate to comprehend social phenomena. Phenomenology considers the experiences of different individuals and focuses what all participants have in common while they experience any social phenomenon” (Shah & Al-Bargi, 2013, p. 258).

Phenomenology will therefore be a new and novel research approach in trying to understand this phenomenon.

The evaluation of the interviews was conducted through interpretative phenomenological analysis, a methodology that enables the researcher to get to the

true and underlying motivation of maverick buying. For example, Wannenwetsch (2010) identified information asymmetries as a key factor contributing to noncompliant behaviour; however, he provided no explanation for why this information asymmetry exists. Does such information simply not exist, or does it exist but it is inaccessible to certain employees, or do employees simply lack any incentive to obtain it?

4.1 Ontological and Epistemological Considerations When Using a Phenomenological Research Approach

As Sarma (2015, p. 80) stated, 'Qualitative research is a mix of three interconnected concepts – ontology, epistemology and methodology...'. Therefore, it appears necessary, to spend some time talking about the ontological as well as epistemological assumptions of this research, before progressing to the methodological considerations in chapter 4.2. This is important, because misalignment between ontology and epistemology can lead to a flawed research design as well as challenges in regard to drawing conclusions about the research subject (Thompson, 2011).

Henderson (1991) pointed out that before one can make decisions about ontological or epistemological considerations, the researcher needs to decide how he/she sees the world in order to identify an overarching conceptual scientific framework to serve as further guidance for these decisions. Similarly, Donne (2005) and others asserted that methodological considerations in research do not only relate to data gathering methods, but are also relevant in terms of understanding and explaining the researcher's approach to how he or she might perceive the world around them and how these perceptions and belief might influence their approach to gathering empirical data (Donne, 2005; Easterby-Smith et al., 2012; Lincoln & Guba, 1994). In other words, before progressing to other items such as the selection of research design and methodology, a researcher should decide on a research paradigm as the 'basic system or worldview that guides the investigator' (Guba & Lincoln, 1994, p. 105).

Several authors have agreed that positivism and interpretivism/constructivism are two main paradigms which are most commonly used to understand a

researcher's belief system about the world around them (Donne, 2005; Guba & Lincoln, 1998; Patel, 2015; Scotland, 2012). For the purpose of this thesis, these two research paradigms are supplemented with a critical approach, as described by Patel (2015) and Shah and Al-Bargi (2013). Other research paradigms that have developed over the years, such as pragmatism or subjectivism (Crotty, 1998; Patel, 2015), are not subject to the present explanation and evaluation, as incorporating them would go beyond the scope of this thesis. The author will briefly explain the three mentioned research paradigms before briefly elaborating on why he chose the paradigm of constructivism/interpretivism for the research in this dissertation.

Positivism

The term 'positivism' was coined by Auguste Comte in the 19th century and further developed by the Scottish scientist David Hume (Easterby-Smith et al., 2012). Positivism is based on the assumption that observation and experimentation are the 'means of understanding behaviour' (Shah & Al-Bargi, 2013). Positivism is predominantly empirically driven with a focus on mathematically recordable observations and logically deductible and verifiable, data driven conclusions (Sarantakos, 2013). It seems to be a research paradigm that is very well suited to explore natural science phenomena that often use experimentation and the recording of results to better understand the natural world. It also seems to be appropriate for other scientific disciplines that yield firm results and outcomes—such as finance or accounting (Joao Major, 2017; Shah & Al-Bargi, 2013)—in order to discover laws and principles relating to the occurrence of business or social phenomena.

Despite its wide use, positivism is seen critically by many authors in the social sciences because it assumes that the results of experiments and observations show an absolute truth (Donne, 2005; Esterby-Smith et al., 2012; Guba & Lincoln, 1998; Sarantakos, 2013). Even in a social science environment, positivism assumes that past observations or experiments should consequently be able to be used to predict or control future events (Esterby-Smith et al., 2012; Guba & Lincoln, 1998). In addition, positivism assumes that the presence of the researcher does not influence the behaviour of the research subjects (Guba & Lincoln, 1998). For these reasons, several researchers believe that positivism is not ideally suited to explain 'real

world phenomena fully, since they explain that facts only exist interdependently within some theoretical framework' (Donne, 2005, pp. 87). The author of this dissertation is in alignment with the above-mentioned critiques, as the assumptions of a positivistic research paradigm do not reflect his perceptions about the social workings in the present research context of noncompliant work behaviour in business-to-business purchasing. It is for this reason that positivism was not chosen as the research paradigm in this dissertation.

Critical Theory

Critical theory will be briefly mentioned herein because it aligns with many elements of this thesis in that it tries to understand and analyse the workings of a capitalistic market driven society and the resultant mechanisms to control individuals in a society (Behrens, 2002; Demirovic, 1999). The author believes that a quick look at this research paradigm is warranted because the aim of the thesis is to explore the phenomenon of noncompliant work behaviour in business-to-business purchasing. The existence of a term such as noncompliance might imply that there are certain behaviours that are prescribed and encouraged by the leading class, i.e., managers and company owners, whereas other behaviours are not desired, i.e. noncompliance. Given these issues, one might assume that a critical approach is the best way of conceptualising and designing a research effort in this field of study. However, the theoretic underpinnings of critical theory are concentrated on on the social and economic interactions of different societal players, and its main emphasis is on the differences between the owners of capital and production factors and the members of society that do not possess such means (Behrens, 2002; Easterby-Smith et al., 2012; Sarantakos, 2013). A particular focus of critical theory also appears to be the role that philosophy can play in ensuring mutually beneficial cooperation between the interaction of different societal players (Behrens, 2002). The author believes that although this paradigm might be valuable in exploring larger societal phenomena, it does not seem to be well-suited to investigate business phenomena within a single organisation. For this reason, critical theory was eliminated as a fitting research design for the thesis at hand.

Constructivism/Interpretivism

In contrast with positivism, interpretivism and/or constructivism perceives that there are a multitude of social science phenomena that do not lend themselves to be studied by a detached scientist through the use of mostly quantitative research methods because their meaning or context might change based on the social or organisational context of the researcher and/or the research subject (Easterby-Smith et al., 2012; Saranthakos, 2013). According to an interpretivist or constructivist stance, there are multiple phenomena, particularly in the field of social science, that require interaction with the research subjects (Donne, 2005; Easterby-Smith et al., 2012; Saranthakos, 2013). Thus, there is the possibility that the vary nature of the interactions between the researcher and subject(s) might influence the outcome of the research (Saranthakos, 2013). Additionally, research that is based on the interaction with one or a number of research subjects will only be able to capture the thoughts, beliefs and lived realities of those individuals (Guba & Lincoln, 1998). Trying to deduct universally applicable rules about a research topic or phenomenon is therefore not possible (Donne, 2005; Guba & Lincoln, 1998). An interpretivist or constructivist research paradigm is particularly of value when endeavouring to explore and understand a social science phenomenon that is not well known or researched in the given research context (Guba & Lincoln, 1998). In the sense of mixed methods research (Saranthakos, 2013), interpretivist or constructivist research might be used as an approach to better understand a research phenomenon, formulate hypotheses, and/or discover new variables concerning a research subject before large scale empirical testing is employed to possibly discover universally applicable truths about the research topic.

Selection of a Fitting Research Paradigm

It is the author's personal opinion that an interpretivist/constructivist research approach is particularly well suited to explore noncompliant purchasing behaviour in Bavarian manufacturing firms. For one, it is the researcher's belief that there is no one real and true reason for such a widespread and pervasive phenomenon. It seems likely that different people in varying situations working for different companies have distinct and changing reasons or motivations to engage in noncompliance. In the context of Crotty's (1998) or Patel's (2015) critiques, a single reality

or truth concerning this phenomenon did not seem likely. A positivist research approach therefore seemed unlikely to be a fitting research paradigm.

When trying to identify the most fitting research paradigm, it was the authors belief from a fairly early stage in the research process that face-to-face interviews with people who have personally engaged in noncompliant purchasing behaviour in business-to-business purchasing would be the best approach to explore the phenomenon in greater detail and gain a better understanding regarding the underlying reasons for this behaviour. These methodological thoughts seemed to reaffirm that a positivist research paradigm was not appropriate for the present research context (Crotty, 1998; Patel, 2015). The literature review presented in chapter 2 confirmed the author's initial belief that limited research had been conducted about this phenomenon in Germany, particularly in the Bavarian manufacturing sector, which further supported the intended research methodological approach of using qualitative interviews. Investigating different research methodologies clarified that a phenomenological approach in the form of qualitative interviews is a well-established method to investigate and explore research phenomena in accordance with an interpretivist/constructivist research paradigm (Crotty, 1998; Patel, 2015). Further investigation of different research paradigms re-affirmed that a interpretivist/constructivist framework most closely aligned with the author's own beliefs about the workings as well as cause-effect relationships of noncompliant behaviour in a structured business setting. Therefore, due to the close match with the author's personal beliefs about the world, as well as methodological considerations concerning the most fitting way to explore and investigate the phenomenon of noncompliant purchasing behaviour, an interpretivist/constructivist research paradigm was chosen.

The author believes that it may eventually be possible to explore the phenomenon of noncompliant purchasing further by using a positivist or post-positivist research approach; however, not enough is known of this phenomenon at present to construct a large scale empirical survey, particularly given the focus on the heretofore unexamined Bavarian manufacturing businesses.

Table 11 summarises the key points of the above discussion in a simple overview of the main points. It is adapted and slightly modified based on Patel (2015), Crotty (1998), Easterby-Smith et al. (2012) and Scotland (2012), and it endeavours to show the predominant research paradigms discussed above and briefly enumerate their related ontological, epistemological, theoretic, methodological and method considerations. The last row in the table summarises the author's thoughts regarding the listed conceptual and methodological frameworks and their appropriateness as a research approach to support the aim of the thesis, i.e., to engage in a detailed exploration of the topic of noncompliant purchasing behaviour in business-to-business purchasing

Table 11. Summary of research paradigms, ontological, epistemological and methodological considerations adapted and expanded based on Patel (2015), including the author's evaluation of the research paradigm suitable for the presented research topic of noncompliant purchasing behaviour.

Paradigm	Ontology	Epistemology	Theoretical Perspective	Methodology	Method	Applicability to the Thesis
	Tries to answer the question: 'What is reality?'	Tries to answer the question: 'How can I know reality?'	Tries to answer the question: 'Which approach do I use to know something and to gain knowledge?'	Tries to answer the procedural question: 'Given my philosophical beliefs, how can I best find out about reality?'	Tries to determine the best methodological approach to discover new information. What tools can I use to acquire knowledge?	Brief summary of why the researcher determined that the research paradigm was either a good fit or a bad fit to help discover new information in the given research context. This is a subjective evaluation based on the researcher's personal beliefs and research philosophy. Details about the chosen research paradigm (Constructivism/Interpretivism) and the resulting methodological considerations will be given in text following this summary table.
Positivism	There is a single reality or truth (more realist in nature)	Reality can be measured; hence, the focus is on reliable and valid tools to obtain that information.	Positivism and Post-positivism	Experimental research Survey research	Usually quantitative, could include: sampling, measurement and scaling, statistical analysis, questionnaire, focus group, interview	Having lived in many countries (Germany, China, USA), it is my belief that there is no single reality or truth when it comes to human behaviour and customs. Positivism seems to be very suited to explore phenomena that relate to natural sciences like chemistry or physics, but not less appropriate to examine social science research phenomena in the area of human behaviour, including in business and management. Positivism is therefore not the author's research paradigm of choice for the chosen research topic. Additionally, quantitative research methods imply that the different variables of a phenomenon or behaviour are sufficiently well known to construct a structured survey. The researcher believes that this is not the case for noncompliant purchasing behaviour.

Constructivist / Interpretivist	There is no single reality or truth. Reality is created by individuals in groups (less realist)	Reality needs to be interpreted. It is used to discover the underlying meanings of events and activities.	Interpretivism (reality can be interpreted). Therefore, phenomenology, symbolic interactionism, and hermeneutics can be used. Critical inquiry Feminism	Ethnography Grounded theory Phenomenological research Heuristic inquiry Action research Discourse analysis Feminist research	Usually qualitative, could include qualitative interviews, observation, participant, non-participant case studies, life histories, narratives, theme identification, etc.	A constructivist/interpretivist research paradigm seems to best reflect the researcher's perception of the world. The idea that reality is created by individuals in groups mirrors much of the researcher's private and professional experience. A topic that has experienced relatively little attention from German or Bavarian researchers seems well suited for further exploration through phenomenological research in the form of qualitative interviews. Therefore, constructivism / interpretivism was chosen as the research paradigm.
Critical	Realities are socially constructed entities that are under constant internal influence. Because of this, reality is constantly renegotiated, debated and interpreted.	Reality and knowledge are both socially constructed and influenced by power relations from within society.	Marxism. Queer theory. Feminism.	Critical discourse analysis. Critical ethnography. Action research. Ideology critique.	Ideological review. Civil actions. Open-ended interviews. Focus groups. Open-ended questionnaires. Open-ended observations and journals.	The author believes that the critical research paradigm can be useful in exploring many social or societal phenomena. However, the assumption that reality is under constant internal influence and constantly renegotiated does not seem to be as applicable and relevant in a structured business management setting as a constructivist/interpretivist stance. The author believes that although this research paradigm might be very valid to explore societal phenomena, it is not less suitable for examining business phenomena. In a business setting, managers and/or owners have a disproportionately high influence on rules and regulations, and corporate rules and guidelines are not constantly renegotiated or re-evaluated. It is the authors belief that rules and guidelines, for example in regard to compliance, exist because it is the intention of management to instil some constancy of purpose and direction. For this reason, critical theory is not considered to be the most useful framework in the present research context.

It seems appropriate to explain Table 11 in a bit more detail in relation to the used terminologies. Ontology refers to the ideas and beliefs that researchers have about the world, or more precisely, the research subject in question (Sarma, 2015). Relating to maverick buying, the researcher takes a constructivist/interpretivist stance as described by Crotty (2015). It is the belief of the researcher that there is no simple or lone reality or truth, and thus, reality is created by people (Patel, 2015). From the perspective of the researcher, the phenomenon of maverick buying is neither good nor bad, but depends on the situation and the perspective and surroundings of the people who come in contact with the phenomenon.

Because the researcher is not able to directly observe the research phenomenon of maverick buying in real life, it is necessary to resort to a phenomenological research methodology in which people who have experienced and lived the reality of maverick buying tell the researcher about their experiences and motivation. The researcher believes that by employing this research methodology, new knowledge about the phenomenon of maverick buying can be generated.

Epistemological researchers examine 'the nature of the relationship between the knower or the would-be knower and what can be known' (Guba & Lincoln, 1994, p. 108). Epistemology consequently determines the researcher's role and position in as part of the research project (Guba & Lincoln, 1994). Epistemology tries to determine how the researcher can find out about reality (Crotty, 2015). Crotty (2015) as well as Patel (2015) state that a researcher can get closer to understanding reality by analysing and interpreting the world around them. In this case, the interviews of people who have had first-hand experience of maverick buying will be analysed and interpreted by the researcher. This view is in line with Saunders et al. (2012) who proposed that interpretivism is a good fit for qualitative research methodologies who look at the experiences of a small sample of interviewees.

Thus, a phenomenological approach to data collection and the resulting use of interpretative phenomenological analysis enable the researcher to engage with research subjects who have experienced and lived the phenomenon of interest rather than relying on second-hand accounts (Patton, 2002) seems to be the right

choice, when looking at the ontological and epistemological considerations above. This approach favours interviews as the vehicle through which to access the phenomenon of interest (Giorgi, 1985; Patton, 2002). It is the opinion of the author, that a researcher has to be particularly careful when selecting his/her research methodology given the research subject of noncompliant purchasing behaviour. As described in chapter 2 and chapter 3, noncompliant purchasing behaviour is, as the name implies, a behaviour in which the people act noncompliant in violation of existing processes, rules or regulations. Interviewees might fear that disclosing information about such behaviour might lead to negative consequences for them personally, or that the researcher might judge them negatively because of this behaviour. In addition, research subjects, i.e. the interviewees might feel hesitant to tell the researcher about this behaviour because of personally knowing the researcher. Patton (2002) describes that empathic neutrality and mindfulness are important characteristics that the data collection and fieldwork strategy of a researcher must possess to yield reliable results in such qualitative inquiry as described by the author. Patton (2002, p.40) defines empathic neutrality and mindfulness as:

“An empathic stance in interviewing (that) seeks vicarious understanding without judgement (neutrality) by showing openness, sensitivity, respect, awareness, and responsiveness; in observation it means being fully present (mindfulness):”

The idea of empathic neutrality in naturalistic inquiry, particularly when researching a potentially controversial subject like noncompliance is of utmost importance. It highlights that a researcher may neither be too close nor too detached of the research topic and/or the research subjects (Donne, 2005; Patton 2002). Being too close might lead to bias in the research, while being too detached might lead the researcher to miss important aspects of the research subject at hand (Patton, 2002). Looking at the current topic this meant that the researcher put forth his best effort to try to understand the motivations behind noncompliance in purchasing, to show empathy with the interviewees, while at the same time trying to not to judge or justify the behaviour in any way. It is important to note that empathy highlights a researcher's ability to understand research subjects or behaviours without

forming an emotional connection which would be characterised by sympathising with the research subjects (Sarantakos, 2013).

The interview questions were thoroughly researched and were semi-structured and open-ended in nature, and each pertained to a single item representing an aspect of the constructs in question. More details about the selection of interview partners and the type of interview questions which were used are given in chapter 4.3.

The researcher interviewed a total of five people from different manufacturing companies in Bavaria. It was determined to include a variety of companies to ensure that the corporate culture or management style of one company would not skew the research results. In addition, it was decided to choose interviewees from several different departments identified by existing literature to be likely to engage in noncompliant purchasing conduct, such as research and development, manufacturing and sales, among others (Moosmann & Fröhlich, 2014; Wannenwetsch, 2010). Interviews were scheduled to last between one to two hours to ensure that enough time could be spent with each interviewee to facilitate free and open speech about noncompliant work behaviour with no need for prompting by the interviewer to discuss specific items.

4.2 Methodological Considerations When Using a Phenomenological Research Approach

As mentioned in the previous section, this study applies a theoretically deductive research approach with a structured literature review to gain a general understanding of the main subject areas; qualitative inductive research in the form of phenomenology is used to verify the validity of conclusions drawn from the literature review by analysing content from expert interviews. The results of the expert interviews are also used to identify and explore new, yet unknown aspects of the phenomenon of maverick buying.

Before beginning the interview process, it is important to consider issues related to the reliability, correctness and trustworthiness of the chosen method(s) as well as identifying and recruiting suitable respondents.

Most of the literature on the topic of maverick buying comprises either theoretical works or apply empirical qualitative methodologies. It seems that no one has taken a phenomenological approach to identifying the underlying causes and drivers of this issue (also see chapter 2.5). However, the predominant assumption of this study is that noncompliant work behaviour is mostly the result of poorly aligned departmental goals that do not allow employees to realise their own personal goals unless they engage in non-compliant behaviour. Such a perspective is strongly resonant of a phenomenological framework, because employees' personal motivations and goal achievement play an important role in the work decisions, they make on a day to day basis, including decision to act noncompliant in terms of purchasing activities. Phenomenology investigates the personal experience of the research subjects in a particular setting or situation and how they react to it (Mertens, 2014; Patton, 2002). Phenomenology studies people's personal experiences using interviews and personal conversations (Mertens, 2014; Patton, 2002). The goal of this approach is to gain an understanding of the underlying reasons and motivations for a certain type of behaviour (Smith, 2011).

Phenomenology was used because it is the belief of the researcher that not all variables and drivers of the behaviour in question are known at the outset of the research (Mertens, 2014). A quantitative survey would therefore be difficult to construct, because the researcher would not be able to ask the right questions or understand a phenomenon in its entirety. As the name suggests, phenomenology studies a phenomenon by trying to get as close to the experience as possible (Fellmann, 2009; Husserl, 1952). This is done through interviews and discussions (Husserl, 1952). Phenomenology hopes that a recorded and transcribed description of a phenomenon, described and explained in the words of the subject who has experienced them, will put the researcher in the position to truly understand why certain behaviours occur and hopefully start to identify underlying reasons and patterns in the described behaviours (Moustakas, 1994; Patton, 2002; Priest, 2002). Phenomenology assumes that the basis of all knowledge generation is the direct observation of events, or alternatively the description and discussion of the event by the people who have directly experienced it (Husserl, 1952). It is then the task of the

researcher to analyse the described behaviour in the hope to gain a better understanding of it (Becke, 1999; Husserl, 1952). This means that emphasis will need to be placed on the selection of fitting interview partners. From this perspective, it was not deemed enough to merely interview managers who know and worry about noncompliant work behaviour in their departments; rather, it was necessary to interview people who personally engaged in behaviour that the researcher attempts to understand (Husserl, 1952; Moustakas, 1994; Patton, 2002).

The responsibility of the researcher is to try to analyse the experiences of the interviewees in as neutral and objective a manner as possible (Becke, 1999; Moustakas, 1994). While it may be tempting to sympathise with the interviewee in the case of noncompliant behaviour, it is important that the interviewer does not show approval or disapproval of the interviewees' behaviour, as this might influence the outcome of the interviews (Becke, 1999; Fellmann, 2009). However, showing an understanding of, and an interest in the behaviour is permitted and encouraged (Fellmann, 2009; Husserl, 1952). The goal of phenomenology is to truly understand a phenomenon in all its dimensions (Patton, 2002), i.e., intrinsic and extrinsic motivations, subjective, or objective assumptions made by the interviewees and surrounding external factors that might have influenced the behaviour.

To gain a true understanding of a phenomenon, the right questions must be asked (Eckardsberg, 1986). Questions must be devised so that the interviewee is encouraged to answer them by telling a story or describing a previously experienced event which allows the interviewer to get a first-hand account of the research phenomenon (Fellmann, 2009; Husserl, 1952). Questions which allow, or encourage short answers, or simple 'yes' or 'no' answers are unfitting in such a setting and will not lead to usable interview results (Fellmann, 2009; Husserl, 1952). It is the hope of the researcher that some new and interesting information will be discovered using personal interviews, because interviews are generally considered more interesting and engaging by the research subjects (Saunders, 2012). Saunders (2012) also highlights the fact that interviewees might be more willing to disclose more detailed information during personal interviews, because they personally

know the interviewer, and they have the chance to voice their concern if they do not feel comfortable with a question. Using surveys, these benefits would be forfeit.

4.2.1 Data Analysis and Trustworthiness of the Research

After data is acquired and prepared, it must be analysed (Forza, 2002). In quantitative research, Forza (2002) distinguished between 'preliminary data analysis' and analysis of data for theory testing. To assess the quality of quantitative research several different tools and methods are used. Researchers often test for validity (internal and external) as well as for reliability and objectivity (Lincoln & Guba, 1985). Goffin, Raja, Claes, Szwejczeniowski and Martinez (2011) listed a total of eight criteria for evaluating methodological rigor in qualitative purchasing research. According to Goffin et al. (2011), these criteria are construct validity, confirmability, internal validity, credibility, external validity, transferability, reliability and dependability. To ensure that qualitative research is truly regarded as valid and of high quality, researchers must demonstrate that they took special care in ensuring the replicability and traceability of the research process and the made conclusions (Goffin et al., 2011; Yin, 2009). While it is not necessary that all 8 criteria which prove methodological rigor are always used, a selection of them will help in demonstrating the quality of research (Goffin et al., 2011).

For this research, the interviews were recorded to enable the researcher to listen and re-listen to them in the course of the transcription and analysis. It was initially the intention of the researcher to have the interviews transcribed automatically, using the program 'Dragon NaturallySpeaking' from Nuance Communications. However, once the transcriptions were started, it showed that the program was too unprecise to really capture the interviews correctly. The researcher had to go back numerous times to listen and correct the transcriptions to ensure that the transcriptions truly captured what was said during the interviews. In addition, the program was very slow in the transcription process. The researcher is aware that the slowness in the transcription process might be owed to the computer of the researcher rather than the program. After completing one transcription with the aid of the program, it was decided that it would be faster and less cumbersome for

the researcher to resort to manual transcriptions because the writing speed of the researcher was faster than that of the program and fewer mistakes resulted.

As described in chapter 4.2.2, the researcher placed a lot of emphasis on ensuring that bias was dealt with in a rigorous and pro-active way. To test the quality of the research, and to ensure methodological rigor, six additional approaches were identified, namely saturation (Saunders et al., 2018), credibility, transferability, dependability, and confirmability (Bravo González, 2017; Lincoln & Guba, 1985; Stumpfegger, 2013). Transferability as discussed by Bravo González (2017) and Goffin et al. (2011) will not be discussed in this section, but rather will be examined in more detail when the limitations of the research are discussed in chapter 9.3.

Validity, which is more commonly used in quantitative research than it is in qualitative research (Morse, Barret, Mayan, Olson, & Spiers, 2002), will also be briefly discussed in chapter 4.2.7.

4.2.2 Bias and Prejudice

Prejudice and bias in research are important methodological aspects which need to be addressed in order to guarantee that research is considered to methodologically sound (Smith & Noble, 2014) and to ensure the quality of research results. Bias is a difficult issue to deal with, because it is a methodological flaw that often happens subconsciously (Bagley Thompson & Panacek, 2007). It is also important to realise and accept that bias of some form, exists in all research studies (Smith & Noble, 2014). Researcher conscious bias may be encountered in the many different forms, the most important of which are (Smith & Noble, 2014):

Design Bias occurs when either the design of a study is poorly chosen in relation to research aim and methodology, or when the design is chosen in such a way that it will likely support a desired research outcome (Morse et al., 2002). In order to avoid design bias, the researcher must be particularly careful in selecting his- or her research design (Smith & Noble, 2014). Researchers can ensure that assumptions and methodological considerations are well chosen by discussing these issues with colleagues or reviewers who do not have an interest in a particular outcome of the research effort.

The researcher feels that in the course of this work a number of efforts were undertaken to ensure that design bias was minimised or eliminated. While the area of research was set pretty early on in the research process, i.e., noncompliant work behaviour in business-to-business purchasing and maverick buying, certain decisions about the research design and methodology were delayed until after the literature review had progressed to a level where an informed decision, based on existing literature was possible. For example, initially, it was the intention of the researcher to conduct a large-scale survey about the topic of noncompliant purchasing and maverick buying. This was thought to be a prudent research method, because it was the initial assumption that the topic of noncompliant work behaviour in business-to-business purchasing and maverick buying in Germany was researched well enough to be able to identify which questions to ask in such a large-scale survey. After the literature review, it became apparent that the chosen research area is still so new (particularly in Germany) that not enough is known to ask precise and correct questions. In order to discover all the variables relating to the topic it was therefore decided that a phenomenological approach in the form of in-depth interviews would be a more fitting research approach.

Writing a doctoral dissertation seems to give the researcher an advantage in regard of being able to avoid bias, including design bias, in many ways. All steps of the research process were discussed with the doctoral supervisors in detail. In this particular case, the supervisors did not seem to have any preference in regard to the research outcome, but rather in ensuring that the research results were of high quality. The researcher was alerted to the danger of appearing to be biased in his research effort a few times. For example, having worked in the area of purchasing and supply management for Honeywell International as well as Siemens AG, it seemed natural to the researcher to assume that noncompliant work behaviour in business-to-business purchasing, or maverick buying is naturally and automatically negative behaviour and that companies need to eliminate. Being made aware of this bias was important. The supervisors of the thesis ensured that the researcher approached the task of research design from an unbiased perspective. It is the firm

belief of the researcher that the outcome of the research as well as the research design do not reflect any bias.

Selection/participant bias occurs when the participants of a study are chosen in a way that their inclusion, or exclusion from the study might support a certain research result (Smith & Noble, 2014). This is an especially critical bias to consider, because the number of research participants, in this case, the interview partners, is particularly small in phenomenological research (Morse, et al., 2002).

The participant selection process is described in detail in chapter 6.3. The researcher tried to ensure that interview partners were chosen that had all experience buying goods or services, but without officially working as part of a corporate purchasing department. Particular care was taken in ensuring that the interviewees did not feel any obligation or pressure to give answers which they felt, might meet the expectations of the researcher. This was ensured by briefing the interviewees that the interviewer simply wanted to learn about instances when they had participated in the purchasing process and that he was interested in their motivation to engage in this behaviour. It was ensured that the interviewees knew that the interviewer did not have any opinion, neither good, nor bad, about the described behaviour.

Data collection bias and measurement bias refers to the method in which data is collected, and in which questions are asked in qualitative surveys (Smith & Noble, 2014). It is instrumental that the researcher puts a lot of effort into designing questions which do not influence the answer of the interviewees. Questions can be asked in a way which encourages closed-ended (yes- or no) answers, or which lead the interviewee to believe that the interviewer either has a certain expectation of an answer, or that a particular answer would be correct or incorrect (Morse et al., 2002).

All questions used in the survey were reviewed by the researcher, the doctoral supervisors as well as by a selection of students of Munich Business School who had volunteered to support the researcher's project. This was done in an effort to ensure that the way the questions were designed and asked, did not lead the interviewees in any way, and that they were asked in an open-ended fashion. After

the review, a few questions were changed, because the test interviewees felt that these questions either insinuated that maverick buying might either be good or bad. Other questions were changed, because the test candidates felt that they were not very clear, or that it was easy to misunderstand them. Finally, the wording of a few questions was changed to encourage lengthier answers to the questions. The author feels that it was possible to eliminate data collection and measurement bias effectively this way.

Analysis bias is sometimes also called confirming evidence bias (Mercier, 2017). It refers to instances when the researcher tends to ignore data that is in conflict with his or her beliefs or when data seems to contradict the conclusions, findings or hypotheses of the research and the beliefs of the researcher (Smith & Noble, 2014).

The researcher exerted a great deal of effort to ensure that no analysis bias was present in the research. After the transcription and analysis of the interviews, the interviewer went back for a second round of discussions with the interviewees. During this second round of discussions, the interviewer presented the results of the individual interviews to the interviewees. This was done in an effort to ensure that the key take-aways which were identified by the interviewer also reflected the opinions and feelings of the interviewees. Corrections to the key take-aways were jointly made by the interviewer and the interviewees during these sessions in cases, where the interviewees felt that their opinion or motivation was not represented correctly. This was done only in a few isolated instances; however, doing so enhanced the researcher's confidence that no—or only an absolute minimum—analysis bias is present in the research.

In addition, the analysis of the interviews was also discussed with both doctoral supervisors in order to ensure that the conclusions drawn from the combination of the individual interviews was objective and valid. Both supervisors placed special emphasis on ensuring that no bias was present in the analysis.

Publication bias refers to the possibility that publishing companies or scientific journals might look for certain items in determining if an article is worth publishing. Smith and Nolde (2014) noted that '... in quantitative research, studies are

more likely to be published if reporting statistically significant findings ...'. This might incentivise researchers to ignoring statistically insignificant findings, and to 'tune' findings to reflect the expectation of statistical significance (Dubben & Beck-Bornholdt, 2004).

In qualitative studies, publication bias might lead publishing authorities to give preference to writings which place a lot of emphasis on describing the methodological aspects of the research and which prove rigor in deducting research results (Petticrew, Egan, & Thomson, 2008). While this might be advantageous in ensuring the quality of research results, it can lead to articles and publications where an unrealistically large percentage of the writing is concerned with methodological aspects, leaving too little room for the research results.

The researcher feels that publication bias is more of an issue in qualitative research than in quantitative research. In addition, the researcher also beliefs that publication bias might be more of an issue when trying to publish in highly rated double-blind reviewed journals, rather than in instances when a doctoral thesis gets published. Working on a doctoral thesis with a high word count and utilising a phenomenological research methodology seems to make the work less vulnerable to publication bias because publication is almost certain, albeit in very small numbers. Nevertheless, the researcher did take caution to ensure that the methodological part of the dissertation is sufficiently detailed to convince readers of the study's methodological rigour while also endeavouring not to be excessive in the descriptions.

4.2.3 Saturation

As described by Saunders et al. (2018), saturation is the first quality criterium that will be discussed here. Saturation in qualitative research generally describes the point at which no further data collection is necessary, because additional data is believed to not add any additional information to the research (Given, 2016; Saunders, 2018). It seems that saturation is one of the core elements to ensure that the quality of qualitative research is adequate (Morse, 1995; Morse et al., 2002; Saunders et al., 2018).

Like the other approaches to test the quality of a qualitative research project, there are different approaches to determining saturation. Based on a thorough review of literature, Saunders et al. (2018) prescribed four different approaches to determine if saturation has been reached: (1) theoretical saturation; (2) inductive thematic saturation; (3) a priori thematic saturation; and (4) data saturation.

Theoretical Saturation – Theoretical saturation is reached when all the constructs and items which were discovered in the literature review, have been identified and are either supported or falsified through the interviews (Starks & Trinidad, 2007). Interestingly, the term saturation is not so much a term of phenomenological research but originates from grounded theory (Saunders et al., 2018). Nevertheless, it has been adapted and is now used as a quality criterium in phenomenological research. For the presented dissertation, it was determined that this approach to saturation would not be an ideal choice for the research at hand. As one will see in chapter 7.1.6, one form of noncompliance (ill-intentioned noncompliance) had not been experienced by any of the interviewees. Possible reasons are further for the absence of this form of noncompliance are further discussed in chapter 7.1.6. Consequently, a state of theoretical saturation would have been impossible to reach with this work.

Inductive Thematic Saturation – As described by Saunders et al. (2018), inductive thematic saturation ‘focuses on the identification of new codes or themes and is based on the number of such codes or themes rather than the completeness of existing theoretical categories. ... In this model, saturation appears confined to the level of analysis; it’s implication for data collection is at best implicit’ (Saunders et al., 2018; p. 1896). While the author feels that this is an interesting and valuable way to achieve saturation, it also seems to be a very stringent approach to determine if new and interesting information has been identified. It is the author’s view that the intuition of the researcher plays a rather subordinate role in this model. For this reason, it was determined that it would not be the best choice for this research. While it may leave some room for criticism, it is the belief of the author that personal interviews and the (potentially subjective) impressions of the researcher

are an invaluable aspect of research that deals with such a sensitive subject as non-compliant work behaviour.

A Priori Thematic Saturation – As the name suggests, takes a very different approach to the understanding of saturation. In this model ‘data is collected to exemplify theory’ (Saunders et al., 2018; p. 1896). Less emphasis is placed on inductive generation of new ideas, but rather a deductive logic is followed to identify new aspects of an existing theory or theoretic model (Saunders et al., 2018). The research subject of this dissertation has seen comparatively little attention from scientists who tried to follow a phenomenological approach to knowledge generation. For this reason, it was determined by the author that an a priori thematic saturation approach would not be the best choice for the task at hand. Too little is known of the research subject and it is hypothesised that the existing explanation approaches and theoretic models to understand maverick buying are too narrow in their scope.

Data Saturation – The determination of data saturation takes a slightly different approach. Data saturation is generally considered to be reached when the interviewer determines that no new information will be discovered by continuing to interview additional subjects (Sandelowski, 2008; Saunders et al., 2018). In other words, once the interviewer starts to see that there is a high degree of repetition in the answers of the interviewees, one might determine that data saturation has been reached. One might criticise that this approach leaves room for the potentially subjective impression of the interviewer when she/he thinks that this point has been reached. Nevertheless, the author of this dissertation believes that this approach is the most programmatic and application oriented of the 4 approaches. Of the four approaches, it leaves the most room for the researcher to determine if she/he is happy with the amount of information that has been collected through the interviews and if the addition of further interviewees will be of value to the research project. For this reason, data saturation was determined to be the saturation model of choice for this dissertation.

In order to determine if data saturation had been reached, the researcher went through the following seven steps:

- (1) A thorough literature analysis served to identify the items used to explain the constructs, i.e., purchasing maturity, alignment issues and information asymmetry, which are believed to help understand the subject of this dissertation, the phenomenon of non-compliant work behaviour in business-to-business purchasing. Based on the identified items, a questionnaire was constructed to explore the interviewees' lived experiences regarding non-compliant work behaviour in business-to-business purchasing in the form of maverick buying.
- (2) A first semi-structured interview was conducted, and the results were recorded, coded and analysed to identify key themes and learnings from this interview. The findings were recorded and matched to the constructs and the items that were identified in the literature review.
- (3) A second semi-structured interview was conducted. As in the case of the first interview, the results were recorded, coded and analysed. In an additional step, the results of both interviews were then compared. Although some findings closely matched those of the first interview, a large percentage of the results were different. For example, differences were found concerning the role of purchasing maturity in explaining non-compliance in purchasing and the importance of information asymmetry to explain the phenomenon. However, the findings regarding the role of alignment issues play in explaining non-compliance and maverick buying showed a high degree of similarity.
- (4) A third interview was conducted, and the results were again recorded, coded and analysed. The results were then compared to the results of the first two interviews. Quite a few interesting findings were identified in relation to the constructs of alignment and incentives. However, when comparing the findings of the third interview to the first two, it became evident that a high degree of similarity existed between the results of interview three and those of the first two interviews.
- (5) A fourth interview was conducted, and the results were again recorded, coded and analysed. The results were then compared to the findings of

the first three interviews. Some new and interesting findings related to a number of items were discovered. However, it became even more evident that the findings from each new interview seemed to be less significant and fewer in number than those from the previous interviews. In other words, the empirical evidence seemed indicate that data saturation was being achieved. Interview four yielded fewer new findings than interview three, which yielded less new evidence than interview two, which yielded less new information than interview one.

(6) To ensure that saturation had been reached, a fifth and final interview was conducted. Interview five confirmed the trend that very limited new findings would result from additional interviews. Virtually all of the recorded, coded and analysed findings of interview five had been mentioned by one of the four previous interviewees.

(7) This above finding led the author to conclude that five interviews would be sufficient to assume that data saturation had been reached.

4.2.4 Dependability

Dependability in phenomenological research seems to be an interesting subject because it has implications on the trustworthiness and reliability of the research (Reyes-Mercado & Mercado-Gonzalez, 2016). Several authors have recommended inquiry audits or external audits of the research questions as well as the findings and the analysis of the interviews (Guangming, 2007; Halldorsson, 2003; Lincoln & Guba, 1985). In order to ensure dependability of the research results, several audits were conducted.

External audits were undertaken before the interviews took place, to review the quality and understandability of the questionnaire. To accomplish this, the researcher enlisted the assistance of former executive MBA students of Munich Business School who had a background in engineering, research and development or in manufacturing. The researcher made sure that the students had all completed their MBA successfully at least two years ago and that there was no dependence with the researcher. A total of 30 students were contacted by email to inquire if they

would be willing to voluntarily review the interview questions in terms of comprehensibility. A total of 6 former students responded and voiced their interest in supporting the research project in question. They received electronic copies of the interview questionnaire and were asked to identify instances where they were unsure as to the exact meaning of the questions. The responses were analysed and a total of 14 questions were changed to reflect concerns by the reviewers that the questions were not very clear and understandable. The changed questions were then re-sent to the volunteers to review them once more to see if the clarity of the questions had improved.

External audits were also undertaken to test the results of the interviews and to check whether the conclusions drawn were reasonable, based on the results of the interviews. To accomplish this, the support of the same former students was enlisted that had reviewed the interview questions previously. In addition to discussing the interview results with the students, the researcher also discussed the results of the interviews with his doctoral supervisors. The audits yielded the result that some of the drawn conclusions had to be explained in more detail and that the researcher had to be more critical and questioning in some instances. After revisiting, and revising some of the conclusions, the results were discussed again to see if the revised argumentation threads were now easier to follow. It is important to note that these audits took place by phone, or via Skype. The researcher had sent summaries of the interview findings and analyses to the reviewers and then arranged telephone calls or skype calls to discuss them.

It is the opinion of the researcher that the dependability of the interview results has been affirmed sufficiently to warrant the claim of a thorough research approach.

4.2.5 Credibility

Goffin et al. (2011) defined credibility in qualitative research in the following way:

...the degree to which research findings were verified by interviewees or peers as realities may be interpreted in multiple

ways. The purpose of this test is to demonstrate that the inquiry was carried out in a credible way (Goffin et al., 2011, p. 806).

Riege (2003) described the test for credibility in the same way; in fact, Goffin et al.'s (2011) definition of credibility is based on that previous work. Houghton, Casey, Shaw and Murphy (2012) identified four key approaches to ensure credibility: (1) prolonged engagement and persistent observation; (2) triangulation; (3) peer debriefing; and (4) member checking.

(1) Prolonged engagement and persistent observation - This approach to establish credibility in qualitative research generally refers the fact that researchers should be involved with their research subjects for an extended period (Lincoln & Guba, 1985). This is done to ensure that the researcher truly understands the subject's behaviour (Lincoln & Guba, 1985), as well as to determine if the observed behaviour is representative of the phenomenon being studied (Altheide & Johnson, 1994). In the scope of this research, prolonged engagement and persistent observation seems to be an inadequate path to show rigor and test credibility. In the case of noncompliant behaviour in purchasing, the researcher is not observing the actual phenomenon, but rather, he is interviewing individuals about their first-hand and personal experiences with this type of behaviour. The likelihood that the interviewees would describe their behaviour differently if they are questioned a second or third time seems rather unlikely. To ensure that the description of the behaviour is accurate, several questions try to explore the behaviour from different angles. The researcher hopes that inconsistencies in the descriptions of the behaviour, or in the motivations for noncompliance would become evident in this way. In terms of ensuring credibility through prolonged engagement and observation with the research subjects, it is also the opinion of the researchers that the research subjects, i.e., the interviewees would properly lose interest in their continued participation in the research project and would not be available for member checking if they

would be questioned about the same topics and same behaviour too often.

- (2) Triangulation - Triangulation is another way in which rigor in qualitative research is checked, or enhanced (Houghton et al., 2012). It refers to the attempt to explore one phenomenon using different sources (Yin, 2009). The idea is that the researcher will get a better understanding of a phenomenon, and an overall more credible result, if different sources lead to the same conclusions by ensuring that the collected data is exhaustive (Casey & Murphy, 2009). When conducting research about the phenomenon of noncompliant work behaviour, this path to demonstrate credibility seems virtually impossible to implement. To gain access to interviewees who had personally engaged in this type of behaviour, the researcher had to ensure them anonymity. Anonymity was a necessity, because the described behaviour is generally in violation of existing rules, regulations or processes. Making it known that an employee engaged in this type of behaviour might have led to negative repercussions for them in their professional life. In addition, noncompliant behaviour is mostly a type of behaviour that individuals try to hide from the rest of the company employees. Trying to triangulate this behaviour through the reports and experiences of other employees of the same company would therefore most likely be very difficult. In addition, the chances that the perceptions of other employees would be very different from the perception of the employee engaging in this behaviour, is properly very high. The intention of the research is to better understand the factors that lead to noncompliant work behaviour in purchasing. In other words, the hope is to better understand a very individual and personal behaviour from the perspective of the employees engaging in this type of behaviour. Trying to triangulate the behaviour using other sources seems to be very difficult. For the described reasons, triangulation was not chosen as an approach to determine rigour.

- (3) Peer debriefing - One of the methods chosen to ensure credibility in the scope of this research, was peer debriefing. However, it was used in a slightly different way than most authors describe. One approach to peer debriefing is to have an expert- or experts review the findings and confirm that the results of a qualitative study are supported by them (Appelton, 1995; Houghton et al., 2012). The other, often mentioned approach is to have a researcher who is unfamiliar with the research review the findings of the interviews and have him/her code some of the findings themselves (Houghton et al, 2012). The coding of the interviews is then compared to the coding of the initial researcher to check if they seem to match or if they are so much in conflict that one could arrive at a different result (McBrien, 2008). If the initial researcher and the external researcher arrive at similar conclusions and coding results, then this is taken as an indication of quality, credible, research (McBrien, 2008).
- (4) Member checking - Member checking is also used to test credibility (Houghton et al., 2012). In member checking, the results of the research are presented to the original interviewees by the researcher (Houghton et al., 2012). They are then discussed to see if the conclusions which are drawn by the researcher seem reasonable and logical to the interviewees (Houghton et al., 2012). Given the research topic of maverick buying, this seemed to be a fitting method to test for credibility. The researcher was very up-front with the interviewees in describing the intentions and objectives of the research, in addition, the interviewees all expressed an interest in the research results. Once all the interviews were conducted, the findings were summarised and then analysed. The researcher then arranged individual meetings with the interviewees. In a first step, the individual summaries of the interview findings were then discussed. This was done to ensure that the interviewer did not misunderstand any of the testimony given by the interviewees. This step yielded that a few findings had to be explained in slightly more detail, because the interviewees felt that their motivations and intentions in relation to

noncompliant behaviour were not presented well enough. However, overall the made changes were minor and did not have any real impact on the resulting analysis and conclusions. In a second step, the combined summaries of the combined findings were discussed with the interviewees. The intention of this step was to determine of the researcher was able to capture the most important key points of all the interviews. The interviewees were very interested in these findings and voiced surprise that the answers of the other interviewees appeared very similar to their own answers in many cases. This seemed to be a result that surprised the interviewees. It seems that most of the interviewees were under the impression that their motivations for engaging in maverick buying were unique to their respective companies. Seeing that this was not the case, and that the motivations for noncompliance were rather similar across different companies was a surprise to them. In a third step, the researcher discussed the conclusions that he drew from the interviews and explained to the interviewees how these conclusions relate to the results of the literature analysis. The interviewees were asked to evaluate if the drawn conclusions seem reasonable or if they might have drawn different conclusions, based on the available findings. There seems to have been consensus among the interviewees that the resulting conclusions were reasonable, given the findings of the interviews. The interviewees stated that they felt that it was interesting to see the conclusions in such a summarised form. They also felt that these conclusions would have an impact on how their own companies might deal with the phenomenon of noncompliance in purchasing. All of them asked to receive summaries of the conclusions in writing and requested that they receive a PowerPoint presentation of the results of the research, once available. When asked if they would present the findings to their own companies, they were not sure at the time of the interviews. It was an interesting realisation for the author of this research to see that the process of member checking was lengthier than the interviews themselves. The author spent between one and a half, to three

hours with each one of the interviewees in during member checking. For this reason, the author feels very confident that the credibility of the research is of a high level.

4.2.6 Confirmability

Cutcliffe and McKenna (2004) identified Lincoln and Guba's (1985) work as being among the seminal sources on the topic of confirmability in qualitative research. For this reason, the work of Lincoln and Guba (1985) serves as the basis for establishing confirmability in this research. Lincoln and Guba (1985) as well as Riege (2003) describe that confirmability of qualitative research can be demonstrated in several ways. The most important aspect of this approach to demonstrating methodological rigor is that the reader can retrace the different steps that the researcher took in arriving at the conclusions of his or her work (Riege, 2003). In other words, there needs to be an evident and visible link between interview results and the conclusions drawn from them (Goffin et al., 2011). This is supposed to show that the research results were arrived at, in an unprejudiced and outcome-neutral manner (Riege, 2003). The author of this work tried to achieve this in several ways.

In addition, one or more external auditors are supposed to be used to confirm that the findings and analysis of the research are objective and unbiased and that the research process was logical and accomplished in a structured manner (Lincoln & Guba, 1985). For this research, three separate and distinct auditors were used. For one, both the first as well as the second supervisor of the dissertation served as auditors. To ensure that an auditor who was separate from the study was also engaged, the author's wife was also involved in the research process in an ex post facto fashion. Lincoln and Guba (1985) described that once the research is finished, an auditor should become familiar with the research topic, its methodology and conclusions and confirm the outcome of the research (Cutcliffe & McKenna, 2004; Lincoln & Guba, 1985).

The author used semi structured qualitative interview questions to which the interviewees could answer in any way they wanted. The interviews were recorded and then transcribed using the program 'Dragon Naturally Speaking'. During

the interviews, the researcher also used a log to note subjective impressions about the interviewees. This included notes about times when the researcher felt that the interviewees were unsure of their answers, when they seemed insecure or when the researcher felt that the answers seemed to be not 100% genuine.

After the interviews were transcribed, the interviewer re-listened to the interviews and made notes in the transcriptions about possible pauses or other noteworthy aspects of the interviews.

Trying to come to identify findings from the interviews was a lengthy process that went through several steps. In a first step, the interviewer wrote summaries of the five interviews. These summaries were sequenced according to the four main interview phases. Answers to the general questions, answers regarding questions about organisational design and process maturity, answers about the construct of alignment and incentives, and finally answers about the construct of information asymmetries. Summaries of the core aspects regarding each question, i.e., each item which was previously identified in literature were written (items can be checked in chapters 4.5 and 4.6).

The summaries were then organised by putting them in a Table that listed the Interviewees on the X-Axis, and the questions on the Y-Axis. The key points of the answers were then compared and were used as the foundation for the interview findings presented in chapter 5. It is important to note that the researcher placed special emphasis on the fact that chapter 5 only showed the findings of the interviews, no value judgements or conclusions were drawn in this step.

The intention of chapter 6 was then go beyond the findings in chapter 5 and compare the findings of the interviews with the results of the literature analysis which are detailed in chapters 2 and 3. Conclusions were drawn to see if the findings can be explained with existing literature, or if new information was discovered. Just like chapter 5, chapter 6 was organised according to the interview questions. Chapter 6.1 analysed the findings of the general questions, chapter 6.2 analysed the findings of the construct organisational design and maturity. Chapter 6.3 analysed the findings of the construct alignment and incentives and chapter 6.4 analysed the

findings regarding the construct of information asymmetry. An overall summary of the analysis of the findings is then presented in chapter 6.5

4.2.7 Validity

Validity is another quality criterium which has been used for a long time to demonstrate the quality of scientific work (Morse et al., 2002). However, during the past decades, validity (and also quality criterium of reliability) have been slowly replaced by the criterium of trustworthiness which was first introduced by Lincoln and Guba in 1980. Lincoln and Guba (1980) asserted that trustworthiness can be demonstrated by showing the confirmability, dependability, credibility and transferability of scientific work (also see Morse et al., 2002). Particularly quantitative researchers seem to have taken a liking to this approach of showing methodological rigor, while qualitative researchers in Europe, other than the United States, still seem to prefer the constructs of validity and reliability (Morse et al., 2002). Sarma (2015), in his article, 'Qualitative Research: Examining the Misconceptions', compared aspects of methodological rigor in qualitative research to those used in quantitative research. He stated that truth value in quantitative research is assured by showing internal validity (Sarma, 2015). In qualitative research, truth value is demonstrated through the construct of credibility (Sarma, 2015). Applicability, which is demonstrated through external validity and generalizability in quantitative research is shown by proving transferability in qualitative research. The constructs of reliability and objectivity, which are frequently used in quantitative research in turn are proven through dependability and confirmability in qualitative research (Sarma, 2015). It is the author's view that the validity of the presented research has been adequately demonstrated, by having proven the presented research's confirmability (chapter 4.2.6), credibility (chapter 4.2.5), dependability (chapter 4.2.4) and transferability (chapter 7.3).

4.2.8 Sampling

One of the core decisions that a qualitative researcher must make as part of the research process is the decision as to who might be best suited to inform him or her about the research phenomenon (Patton, 2002). Generally,

phenomenological research relies on small sample sizes (Creswell, 2009; Morse, 1994) which the researcher hopes have expert knowledge of the research topic (Marshall, 1996). This sampling methodology is most commonly referred to as purposeful sampling (Tongco, 2007) or key-informant technique (Marshall, 1996).

The data for this study were therefore generated by means of detailed interviews, as described by Becke (1999), Fellmann (2009), or Husserl (1952) using purposeful sampling of key informants who have intimate knowledge of the research phenomenon.

4.3 Research Strategy and Selection of Interview Partners

Noncompliant conduct in purchasing, or maverick buying, has most often been examined from the perspective of the aggrieved department (Brandon-Jones & Carey, 2011; Leenders & Johnson, 2002; Lonsdale and Watson, 2006; Moosmann & Fröhlich, 2014); however, this research took a different approach and spoke to the employees who are actually responsible for noncompliant work conduct to explore their drivers, motivations and reasons, which requires specialised measures to ensure ethical research. The interview respondents for this study were recruited from a pool of over 500 executive MBA students that were taught by the researcher over the past 10 years. To eliminate issues arising from acquaintance bias, several selection criteria were applied. For one, students needed to have completed their degree over three years ago. Students which were supervised by the researcher during their master's thesis, or whom the researcher considered personal friends, were excluded from the possible pool of interviewees.

The respondents' identities and company names were kept confidential, and the lack of formal corporate involvement eliminated any pressure from such organisations to access to the interview results. The researcher also ensured that the interview questions were posed in an objective manner as a means of reducing social desirability bias.

Purposeful sampling was utilised to select the interview partners for the study (Bernard, 2002; Seidler, 1974; Tremblay, 1967), as this methodology enables the targeted selection of interview partners who are thought to possess expert

knowledge about the research topic in question (Bernard, 2002; Seidler, 1974; Tremblay, 1967). To select fitting interview partners, the author resorted to the pool of over 500 executive MBA students whom he has taught over the past ten years. A few important selection criteria were applied for the inclusion of former students in the pool of potential interviewees:

- (1) Interviewees needed to have completed their degree before 2016 to ensure that there would be no stated of dependency between interviewee and interviewer and enhance the likelihood that participants would have more neutral or positive feelings toward the researcher.
- (2) Participants were limited to those who had no close personal relationship/friendship with the interviewer to ensure that no stated of dependency existed between interviewee and interviewer and minimise the likelihood of social desirability bias, which occurs when interviewees feel subtly pressured to provide answers that put them in a positive light and that the interviewer might want to hear. This criterion was reiterated at the beginning of each interview.
- (3) Interviewees needed to speak very good English, because the interviews were conducted in that language. Thus, there was no need to translate the interviews later, which could have resulted in losing important aspects of their content in the translation. While it might sound unusual to hold interviews in English when discussing work behaviour of employees working in Germany, many corporations have in fact designated English as their official company languages, such as Siemens or BMW. In addition, the executive MBA program which the author used to access to the pool of potential interviewees is taught entirely in English: all tests are written in English, and the master's thesis must also be written in English.
- (4) Interviewees needed to have at least five years professional work experience to ensure enough familiarity with a professional business environment and their respective responsibilities to make informed statements about strategy, resources, and other relevant issues.

- (5) All interviewees needed to be currently employed by companies that were doing reasonably well economically, with no obvious dysfunction caused by external conditions, such as threat of bankruptcy that could be considered as influencing the corporate climate or behaviour by causing companies to be either more restrictive or potentially more lenient in setting and enforcing policies than usual.
- (6) All interviewees needed to be working in manufacturing industries in Bavaria. Scott et al. (2018) stated that industry-specific factors can potentially affect compliance. Accordingly, because this research involved a very limited number of interviewees, the author wanted to avoid introducing excessive variance into the interviews, which can reduce comparability or generalisability.
- (7) All interviewees needed to be employed by companies with more than €50 million Euros in revenues, which would ensure the inclusion of companies that were sufficiently large and complex to have a functional departmental set-up with separate marketing, sales, production/manufacturing and purchasing departments.

Table 12 presents a description of the interviewees. Because the contacts were based on personal acquaintance, no involvement was necessary on part of the companies; thus, there was no pressure from the companies to access the interview results or study findings. This was also advantageous because it allowed the interviewees to speak more freely without the fear of having to worry about repercussions from their companies', should their answers not meet the expectation of their company- or their supervisors.

Table 12. Description of the interviewees

	Work experience in years	Nationality	Department	Position
Interviewee 1	26 years	German	Executive Management	CEO
Interviewee 2	14 years	Indian	Research and Development	Lead Engineer Product Development
Interviewee 3	17 years	German	Project Office (Maintenance and up-keep of installed Equipment)	Director

Interviewee 4	8 years	German	Engineering / Research and Development	Team Lead
Interviewee 5	9 years	Chinese	Engineering	Team Lead

Initially it was the intention of the author to use only one round of interviews for the empirical part of his dissertation. However, while conducting the first round of interviews, it was discovered that all interviewees stated that non-compliance in the area of business to business purchasing was not thought to be problematic in their respective companies. In close alignment with the supervisors it was determined that the item of “compliance climate” as it relates to the purchasing function should be explored in more detail through a second round of interviews with a different set of interviewees. Easterby-Smith (2012) as well as Sarantakos (2013) describe that additional interviews may be warranted if a topic of considerable interest emerges which was not explored in enough detail in the first round of interviews. The intention of this second round of interviews was to explore if non-compliance in business to business purchasing was a topic of corporate awareness and interest, or if it was only considered to be a functional issue with no involvement from other departments or company management. This was considered to be an interesting issue, because it is not really answered in the previous literature reviews. As chapter 2 and chapter 3 show, noncompliant purchasing behaviour can be traced to a number of different overarching reasons. A key outcome of the literature review is the hypothesis that noncompliance in purchasing can be traced to three overarching core constructs, i.e. process maturity, alignment and incentive issues and information asymmetry. While the item of compliance climate is named as one reason for the existence of maverick buying, it is always assumed that corporations have identified maverick buying as a corporate phenomenon that is considered problematic and which therefore needs to be closely monitored, managed or eliminated. One outcome of the empirical exploration of noncompliance in the Bavarian manufacturing sector appeared to be the fact that the sampled companies did not consider maverick buying, i.e. noncompliance in purchasing to be a corporate phenomenon which warranted corporate attention. The researcher was intrigued by this and wanted to explore if this was outcome was based purely on the perception of the interviewees, or if the companies in question really did not

perceive maverick buying to be an issue that warranted executive attention. Should the perception of the interviewees be supported by a second set of interviews from the company’s executive management then this would be an interesting finding.

It was the belief of the researcher, that either the executive management or the compliance departments of the respective companies would be best fit to explore this topic in more detail. In order to accomplish this, all five companies were contacted with the request to either be able to have a short telephone conversation with the CEO/Managing Director, or with the head of the compliance department. All companies responded, and it was possible to have short telephone conversations with people knowledgeable of their respective companies’ approach to compliance. The first interview was indeed with interviewee 1 from company 1. Because of his position as the CEO of the company, it was assumed that he was well positioned to explain his companies’ approach to compliance in more detail. The second and the fifth interviews were held with the assistants to the companies’ CEOs’ because they were said to be responsible for the topic of compliance on a corporate level. Interview three was held with the head of the “Strategic Initiatives” department which was identified to be responsible for company compliance. The fourth interview was held with the head of the Corporate Compliance Department.

Table 13. Summary of the second round of interviewees

	Function and Time with the Company
Interviewee 6 (same interviewee as Interviewee 1) - Company 1	CEO 14 years with the company
Interviewee 7 (works for the same company as Interviewee 2) - Company 2	Assistant to the CEO, 3 years with the company
Interviewee 8 (works for the same company as Interviewee 3) - Company 3	Manager of Strategic Initiatives, 5 years with the company
Interviewee 9 (works for the same company as Interviewee 4) - Company 4	Head of Corporate Compliance, 12 years with the company
Interviewee 10 (works for the same company as Interviewee 5) - Company 5	Assistant to the CEO, 8 years with the company

4.4 Ethical Issues

As with any study involving human subjects, there are a few important ethical issues to consider. Noncompliant conduct has often been examined from the perspective of the aggrieved department (Brandon-Jones & Carey, 2011; Leenders & Johnson, 2002; Lonsdale and Watson, 2006; Moosmann & Fröhlich, 2014); thus, the ethical issues have generally been uncomplicated in so far as the interviewees were not able

to be accused of any wrongdoing, and in fact were the accusers of others. This research took a different approach and focussed on engaging with the employees who are responsible for noncompliant work conduct as a means of exploring the drivers, motivation and reasons for doing so first-hand, rather than through the interpretations of superiors.

To ensure honest responses while also protecting the interviewees' identities, the interviews and the overall research results will be anonymised in terms of both personal and company names. Thus, no determinations will be able to be made as to whom was interviewed or at which companies the interviewees worked. The researcher was also careful to ensure that the questions were posed in a manner that no responses would be perceived as either good or bad by the interviewees.

4.5 Previous Works that Informed Questionnaire Construction

The determination of items used to develop the questionnaire exploring the underlying reasons for maverick buying were informed by the constructs developed in the literature review and adapted from three additional sources:

- (1) The International Purchasing Survey (IPS) (2012). The IPS was a large-scale research project on purchasing constructed through the cooperation of 12 international universities in Europe and North America, namely Western University of Ontario, University of Bath, Erasmus University Rotterdam, Universität der Bundeswehr München, Helsinki School of Economics, KTH Royal Institute of Technology, University of Gävle, Linköpings University,

Politecnico di Milano, Audencia Business School and ESADE. The questionnaire had to be completed online via the IPS Survey webpage and was subdivided into eleven categories, namely (1) firm description and business environment, (2) business objectives, (3) business performance, (4) purchasing improvement programs, (5) purchasing organisation and capabilities, (6) category selection, (7) category capabilities, (8) category strategy, (9) purchasing process, (10) purchasing tools and techniques and (11) category performance. Overall, the survey comprised 48 main questions, which were subdivided into 198 sub-questions. For easy reference, questions are listed in Appendix VII.

- (2) Karjalainen et al.'s (2009) questionnaire concerning noncompliant work behaviour in public procurement in the Finnish Government consisted of a total of 111 questions. Karjalainen et al. (2009) published the results of their research in the *Journal of Business Ethics* (SJR – H Index, 132; VHB-Jourqual Rating of B; ranked third among 51 journals in the area of ethics according to Journal Citation Reports [JCR]); however, the original publication did not include the list of questions. In order to get access to the survey, I contacted Professor Karjalainen and asked if she would be willing to share the questions that were used by her and her team. Fortunately, she accepted and emailed me an Excel file with the survey. Because the questions are not publicly available, they are listed in Appendix VIII.
- (3) Kauppi and Raaij's (2014) questionnaire: 'Opportunism and honest incompetence - seeking explanations for noncompliance in public procurement'. Their research was published in the *Journal of Public Administration Research and Theory* (SJR – H Index: 90; VHB-Jourqual Rating of A; JCR ranking: second out of 47 journals in the area of public administration).
- (4) The author's own literature review, particularly the operationalisation of constructs and items to be used in the questionnaire. This step is detailed in the next chapter.

4.6 Questionnaire Development - Operationalising the Drivers of Noncompliant Work Behaviour

Based on the literature analysis it is hypothesised that information asymmetries, functional- and process maturity and interdepartmental goal alignment are the three main constructs which determine the level or severity of maverick buying. These three constructs must now be operationalised so that a suitable questionnaire can be developed to empirically test if they do indeed play an important role in causing the phenomenon of maverick buying. To accomplish this, items which can be empirically tested, will be generated for each construct based on a thorough literature analysis.

It is important to note that one aspect that was identified as being an important contributing factor to non-compliant work behaviour in chapter 2.3.2, namely, demographic factors, will not be empirically explored in this dissertation. There are a number of reasons for this.

The author believes that a large scale, representative sample would be needed to draw any reasonable conclusions about the demographic characteristics of people who engage in this type of conduct. This is not the case in the research design and set-up of this small-scale empirical study based on a sample of only five interviewees. Such a tiny sample is not sufficient to yield any indications concerning the demographic characteristics of people who engage in noncompliant conduct in business-to-business purchasing. In addition, one of the requirements to be considered as a possible interviewee was to have personally engaged in noncompliant purchasing behaviour. In other words, all five interviewees have personally experienced and lived the phenomenon that is the focus of the author's research (Marshall, 1996; also see chapter 4.2.8 about the sampling approach). In order to draw conclusions about the demographic characteristics of people who engage in non-compliant purchasing conduct, it would be necessary to compare them to people who do not engage in non-compliant purchasing behaviour. In other words, the chosen research approach is not appropriate for drawing conclusions about the

demographic characteristics of people engaging in noncompliant purchasing behaviour.

Finally, the literature review identified three main constructs that are hypothesized to serve to explain and understand the phenomenon of noncompliant purchasing behaviour in more detail, namely (1) agency theory, (2) organisational factors and process maturity, as well as (3) alignment and incentive issues. The presented research hopes to explore these constructs in order to determine if they can aid in achieving a better understanding of the phenomenon of noncompliance in purchasing. Demographic factors do not fit into any of the previously named constructs and are therefore not subject to further exploration in this dissertation. However, the fact that demographic factors are not explored in further detail does not imply that the author believes that they are not important or cannot aid in the understanding of non-compliant purchasing behaviour. Further exploration of demographic factors and their role in explaining and understanding non-compliant behaviour would be a valuable research area; however, as previously stated, accomplishing that goal would require an entirely different research design and methodology.

As discussed in chapter 1.7 regarding research methodology and methods, and again in much greater detail in chapter 4, chapter 4.1 and chapter 4.3, it is the belief of the author, based on the writings of Crotty (2015) as well as Easterby-Smith (2013), that semi-structured interviews will be the most fitting method of gaining insight into the research phenomenon at hand. In semi-structured interviews the researcher generally does not follow a strict and structured list of research questions, but rather asks open-ended questions about the research topic (Easterby-Smith, 2013). As detailed by Sarantakos (2013), semi-structured interviews are intended to give the interviewee more freedom to divert from one pre-set issue in order to allow for related ideas and topics to be brought up at the same time. This is intended to give the interviewer a better and more complete understanding of the interviewees thoughts in regard to the research themes. Edwards & Holland (2013) stress that for a semi-structured qualitative interview to be successful, the researcher needs to understand the research topic well in advance of the interview.

In addition, an interview guide should exist which may include preformulated questions which cluster different research themes and/or other areas which are of interest for the researcher (Edwards & Holland, 2013). The researcher tried to follow this approach by preparing the literature review which was presented in chapter 2. Based on the literature review, the researcher grouped the explanations for the research phenomenon at hand, i.e. maverick buying, into three main clusters which he hypothesizes are the three core constructs to understand and explain maverick buying. As suggested by Edwards & Holland (2013), the three constructs were then explored in more detail in order to identify items which aid in understanding the constructs (chapter 3). The author then decided to pre-formulate interview questions based on these items in order to be better prepared for the interviews. The literature review (chapter 2 and chapter 3) yielded that there was quite a large number of items which help understand the motivation of employees who engage in noncompliant purchasing behaviour. The author formulated the interview question to ensure that none of these items would be missed or ignored during the interviews. While it may appear as if these structured interview questions contradict the selected research approach of semi-structured interviews, it is the opinion of the author that in fact they do not. The researcher started the interviews by explaining the research topic and encouraging the interviewees to talk freely about their motivations for engaging in noncompliant purchasing behaviour. The researcher then decided which questions to ask, or what item to address, depending on how openly the interviewees shared information about the research topic and depending on which previously identified items they spoke about without being prompted. The interviews re-affirmed the author's opinion that the chosen approach was fitting, given the particular research topic. While some interviewees spoke very freely about the research phenomenon in question, others needed to be encouraged by the interviewer to disclose more information quite frequently. The pre-formulated research questions were of great help in this regard. For example, interviewee 1 only needed to be prompted with a total of 6 questions to talk about the research phenomenon, i.e. maverick buying, while the researcher needed to ask almost all prepared questions in order motivate interviewee 4 to

disclose all possible information about her motivations to engage in noncompliant purchasing behaviour.

4.6.1 Construct 1: Organisational Design and Process Maturity

The construction of questions for the empirical test of the conceptual model developed to explain noncompliance in purchasing starts from the premise that business strategy directly determines purchasing strategy, which in turn shapes the organisational design of purchasing function (Gonzalez-Benito, 2007; Harland et al., 1999). The implementation of the business strategy also has a major impact on the alignment of the purchasing function with other corporate functions, namely alignment and incentives (see construct 2). In turn, the purchasing function acts on certain levers to implement the strategy. There appear to be two related levers: purchasing process and solutions and tools. Combined, these are essentially the manifestation (the content or the operationalisation) of the purchasing strategy (i.e., purchasing strategy drives purchasing process and solutions and tools), which can be viewed in its turn as a reflection of the maturity level of the purchasing process and the purchasing function as such.

However, the purchasing organisation and purchasing skills constructs do not appear to be an outcome of purchasing strategy. In fact, they appear to be constructs that influence purchasing strategy and support purchasing processes and related solutions and tools (and ultimately performance constructs). In support of this view, Chen et al. (2004) and Carr and Pearson (1999) proposed that the involvement of the purchasing function (purchasing organisation second level construct) in certain aspects of strategic planning is either an indicator of strategic purchasing advancement or moderates their effect on business performance. Thus, purchasing tools, capabilities, and organisation are a means to achieve certain strategic goals and are also an indicator of process maturity.

The construct of organisational design and maturity of the purchasing function is defined in terms of its size, degree of centralisation, hierarchical position, and degree of cross-functionality. Organisational design serves as an indicator of process maturity and organisational maturity within the company. The

organisational level, which in this case is a purchasing organisation, attempts to explain characteristics of structures and people operating in purchasing (Trent, 2004). Along with purchasing skills, purchasing organisation can be considered an element of purchasing maturity, which 'reflects the level of professionalism in purchasing within an organisation' (Rozemeijer et al., 2003; p.). Purchasing has been increasingly viewed as a strategic weapon to establish cooperative supplier relationships to enhance a firm's competitive stance (Carr & Smeltzer, 1999; Chen & Paulraj, 2004). Gadde & Håkansson (1994) and Fung (1999) both proposed that purchasing is an undeniable aspect supply chain management (SCM).

A consideration of the items characterising purchasing organisational design and process maturity found a very close relationship between the first construct and the second construct, i.e., alignment and incentives. Having well-developed and advanced tools for purchasing controlling is an indicator of the maturity level of the purchasing function; moreover, having advanced tools for the measurement of purchasing performance will ensure that the functional strategy of the purchasing department is in alignment with other corporate functions.

Purchasing strategy and organisational design

Number of purchasing and supply people / headcount

Schotanus et al. (2011) discuss that mature purchasing organisations generally have higher headcounts than purchasing organisations that are less developed. In discussing the issues relating to changes in the purchasing and supply function, some researchers have proposed that the number of specifically identified purchasing employees would drop because of e-commerce and the outsourcing (Carter, Monczka, Slaughter, & Swan, 2000b; PricewaterhouseCoopers, 2001; Zheng et al., 2006). However, there appears to be little or no evidence that such reductions of purchasing headcount have occurred.

Skillset of purchasing employees

Pagrach et al. (2000) identified considerable improvement of recognition of purchasing professionals between 1993 and 2000., and Giunipero, Handfield, & Eltantawy (2006) observed that the skill-set necessary for successful purchasing

managers is increasingly dominated by strategic activities and long-term planning. The clerical tasks performed by assistant buyers have largely disappeared.

Reporting level – highest point

Schotanus et al. (2011) as well as Narasimhan and Das (2001) have proposed that the involvement in strategic decision-making is enabled by purchasing's representation among top-level management. Gelderman and Weele (2005) identified the reporting level as one aspect of purchasing sophistication, which in turn was also an indicator of the involvement in the strategic decision-making process by the purchasing department. At the highest level of participation, 'purchasing reports directly to top management' (Gelderman & Weele, 2005).

Responsibility of purchasing function for orders

Schotanus et al. (2011) asserted that increasing centralisation of purchasing responsibilities helps in achieving greater purchasing activity consolidation. The percentage of all orders controlled by the purchasing function is a critical element in the operationalisation of purchasing strategy and measuring the effect of purchasing process on purchasing performance. Hendrick & Ruch (1988) viewed the complexity of commodity in buyer's responsibility as an internal measure of purchasing performance. Monczka and Trent (1998) observed an increasing trend towards consolidation of purchase requirements since 1990, and Rozemeijer et al. (2003) similarly discussed consolidation processes and the benefits of pooling materials requirements.

Level of integration with other business units (Cross-functionality)

Pagrach et al. (2000) maintained that changes in the required skill-set are an indicator of the increased importance of the purchasing function in corporations. Schotanus et al. (2011) shared this view and considered such integration an indicator of purchasing maturity, and this item was also used by the IPS (2010) as a measure of an advanced purchasing function. As part of the consolidation process in large corporations, firms will often nominate a corporate purchasing officer to manage purchasing coordination across business units and install cross-functional commodity teams to effectively manage supply requirements (Matthyssens & Faes,

1997; Rozemeijer et al. 2003; Weele & Rozemeijer, 1998). The importance of cross-functionality to the strategic decision-making process has been highlighted by several researchers (e.g., Carter et al., 2000, Gelderman & Weele, 2005; Narasimhan & Das, 2001). Weele and Rietveld (2000) argued that to reach purchasing excellence, the purchasing function should be integrated into all major lines of business.

Centralisation vs. decentralisation

The relative degree of decentralisation vs. centralisation is widely believed to influence organisational performance (David et al., 2002; Johnson et al., 2002; Schotanus et al., 2011). Stank and Lackey (1997) measured organisational control of purchasing (and other functions) using a simple 5-point Likert scale of decision-making ranging from (1) centralised to (5) decentralised. Williams (1994) used a 7-point scale ranging from strongly disagree to strongly agree to collect responses for the statement 'the company's decision-making is highly centralised at top management levels'. It was determined that this item could easily be amended for the purchasing function. Zhang et al (2007) observed a trend towards a 'hybrid' centralised and decentralised organisational structure (also see Crichton et al, 2003; Fearon & Leenders, 1995; Weele & Rozemeijer, 1996).

Clerical (operational) vs. strategic

Numerous analysts have highlighted how purchasing is moving from being a tactical function to a strategic business function (Bhote, 1989; Ellram & Carr, 1994; Freeman & Cavinato, 1990; Gelderman & Weele, 2005; Johnson et al. 2002; Narasimhan & Das, 2001; Zheng et al. 2007). The level of strategic involvement is a strong indicator of the maturity of the purchasing function. Gelderman and Weele (2005, p. 53) used the following item to denote a lower level of involvement: 'purchasers are mainly engaged in clerical work and operational duties, dealing with day-to-day supplier problems'.

Involvement in strategic planning processes

Many authors highlight the importance of purchasing's involvement in strategic planning processes (Schotanus et al., 2011; Scott et al., 2018). The reason is that it is seen as an indicator of the standing and the perceived strategic focus of

purchasing from the perspective of other departments (Ferguson et al., 1996). When purchasing reaches a certain level of maturity and status, other departments depend on purchasing input in their decision-making process (Gelderman & Weele, 2005; McGrath et al, 1992; also see Carr & Pearson, 2002; Carter & Narasimhan, 1996; Spekman et al., 1994). Gonzalez-Benito (2007) maintained that the level of involvement in strategic planning also determines the level of maturity and purchasing professionalism. Chen & Paulraj (2004) stated something similar by indicating that purchasing's strategic involvement in planning processes is an indicator of strategic importance.

Involvement / responsibility to managing relationships with suppliers

Hall (2001) argued that responsibility for managing relationships with suppliers lay with operations rather than purchasing; however, the increasing importance of the purchasing function demands greater involvement by the purchasing department in sustaining supplier relationships in a manner that enhances its activities as well as contributes to saving costs for the company.

Involvement in make / buy decisions

Zheng et al (2007) posited that the purchasing function's involvement in make/buy decisions are fewer than would be expected considering the increasing importance of the purchasing function; however, Maltz & Ellram (1999) presented a more mixed picture of the purchasing's influence in key strategic decisions such as make / buy.

Purchasing capabilities / knowledge / skills / internal technical competence

The item purchasing capabilities, knowledge and skills, along with internal technical competence comprise the combined skills, expertise, experience, and reputation of the employees within the purchasing function. Having purchasing professionals with the right skill set is critical to ensure that purchasing contributes to the goals of the organisation (Giunipero & Percy, 2000). Cohen and Levinthal (1990) asserted that the success of external knowledge acquisition (i.e., purchasing performance) is dependent on internal competence and capabilities. In addition, capabilities / skills affect the possibility of purchasing to take on a more strategic

role within the business (Carr & Smeltzer, 1997). Combined, the purchasing process and solutions and tools second level constructs are essentially the manifestation (the content or the operationalisation) of purchasing strategy. Whilst the purchasing process lever focuses on purchasing as a series of activities (Wynstra, Weggeman, & Weele, 2003), solutions and tools considers a variety of supporting elements involved in purchasing.

Purchasing skills

Giunpero (2000) and Hall (2001) suggested that many companies have a limited understanding of the type qualifications needed for senior purchasing jobs. PricewaterhouseCoopers (2001) identified five major competencies for purchasing professionals: (1) business awareness; (2) change management; (3) project management; (4) personal skills; and (5) team working. Fredendall et al. (2005) used data collected from purchasing managers to examine how the internal service performance of purchasing is influenced by cooperation by testing a theoretical model that combines external and internal cooperation to explain internal service performance. This model recognises the importance of visionary leadership in driving cooperation, as well as the impact of commitment, trust, communication, and shared goals on external cooperation.

Zheng et al. (2006) identified education and skill-set as important factors in that purchasing needs to focus on. In addition to promoting the value of good communication skills, Cavinato (1987) listed seven competencies that need improving within purchasing: (1) knowledge of materials; (2) knowledge of production systems; (3) materials management; (4) quality systems and options; (5) contract manufacturing relationships; (6) computers, MIS and automated purchasing systems; and 7) costing.

Purchasing solutions and tools

One approach to grouping tools is to consider the point at which they are used in the procurement process, i.e., whether it is pre-transaction, transaction, or post-transaction (Hurkens, Valk, & Wynstra, 2006). Alternatively, it is possible to break purchasing activities into six categories, namely management, quality, price,

communications, service and delivery, and identify tools relating to the different activities (Ellram & Siferd, 1998).

Total cost of ownership tools and solutions

Total cost of ownership analysis has been advocated by many authors as an essential element of decision-making in advanced, mature purchasing management (Schotanus et al., 2011; Scott et al., 2018). Wouters et al. (2005) found that it is not common for purchasing to employ a total cost- or value analysis toolsets. Rather, such organisations continue to use a 'price-only' approach, which is the simplest method of supplier selection. However, purchasing functions with a clear commitment to a more strategic orientation towards purchasing and supply are looking to adopt various forms of total cost of ownership to aid their selection and management of suppliers (Hurkens et al., 2006; Weele, 2005; Wouters et al., 2005). Total cost of ownership is a purchasing tool that considers all costs of purchase, use and subsequent disposal of goods or services; thus, it may be employed strategically in redesigning supply chains to make them more efficient (Hurkens et al., 2006), or even to assess the performance of the purchasing department itself (Degraeve & Roodhooft, 1999).

E-tools / solutions

Another exceedingly important tool widely identified as an indicator of purchasing maturity are e-procurement tools and systems (Schotanus et al., 2011). Carter et al. (2000b) contend that the use of e-commerce technologies has a significant impact on closer supply chain integration and collaboration. Clearly, the use of e-commerce within procurement remains a major trend (Zheng et al., 2007); however, its contribution to overall business performance needs further assessment. Davie et al (2002) proposed that the high percentage of purchases placed via EDI (electronic data interchange, a process analogous to e-procurement), signalled more logistic coordination between firms and their trading partners (Greis & Kasarda, 1997; MacDuffie & Helper, 1997).

Summary of Construct 1 Items

A wide range of items was identified related to the construct organisational design and maturity; however, not all items were used in the questionnaire. Some items are a good fit to find out more about the purchasing organisation, but only people working in the purchasing department would be able to answer them. This research emphasised the use of suitable measures for the purchasing function only from the perspective of people working for other departments.

The found items were matched and compared to the questions included in the three above-cited questionnaires (IPS, 2010; Karjalainen et al. 2009; Kauppi & Raaij, 2014). Based on this analysis, it was determined that the following items should be contained in the questionnaire:

- (1) ***Number of people working in the purchasing department*** (Carter et al. 2000b; PricewaterhouseCoopers, 2001; Schotanus et al., 2011; Zheng et al., 2006)
- (2) ***Skillset of people working in the purchasing department*** (Giunipero et al., 2006; Pagrach et al., 2000)
- (3) ***Responsibility for purchasing orders*** (Hendrick & Ruch, 1988; Monczka & Trent, 1998; Rozemeijer et al., 2003; Schotanus et al., 2011)
- (4) ***Level of integration with other business units and departments*** (Carter et al., 2000a; Gelderman & Weele; 2005; IPS, 2010; Matthyssens & Faes, 1997; Narasimhan & Das, 2001; Pagrach et al., 2000; Rozemeijer et al. 2003; Schotanus et al., 2011; Weele & Rozemeijer, 1998; Weele & Rietveld, 2000)
- (5) ***Centralisation vs. decentralisation of the purchasing department*** (Crichton et al, 2003; David et al., 2002; Fearon & Leenders, 1996; Johnson et al., 2002; Schotanus et al., 2011; Stank & Lackey, 1997; Weele & Rozemeijer, 1996; Williams, 1994; Zheng et al, 2007).
- (6) ***Clerical vs. strategic activities of the purchasing department*** (this question combined several items concerning management of relationships with suppliers, involvement in make or buy decisions, skillset of purchasing people) (Bhote, 1989; Carter & Narasimhan, 1996; Ellram & Carr, 1994; Gelderman & Weele, 2005; Johnson et al. 2002; Narasimhan & Das, 2001; Zheng et al.

2007)

(7) ***Involvement in the corporate strategic planning process*** (Carr & Smeltzer, 1997; Cavinato, 1987; Cohen & Levinthal, 1990; Giuinpero, 2000; Giunipero & Percy, 2000; Hall, 2001; Maltz & Ellram, 1999; Wynstra, 2003; Zheng et al., 2006, 2007)

(8) ***Purchasing solutions and tools***. This question combined a few items on TCO tools and solutions, as well as e-procurement tools and e-tools. TCO tools and solutions and e-procurement tools and solutions are also used as indicators for the construct alignment (Carter et al., 2000b; Davie et al., 2002; Degraeve & Roodhooft, 1999; Ellram & Siferd, 1998; Greis and Kasarda, 1997; Hurkens et al., 2006; IPS, 2010; Karjalainen et al. 2009; Kauppi & Raaij, 2014; MacDuffie & Helper, 1997; Schotanus et al., 2011; Scott et al., 2018; Weele, 2005; Wouters et al., 2005).

4.6.2 Construct 2: Alignment and Incentives

As mentioned above, the premise for item generation for construct one was that business strategy directly determines purchasing strategy (Gonzalez-Benito, 2007; Harland et al., 1999). The implementation of the business strategy also impacts the alignment of the purchasing function with other corporate functions. In turn, the purchasing function acts on certain levers to implement a strategy that is either in alignment or conflicts with other corporate functions and objectives.

The development of this construct followed an operations management model of strategy alignment in the purchasing area, following Gonzalez-Benito (2007), who extended the operations management models of Hayes and Wheelwright (1984) and Vickery (1991), respectively, to the purchasing function. Based on this assumption, the purchasing department can act on certain levers to implement business strategy.

Because processes as well as solutions and tools are all seen as indicators of alignment and incentive system congruency, construct two also included the latter two tools used as items for construct one, namely total cost of ownership tools and e-procurement tools and systems. It is therefore important to note that *e-*

procurement tools and systems and ***total cost of ownership tools and systems*** were both items used to understand construct one and construct two.

The literature review differentiated four forms of alignment, namely (1) strategic alignment, (2) process alignment, (3) information alignment, and (4) people and incentive alignment.

Reward systems aligned with competitive goals

Several analysts have maintained that purchasing's involvement in strategic decision-making is partly enabled by measurement and purchasing reward systems that are in alignment with the competitive goals of the corporation (Ellram & Carr, 1994; Kauppi & Raaij, 2014; Narasimhan & Das, 2001; Scott et al., 2018). Of course, how far these reward systems are dedicated towards advancing goals needs to be judged by purchasing's partner functions. González-Benito (2007) and Chen and Paulraj (2004) used the item 'the performance of the purchasing professionals is measured in terms of its contribution to business strategic objectives'.

Training of purchasing professionals

Another important item mentioned by many authors is the training of purchasing professionals (González-Benito, 2007; Kauppi & Raaij 2014; Schotanus et al., 2011). Training alignment is an indicator of how much the purchasing department is truly integrated with other corporate functions and if the different functions are truly aligned. Only well-trained purchasing professionals will be knowledgeable about and able to help implement aspects of the strategic business plans.

Long term vs. short term

Several notable writers in the area of supply chain management and purchasing stipulated that the strategic focus of the purchasing function can be linked to its long-term orientation when setting goals and when selection and managing suppliers (Carr & Pearson, 1999; Carr & Smeltzer, 1997; Carter & Narasimham, 1994; Chen & Paulraj, 2004; Reck & Long, 1988; Weele & Rozemeijer, 1996). The item used by Chen and Paulraj (2004) was that 'purchasing's focus is ... long(er)' term in focus. This is similar to Carr and Pearson (1999) who stipulated that purchasing's long-term plans need to match the long-term plans of the corporation.

Strategic relationship

A 'functional' strategy specifies how the department will support the overall business strategy and integrate with or sustain the other functions' strategies (Hayes & Wheelwright, 1984; Porter, 1986). The best way to gain competitive advantage is the coherent action of all the departments towards the same direction or goals (Hayes & Wheelwright, 1984; Watts et al., 1992).

Watts (1992) was one of the early writers in regard to the close relationship that corporate and purchasing strategy should possess. He stated that the strategy of the purchasing department should be an extension of corporate strategies and that they should therefore be aligned to achieve the largest possible benefit (Watts, 1992). Consequently, a good purchasing strategy should be aligned with the overall corporate strategy, including various business and department strategies (see Figure 13). Many other authors also highlighted the close relationship that corporate and purchasing strategy should possess (Cousins, 2005; Cox & Lamming, 1997; Ellram & Carr, 1994; Kauppi & Raaij, 2014; Kehoe et al, 2007; Morgan & Monczka, 2003; Nollet, Ponce, & Campbell, 2005; Rajagopal & Bernard, 1993; Scott et al., 2018)

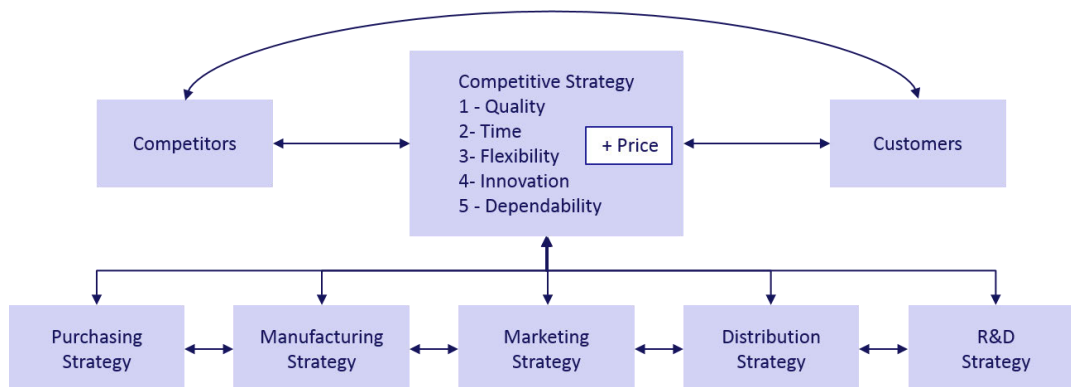


Figure 13. Alignment among corporate and functional strategies. Adapted from Watts, Kim, & Hahn (1992).

Measurement of purchasing performance

Purchasing and supply management performance measurement is another frequently mentioned issue in purchasing literature, whether addressed explicitly

or implicitly (Chen 2004; Kauppi & Raaij, 2014; Scott et al., 2018; Zsidisin 2003). How does one measure purchasing performance and how is it aligned with other priorities of purchasing's partner functions, such as quality, flexibility, time, innovation, and dependability (also see Figure 13)?

Even though there are many purchasing performance management systems, Kumar, Ozdamar, & Ng (2005) highlighted that only a few articles have focused on the purchasing process and its performance evaluation. The first purchasing-oriented publications can be traced to the 1920s, and they concentrated on issues such as costs, final product cost, and particularly personnel (e.g., Gushee & Boffey, 1928; Lewis, 1933).

Until the 1980s, financial measures prevailed even within purchasing departments (Ghalayini & Noble, 1996); however, since then, some non-financial measures have been identified, as the growing strategic relevance of purchasing has stimulated the introduction of new activities and capabilities that also indicate the criticality of performance measurement. Soellner and Mackrodt (1999) include performance analysis as one of the seven dimensions of purchasing management. Monczka, Trent, and Handfield (2005) identified five steps that are required to develop an effective purchasing performance measurement system:

- (1) Define performance categories on the basis on business or functional objectives;
- (2) Define performance metrics: good indicators should satisfy specific requirements;
- (3) Stated performance objectives: once the metric is clear, numeric targets are settled on the basis of historical data, internal or external analysis;
- (4) Detail the system: share the measures, train the auditors, clarify responsibilities;
- (5) Implement and review the system.

Compliance climate

Several authors have suggested that noncompliance is influenced by the perceived acceptance of noncompliance by management and the company as a

whole (Ambrose et al. 2002; Peterson, 2002; Vardi, 2001). If the climate in a company gives employees the impression that it is acceptable to violate rules and regulations and they see management doing the same, then noncompliance can become part of corporate culture (Karjalainen & Raaij, 2011). The way employees are treated, and the way companies enforce compliance has a significant impact on whether employees attempt to act in the best interest of the company, or if they perceive it to be ethically acceptable to bend rules and regulations (Wimbush & Shepard, 1994). As mentioned in the discussion of factors that can have an impact on alignment in chapters 5.4.8 and 5.4.9, the 'relationship between perceived unfairness and sabotage behaviour' is significant and again points to the influence that the compliance climate can have on a company (Ambrose et al. 2002).

Finally, research has determined that the ethical climate of an organisation has a major impact on noncompliance at work. Besides this, leadership style, certain demographic factors, personality traits or dissimilarities, organisational factors, and organisational culture are influencing dimensions in the development of unethical workplace behaviour in an organisation.

As with the identification of items to be used for questionnaire, it had to be determined which items would be appropriate for employees who are not working in the purchasing department. Selected items to be included in the questionnaire are elucidated below:

- (1) ***E-procurement tools and systems*** as well as ***TCO tools and systems*** (already included in construct one) (Carter et al., 2000b; Davie et al., 2002; Degraeve & Roodhooft, 1999; Ellram & Siferd, 1998; Greis & Kasarda, 1997; Hurkens et al., 2006; IPS, 2010; Karjalainen et al. 2009; Kauppi & Raaij, 2014; MacDuffie and Helper, 1997; Schotanus et al., 2011; Scott et al., 2018; Weele, 2005; Wouters et al. 2005).
- (2) ***Reward systems aligned with competitive goals*** (Chen & Paulraj, 2004; Ellram & Carr, 1994; Fitzpatrick, 1996; González-Benito, 2007; Kauppi & Raaij, 2014; Narasimhan & Das, 2001; Scott et al., 2018).
- (3) ***Training of purchasing professionals*** (González-Benito, 2007; Kauppi &

Raaij 2014; Schotanus et al., 2011).

- (4) **Long term vs. short term** (Carr & Pearson, 1999; Carr and Smeltzer, 1997; Carter & Narasimham, 1993; Chen & Paulraj, 2004; Reck & Long, 1988; Weele & Rozemeijer, 1996).
- (5) **Strategic relationship between corporate strategy and purchasing strategy** (this item is important for the construct of alignment as well as for the construct of organisational design; the item is already included in the questionnaire as part of construct one) (Cavinato, 1999; Cousins, 2005; Cox, 1996; Cox & Lamming, 1997; Ellram & Carr, 1994; Kauppi & Raaij, 2014; Kehoe et al, 2007; Morgan & Monczka, 2003; Nollet et al., 2005; Rajagopal & Bernard, 1993; Scott et al., 2018)
- (6) **Measurement of purchasing performance** (Chen 2004; Garengo et al., 2005; Gushee & Boffey, 1928; Kauppi & Raaij, 2014; Kumar et al., 2005; Lewis, 1933; Monczka et al., 2005; Scott et al., 2018; Zsidisin 2003)
- (7) **Compliance climate** (Ambrose et al. 2002; Karjalainen & Raaij, 2011; Peterson, 2002; Vardi, 2001; Wimbush & Shepard, 1994)

4.6.3 Construct 3: Information Asymmetries

The final construct to explain maverick buying is that of information asymmetries, conceptualised with the help of agency theory, whereby the principal generally delegates responsibility of something to the agent (Bea & Göbel, 2006; Karjalainen & Raaij, 2009).

Changing Principal-Agent relationships

The principals and agents shift regularly in a purchasing situation (Adams, 1996). When functional departments (principals) in a company need goods or services, they delegate decision making authority to the purchasing department (agent) to buy these products. After contract signature, the purchasing department turns into the principal by making the framework agreements available to the functional departments, with the hope that these agreements will be used.

Principal awareness

devising fitting items to explore principal agent relationships in a purchasing compliance setting is truly challenging. Kauppi and Raaij (2014) based their creation of items and constructs for principal awareness on the works of Jaworski and MacInnis (1989) as well as Watermann and Meier (1998), and they used the item 'principal awareness' to describe if the principal really knows the needs and wants of the agent when setting up framework contracts and purchasing agreements.

Agent awareness

Agent awareness refers to the agent having knowledge of the contracts as well as the reasons why the contract might have been designed in a certain way (Kauppi & Raaij, 2014). This includes knowledge of purchasing goals and processes as well as possible strategic objectives that the purchasing department might hope to realise by having signed the particular contract (Jaworski & MacInnis, 1989; Kauppi & Raaij, 2014).

Awareness of information asymmetries

There many departments and people involved in the purchasing process (Fayezi, O'Laughlin & Zutshi, 2012), and agency relationships can change such that the purchasing department can act as either principal and agent depending on the situation (Adams, 1996; Cheng & Kam, 2008; Nagarajan & Socis, 2008; Perrow, 1986a). One important issue to consider in understanding why parties in such a set-up act the way they do, is the question of whether they are aware of the changing nature of having a knowledge surplus or deficit in the different phases of the purchasing process.

Information sharing

Fayezi et al. (2012) proposed that information sharing, and goal congruence may be important in alleviating agency problems. Karjalainen and Raaij (2009) discuss the impact of these elements in a purchasing setting. The item goal congruence was already mentioned when talking about the construct alignment and incentives; however, information sharing is a new and important item in this discussion. The use of this item in the survey is supported by references to a consistent level of information as a remedy against noncompliant work behaviour in purchasing

(Kleemann, 2006), as well as findings that the withholding of information leads to maverick buying (Dresp, 2004; Imig & Kusserow, 2002).

Signalling

Signalling is among several solutions to adverse selection described in classical agency theory (Dullnig et al., 2003; Spremann, 1990). The agent provides the principal with clues about what might incentivise him to do what the principal wants. This item is closely related to the item purchasing performance measurement systems in the construct organisational design and maturity.

Monitoring

The last item is also closely related to an issue already raised in the discussion of the construct alignment and incentives. Moral hazard can be addressed by monitoring the actions of the agent and incentivising him/her to act compliant and working to align the interests of the principal and the agent (Fayezi, et al., 2012; Kauppi & Raaij, 2014).

Selected items to be included in the questionnaire are listed below.

- (1) ***Changing principal-agent relationships*** (Adams, 1996)
- (2) ***Principal awareness*** (Jaworski & MacInnis, 1989; Kauppi & Raaij, 2014; Watermann & Meier, 1998).
- (3) ***Agent awareness*** (Jaworski & MacInnis, 1989; Kauppi & Raaij, 2014)
- (4) ***Awareness of information asymmetries*** (Adams, 1996; Cheng & Kam, 2008; Fayezi et al., 2012; Nagarajan & Socis, 2008; Perrow, 1986a).
- (5) ***Information sharing*** (Dresp, 2004; Fayezi et al., 2012; Imig and Kusserow, 2002; Karjalainen & Raaij, 2009; Kleemann, 2006)
- (6) ***Signalling*** (Dullnig, et al., 2003; Spremann, 1990;)
- (7) ***Monitoring*** (Fayezi, et al., 2012; Kauppi & Raaij, 2014)

4.7 Complete Questionnaire

Table 14 provides a complete list of questionnaire items. The sequencing of the questionnaire does not follow the same sequence as the description of the three main constructs. The questionnaire begins with general questions about the purchasing organisation, and maturity, and then the focus then shifts to alignment issues, followed by questions about the compliance climate, training and information asymmetries. It was hoped that this sequencing would enable the researcher to get a better insight into the phenomenon than if the topic compliance climate had been listed secondary to purchasing organisation.

Table 14. Summary of questionnaire: sources, items, and questions

Key sources	Constructs and items	Questions
General Questions		
Based on: Karjalainen et al., 2009; Kauppi & Raaij, 2014		(Q1) Please describe instances where you have bought or made procurement decisions that were outside of generally approved processes.
Based on: Karjalainen et al., 2009; Kauppi & Raaij, 2014		(Q2) What goods or services have you purchased, or in what cases have you made the purchasing decision?
Based on: Karjalainen et al., 2009; Kauppi & Raaij, 2014		(Q3) How often do you make purchasing decisions?
Based on: Karjalainen et al., 2009; Kauppi & Raaij, 2014		(Q4) Please describe your motivation to participate in purchasing processes.
Based on: Karjalainen et al., 2009; Kauppi & Raaij, 2014		(Q5) Please describe your company's response when employees other than purchasing employees make purchasing decisions.
Based on: Karjalainen et al., 2009; Moosmann & Fröhlich, 2014; Scott et al., 2018		(Q6) Oftentimes we hear that there are different motivations for people outside of the purchasing department to engage in purchasing activities. These motivations might be based in the fact that people: <ul style="list-style-type: none"> • Are not aware of existing processes or framework contracts (unintentional) • Unavailability of parts in an existing agreement (forced) • Hope to do something good for the company (well-intentioned) • Are aware of an existing agreement but might ignore it for no

		<p>reason, or out of self- interest (casual), or</p> <ul style="list-style-type: none"> • Try to harm the company (ill-intentioned). <p>Would you support the claim that these are the main motivations for people to engage in purchasing activities?</p>
Purchasing Organisation & Maturity		
Based on: Carter et al. 2000b; PricewaterhouseCoopers, 2001; Schotanus et al., 2011; Zheng et al., 2006	Number of people	(Q7) Do you think that there are enough people working in the purchasing department to complete all the tasks assigned to them?
Based on: Giunipero et al., 2006; Pagrach et al., 2000	Skillset	(Q8) Do you think that the skillset of the people working in the purchasing department is adequate to be able to complete all the tasks assigned to them? Are they professionals?
Based on: Hendrick & Ruch, 1988 Monczka & Trent, 1998; Rozemeijer et al., 2003; Schotanus et al., 2011	Responsibility for PO's	(Q9) In your opinion, what percentage of spend is really managed by the purchasing department (i.e., they make the supply decision)?
Based on: IPS questionnaire, 2010	Level of integration	(Q10) Purchasing is recognised as an equal with other corporate functions
Based on: IPS questionnaire, 2010	Level of integration	(Q11) Do you feel that the level of cross-functional cooperation and integration between the purchasing department and other functional departments is adequate?
Based on: Karjalainen et al., 2009	Level of integration	(Q12) Purchasing processes are well established and known the other departments
Based on: Karjalainen et al., 2009	Level of integration	(Q13) Purchasing is seen as a value-added function by other departments
Based on: Karjalainen et al., 2009	Level of integration	(Q14) Purchasing processes are transparent and known by other departments
Based on: Crichton et al, 2003; David et al., 2002; Fearon & Leenders, 1996; Johnson et al., 2002; Schotanus et al., 2011; Weele & Rozemeijer, 1996; Zheng et al, 2007	Centralised vs. decentralised	(Q15) Is the structure of your company's purchasing department more centralised or more decentralised?
Based on: Carter & Narasimhan, 1996; Ellram & Carr, 1994; Gelderman & Weele, 2005; Johnson et al. 2002; Narasimhan & Das, 2001; Zheng et al. 2007	Clerical vs. strategic	(Q16) If you think of the work of the purchasing department, is it more strategic, or clerical/tactical in nature?
Based on: Carr & Smeltzer, 1997; Giunipero, 2000; Giunipero & Pearcy, 2000; Wynstra, 2003; Zheng et al., 2006, 2007	Involvement in corporate strategic planning process	(Q17) To the best of your knowledge, is the purchasing department involved in the corporate strategic planning process?

Based on: Carter et al., 2000b; Davie et al., 2002; Hurkens et al., 2006; IPS, 2010; Karjalainen et al. 2009; Kauppi & Raaij, 2014; Schotanus et al., 2011; Scott et al., 2018; Weele, 2005; Wouters et al. 2005	Purchasing solutions and tools	(Q18) Do you feel that the tools and systems used by the purchasing department are modern, up-to-date, and adequate to complete all the tasks assigned to the purchasing department?
Alignment		
Based on: Ellram & Siferd, 1998; Hurkens et al., 2006; IPS, 2010; Karjalainen et al. 2009; Kauppi & Raaij, 2014; Schotanus et al., 2011; Scott et al., 2018; Weele, 2005; Wouters et al. 2005	e-procurement tools and systems	(Q19) Do you have access to purchase certain items through electronic systems in the form of e-procurement, desktop purchasing tools or online catalogues?
Based on: Ellram & Siferd, 1998; Hurkens et al., 2006; IPS, 2010; Karjalainen et al. 2009; Kauppi & Raaij, 2014; Schotanus et al., 2011; Scott et al., 2018; Weele, 2005; Wouters et al., 2005	TCO tools and systems	(Q20) Do you feel that the purchasing department uses a total cost approach when selecting suppliers?
Based on: Chen & Paulraj, 2004; Ellram & Carr, 1994; Fitzpatrick, 1996; González-Benito, 2007; Kauppi & Raaij, 2014; Narasimhan & Das, 2001; Scott et al., 2018	Reward system alignment	(Q21) Do you feel that the reward system of the purchasing department is aligned with the competitive goals of the company?
Based on: González -Benito, 2007; Karjalainen et al., 2009; Kauppi & Raaij, 2014; Schotanus et al., 2011	Training	(Q22) Is the training you have received in terms of purchasing processes and rules is adequate?
Based on: González -Benito, 2007; Karjalainen et al., 2009; Kauppi & Raaij 2014; Schotanus et al., 2011; Schubert, 2015	Training	(Q23) Is the training purchasing employees receive, regarding your departments' goals and initiatives adequate?
Based on: Carr & Pearson, 1999; Carr & Smeltzer, 1997; Carter & Narasimham, 1993; Chen & Paulraj, 2004; Reck & Long, 1988	Long-term vs. short-term orientation	(Q24) Do you feel that the purchasing department is adequately balancing short- and long-term goals of the company?
Based on: Cousins, 2005; Karjalainen et al., 2008; Kauppi & Raaij, 2014; Kehoe et al, 2007; Morgan and Monczka, 2003; Nollet et al., 2005; Scott et al., 2018	Strategic relationship	(Q25) Do you feel that corporate strategy and purchasing strategy are aligned?
Based on: Cousins, 2005; Karjalainen et al., 2008; Kauppi & Raaij, 2014; Kehoe et al, 2007; Morgan and Monczka, 2003; Nollet et al., 2005; Scott et al., 2018	Strategic relationship	(Q26) Do you feel that the goals of your department are in line with the goals of the purchasing department?
Adapted from: Schubert, 2015	Strategic relationship	(Q27) Is Purchasing is responsive to my needs and concerns as an internal customer?
Based on: Ambrose et al. 2002; IPS questionnaire, 2010; Karjalainen et al., 2008; Karjalainen & Raaij, 2011; Peterson,	Compliance climate	(Q28) Do you try to use existing purchasing agreements?

2002; Vardi, 2001; Wimbush & Shepard, 1994		
Based on: Ambrose et al. 2002; IPS questionnaire, 2010; Karjalainen et al., 2008; Karjalainen & Raaij, 2011; Peterson, 2002; Vardi, 2001; Wimbush & Shepard, 1994	Compliance climate	(Q29) Is it common to make purchases without the involvement of the purchasing department?
Based on: Ambrose et al. 2002; IPS questionnaire, 2010; Karjalainen et al., 2008; Karjalainen & Raaij, 2011; Peterson, 2002; Vardi, 2001; Wimbush & Shepard, 1994	Compliance climate	(Q30) Is it easy to make purchases without the involvement of the purchasing department?
Based on: Ambrose et al. 2002; IPS questionnaire, 2010; Karjalainen et al., 2008; Karjalainen & Raaij, 2011; Peterson, 2002; Vardi, 2001; Wimbush & Shepard, 1994	Compliance climate	(Q31) Does management monitor the extent to which you comply with existing purchasing processes or contracts?
Based on: Ambrose et al. 2002; IPS questionnaire, 2010; Karjalainen et al., 2008; Karjalainen & Raaij, 2011; Peterson, 2002; Vardi, 2001; Wimbush & Shepard, 1994	Compliance climate	(Q32) Does management make it absolutely clear that deviation from rules and procedures is not tolerated?
Based on: IPS questionnaire, 2010; Karjalainen et al., 2008	Compliance climate	(Q33) Do you receive regular feedback about your performance in relation to working with the purchasing department, or your departments compliance with existing rules and regulations?
Information Asymmetry		
Based on: Adams, 1996; Cheng & Kam, 2008; Fayezi et al., 2012; Nagarajan and Socis, 2008; Perrow, 1986a	Awareness of information asymmetries	(Q34) Are you aware that, depending on the phase of the purchasing process, it is sometimes you, and other times the purchasing department that is the better-informed party?
Based on: Jaworski & MacInnis, 1989; Kauppi & Raaij, 2014	Agent awareness	(Q35) Do you have intimate knowledge and understanding of purchasing strategies and goals of your company?
Based on: Jaworski & MacInnis, 1989; Kauppi & Raaij, 2014; Watermann & Meier, 1998	Principal awareness	(Q36) Are you aware that the purchasing department might have more knowledge about certain aspects of the purchasing process than you do?
Based on: Adams, 1996	Changing principal – agent relationships	(Q37) Are you aware that, depending on the phase of the purchasing process, it is sometimes you who delegates work to purchasing, and sometimes purchasing that delegates work to you?
Based on: Kauppi & Raaij, 2014	Information sharing	(Q38) Is purchasing available when you have questions or

		concerns about purchasing processes?
Based on: Dresch, 2004; Fayezi et al., 2012; Imig & Kusserow, 2002; Karjalainen & Raaij, 2009; Klee- mann, 2006	Information sharing	(Q39) Does purchasing try to keep everyone informed of purchasing goals, processes and initiatives?
Based on: Dullnig et al., 2003; Spremann, 1990;	Signalling	(Q40) Do you try to keep purchasing informed of your goals and strategies?
Based on: Fayezi et al., 2012; Kauppi & Raaij, 2014	Monitoring	(Q41) Does purchasing keep you informed about your performance with regard to working with the purchasing department to use existing contracts and getting them involved early in the process when the needs for goods and services are developed?

5. Empirical Findings

This chapter presents the key findings and results of the interviews. All interviews were taped and transcribed, using the program 'Dragon NaturallySpeaking'. The complete transcriptions for all five interviews ended up being in excess of 150 pages. It was not very productive to simply attach all 150 pages of the interview responses; rather, this chapter shares a summary of the interviews arranged according to items and questions. An analysis of the interview results will follow in chapter 6. Appendix IX shows an exemplary transcript of one entire interview to demonstrate how the presented findings in chapter 5 and the analysis of the findings in chapter 6 were arrived at.

5.1 General Questions

The general questions were designed to get an impression of the interviewees' purchasing behaviour and purchasing compliance before engaging too deeply into the detailed questions. All interview sessions started with a welcome and a brief period of small talk in relation to what the interviewee had been doing since he/she and the interviewer had last met. The interviewer then explained the topic of the interview: i.e., exploring buying behaviour in organisations that takes place outside of the purchasing department or that is 'not in-line' with regular purchasing processes and policies. It was made clear that the interviewer had no opinion as to whether this behaviour is good or bad and was in fact investigating various positive as well as negative impacts associated with the behaviour. Interviewees were informed that the interviewer simply wanted to understand the behaviour better. The interviews were held in a conference room at Munich Business School, where the interviewees had obtained their MBA degrees, and the general setting and atmosphere was very amiable. As is the case with all executive MBA students at the institution, lecturers and students were on a first name basis, and there was a general feeling of trust and mutual respect.

5.1.1 Purchasing Behaviour Overview

Question 1: 'Please describe instances when you have bought goods or services or made purchasing decisions that were outside of generally approved processes'.

All Interviewees readily admitted that they made purchasing decisions or made purchases on a regular basis and that this happened in the scope of their regular jobs. Three of the five interviewees stated that they were uncertain if their behaviour was outside of approved processes. They reported knowing that the purchasing department is responsible for supplier selection and contract negotiation. The interviewees stated that they selected the suppliers, whereas the purchasing department negotiated the prices and signed the contracts.

Interviewee one reported that he frequently decided on IT items and then left it up to the purchasing department to procure these items for him. He would select the laptop, tablet computer or cell phone (brand, model, configuration), and then expect to receive that item within the next few days. He claimed to have no knowledge of how the purchasing department went about procuring his items.

Interviewee two worked as the lead engineer in new product development for a large OEM. He reported that nearly all first-tier A-suppliers were selected by the engineering department. According to him, company policy delegated supplier selection, price negotiation and signing contracts to the purchasing department; however, the engineering team commonly conducted supplier selection. He reported that everyone at the organisation was aware of this practice, and no one had ever made an issue of the fact that this practice was not in-line with official policies.

Interviewee three stated that purchasing activities in his department happened based on customer needs, such that if a customer had problem with a company product (warranty, failure or otherwise), then it was up to the customer service department to fix the issue in as little time as possible. He reported that his company's customers were generally large multinational corporations (not end consumers), and failure to get a system running again rapidly would result in

considerable problems for users and might cause a loss of customers in the mid- to long term. He claimed that according to his company's policies, employees were 'supposed to try' to involve the purchasing department in purchasing activities; however, no one seemed to object if they did not do. He reported that his department usually used purchasing cards to procure items or services.

The responses of interviewees four and five were very similar to that of interviewee two: they claimed that supplier selection happened as part of the engineering process, and product development teams worked very closely with suppliers in the research and development phase. According to them, development partners from the research and development phase were nearly guaranteed to receive the contract once a product moved closer to serial production. Both interviewees mentioned that they had on occasion overseen the identification of development partners based on technological knowhow and development capabilities.

5.1.2 Purchased Items

Question 2: 'What goods or services have you purchased, or in what cases have you made the purchasing decision?'

All the interview partners answered this question. Interviewee one mentioned that he normally selected his own IT equipment and determined what airlines to fly and at what hotels he stayed on business trips. Interviewee two mentioned first-tier, A-part suppliers and suppliers who participated in new product development. Interviewee three reported that one could not really limit his purchasing decisions to a particular good or service, as he bought everything from IT services to spare parts, computer equipment and logistics services. Interviewees four and five focussed their answers on suppliers who acted as partners in the new product development process or suppliers who supplied complex bundles of products and services as part of the research and development process.

5.1.3 Purchasing Frequency

Question 3: 'How often do you make purchasing decisions?'

Question three focussed on the frequency with which purchasing decisions are being made. Interviewee three reported participating in making such decisions most often. As the supplier selection decisions in his department were made on a daily basis, he claimed to make at least ten to fifteen supplier selection decisions and purchasing acts each day. Interviewee one also mentioned making purchasing decisions fairly frequently at about once or twice a week. However, Interviewee two said that selecting suppliers to participate in the new product development process only occurred once every two or three weeks, and Interviewee four claimed to participate in the selection of suppliers a few times a month. Interviewee five reported the least frequent participation in purchasing decisions; he stated that purchasing decisions were made as part of his job perhaps once every two or three months.

5.1.4 Purchasing Motivation

Question 4: 'Please describe your motivation to participate in purchasing activities'.

Interviewee one responded that he wanted to ensure that he gets exactly what he wants and needs. He explained that 'it's better, quicker and in the end cheaper for the company that way': if others were to choose his equipment, he might end up with something that does not fit his needs and returning it and buying something new would cause delays in task completion. As he suggested, if others were to choose his equipment, he might end up with something that does not fit his needs and returning it and buying something new would cause delays in task completion.

Interviewee two stated very clearly that he did not believe that the purchasing department would be qualified to participate in the supplier selection process at the relevant phase in the new product development process. As he asserted, 'you need intimate knowledge of the requirements and usage environment of the products', which according to him, was only possessed by the engineers in research and development.

Interviewee three was similarly focussed on the necessity to please customers. He stated that even though purchasing might be qualified to select adequate

and fitting suppliers, their processes and procedures were too slow and bureaucratic, and the purchasing process took too long when they were involved, thus resulting in dissatisfied customers. He reported feeling bad to have to bypass the purchasing department, but also asserted that it was a business necessity to be 100% customer oriented.

Interviewee four reported that the processes that she followed had been established even before she joined the engineering team as a team lead. According to her, this was the way things were done in the company, and she did not want to change it. In addition, she expressed a firm belief that purchasing would not possess the knowledge to be responsible for supplier selection at this stage in the process, because they lacked the knowledge and experience.

Interviewee five's response highlighted a perceived one-sided focus on purchasing price by his company's purchasing department. As he expressed, when there is too much of a cost focus, service quality suffers, which is especially problematic when working on a joint product development team. He claimed that oftentimes, product specifications have not progressed sufficiently at the time that suppliers are selected for prices to be accurately determined. He reported that requirements and specifications are still evolving at this stage in the process; thus, supplier selection based on price in combination with specifications is impossible.

5.1.5 Corporate Response

Question 5: 'Please describe your company's response when employees other than purchasing employees make purchasing decisions'.

Interviewee one stated that there was a current initiative to increase spend compliance in terms of adhering to existing framework contracts, and maverick buying was not permitted by the purchasing department. However, he stated that it was the responsibility of the purchasing department to ensure compliance. He reported that he had not gotten involved in this issue because purchasing had consistently achieved good savings over the last few years; thus, there was no cause for concern.

Interviewees two and five both acknowledged that they were not really sure how the company reacted when people who were not from the purchasing department made purchasing decisions; however, they claimed that they had never found the practice to be problematic, nor had they been informed that they should change their supplier selection approach. Interviewee five also admitted being aware some initiatives with desktop purchasing systems to streamline the procurement of office materials.

Interviewee three reported that it was generally accepted that the project office bought goods and services, and that no one objected as long as they could demonstrate that they tried to use existing framework contracts and involve the purchasing department whenever possible. He also mentioned that his office had designated buyers; however, these people reported to him, so he felt that he was in charge of project/customer service buys.

Interviewee four reported that the selection of suppliers had never been an issue since she had joined the engineering team as a team lead. She pointed out that her department did not buy many items, but rather selected the suppliers for important A-parts, whereas negotiating the contracts and setting prices was the responsibility of the purchasing department. She claimed that the process worked well and stated that she valued the support of the purchasing department.

5.1.6 Forms of Noncompliance

Question 6: 'Oftentimes we hear that there are different motivations for people outside of the purchasing department to engage in purchasing activities. These motivations might be based in the fact that people: (1) Are not aware of existing processes or framework contracts (unintentional). (2) Unavailability of parts in an existing agreement (forced). (3) Hope to do something good for the company (well-intentioned). (4) Are aware of an existing agreement but might ignore it for no particular reason, or out of self-interest (casual). (5) Try to harm the company (ill-intentioned). Would you support the claim that these are the main motivations for people to engage in purchasing activities?'

This section of the questionnaires considered different motivations for people outside of the purchasing department to engage in purchasing activities.

(1) Unaware of existing processes or framework contracts (unintentional)

Interviewee one reported that this was not really a valid reason for noncompliant work behaviour in purchasing, as everyone should know that the purchasing department was responsible for placing purchasing orders and negotiating contracts. If someone in the company had a need for goods or services, they knew that they needed to contact purchasing, and claiming that they were not aware of the process would merely be an excuse. He stated that he had certainly never engaged in this type of maverick buying.

Interviewee two acknowledged that it might be possible that he had engaged in this type of behaviour; however, he was not sure. According to him, if there was another process, policy or means to get the purchasing department involved in early supplier selection as part of the research and development process, then he certainly did not know about it. However, being unaware of existing processes for buying office supplies, c-parts or other goods and services seemed unlikely to him. He reported that in his office, supplies were bought via a desktop purchasing system with items from a pre-negotiated catalogue from the purchasing department. Everyone knew it, and everyone used it.

Interviewee three felt that he and the people working with him did not really engage in this form of maverick buying, as they were aware of existing contracts, but acted based on the need of their customers.

Interviewee four claimed that she really did not have much opportunity to engage in unintentional noncompliance because she selected suppliers based on corporate- or product needs. She stated that the purchasing department had provided her with a list with preferred suppliers who were supposed to receive preferential treatment in the development and engineering process, and if she could not find a suitable supplier, then she would select a different one.

Interviewee five stated that he had not received training in terms of purchasing processes when first he started working in the development area, and as a

result had selected suppliers that were blacklisted by purchasing. He reported that he had also at least once ended up contacting a supplier to get a quote for parts that were already on contract with the purchasing department.

(2) Aware of an existing agreement, but might ignore it for no particular reason or out of self-interest (casual)

Interviewee one expressed amusement at hearing of this form of noncompliance: 'Ha ha, yes that's what I do all the time, I just want to make sure I get the items I want, so yes, I have engaged in casual noncompliance, but not really for big and expensive stuff, only for smaller items'. Interviewee two also admitted to having purchased items out of convenience or self-interest, thus knowingly circumventing existing rules and regulations. He reported that while he did this regularly, it was never for large amounts of money, and that it was never done with the intent to harm the company. He stated that it mostly occurred when procuring small items or c-parts, and that other people in his department had also engaged in casual noncompliance; however, he suggested that this behaviour was not particularly problematic for the company: '... there are other things that we should worry about, not this ...'

The responses of interviewees three, four and five were pretty much in line with the responses of the first and second interviewees. They admitted to having engaged in this form of noncompliance but did not consider it to be damaging to the organisation's interests. They also claimed that 'everyone' engages in this type of behaviour from time to time. According to them, all employees at their companies had access to a purchasing card. They stated that although officially, there were rules and regulations as to what could be purchased from whom with this card, no one really monitored adherence to these guidelines except to ensure that items purchased related to work and remained below a certain purchasing limit. They reported that purchasing card expenses were occasionally reviewed either by the purchasing department or immediate superiors; however, no one had ever complained thus far.

(3) Unavailability of parts in an existing agreement (forced)

Interviewee one seemed to consider this to be a real issue in his company. According to him, there were many commodity fields that were not the organisational responsibility of the purchasing department, such as marketing services and management consulting. He expressed the feeling that a great deal of money was being spent on these commodities and that the company would greatly benefit from getting the purchasing department involved in their procurement. At the same time, he stated his belief that the purchasing department lacked the capacity to take on additional responsibilities for new commodities, which would require a considerable increase in headcount. He also recalled that there had been several occasions when he was still in engineering and product development when he and his team had requested for a supplier or a part number to be added to the approved list of suppliers, or where they had hoped that a framework contract could have been signed quickly. According to him, when he or when the people in his department were no longer able to wait for the purchasing department to add a part of supplier, then they would negotiate a price, place a purchasing order for the part and then give this information to purchasing to add part and supplier to their SAP database. Out of all the items discussed thus far, he seemed most engaged and concerned about this issue.

Interviewee two took a slightly different stance to that of Interviewee one. On the one hand, he also expressed the opinion that forced noncompliance in purchasing happened quite frequently, and that this was mainly to blame on slow procurement processes and overburdened purchasing departments. However, he made no mention of any commodity groups that were not the responsibility of the purchasing department.

Interviewee three also commented on the need to sometimes circumvent existing purchasing rules and regulations in order to obtain parts quickly when needed, and he reported being unsure of the division between well-intentioned and forced noncompliance. According to him, he could wait for an item to be purchased while adhering to approved processes, which might take a long time, thus causing missed deadlines and potentially dissatisfied customers, and he asked if the

interviewer would consider the purchase of items under such conditions well-intentioned or forced.

Interviewee four reported that there had been instances when purchasing was unable to support them in buying a patent as part of new product development efforts, as no contract existed in relation to the patent. According to this interviewee, in the described instances, the engineering and product development teams went ahead and purchased the patents with the support of the legal team.

Interviewee five reported not having experienced this type of maverick buying and asked to go to the next question.

(4) Hope to do something good for the company (well-intentioned)

Interviewees one and three identified this as the most common form of non-compliant purchasing behaviour. Interviewee one admitted to having engaged in this activity on a regular basis when he worked in product development. He reported that most of the engineers at his company better equipped to make supplier selection decisions, as they had a most holistic view of suppliers than the purchasing department. According to him, purchasing could be very cost/price focussed, although he admitted that executive management (him) was to blame for this situation. He reported that purchasing's most important annual goals revolved around purchasing price reductions; consequently, many employees of other functions felt like they were helping the company by focusing on quality, longevity of the product, and related issues.

Interviewee two also expressed the belief that this form of noncompliant work behaviour was very common and referred back to his answer when asked about his motivations for participating in the purchasing process. He reasserted his opinion that the purchasing department was often not qualified to select the best and most fitting suppliers, which obliged him and his department to do so.

Interviewee three also reiterated his previously stated motivation that purchasing decisions in his department were made based on customer needs and requirements. Thus, he claimed that his actions as well intentioned and beneficial

because he was acting in the best interest of the customer and consequently in the best interest of the company.

Interviewee four stated that she assumed that her behaviour was in the best interest of the company because everyone in her department and company acted noncompliant in terms of supplier selection during the new product development process and in research and development generally. She asked the rhetorical question, 'if it would not be well-intentioned and in the best interest of the company, then why does no one do anything about it?' She asserted that almost all her non-compliant purchasing decisions were in the best interest of the company and questioned the appropriateness of the term 'noncompliant' as a description of her behaviour.

Interviewee five claimed that he always wanted the best for the company and that all he did was focussed on being able to provide it the biggest benefits possible. He expressed gratitude for his employment with his company and claimed that it had changed his life for the better. He claimed to be highly incentivised and motivated to do everything he felt to be in the best interest of the company; however, he admitted that what he felt was best for the company might at times necessitate noncompliance in terms of purchasing rules and regulations. Nonetheless, he expressed the perception that this type of noncompliance, such as the selection of a higher priced, higher quality supplier in the development process of new products was encouraged by his supervisors and top management.

(5) Try to harm the company (ill-intentioned)

This question asked, 'would you support the claim that these are the main motivations for people to engage in purchasing activities?'

Interviewee one reported that the company had always treated him exceptionally well and that he had no reason so do anything to hurt the company. According to him, as the CEO, he would most likely hurt himself the most if he ever did anything ill-intentioned or illegal. He reported that in the wake of the diesel scandal at Volkswagen, his company's compliance department had increased its training efforts to educate employees about good corporate citizenship. He

asserted that ill-intentioned noncompliance in purchasing was sabotage and that such behaviours extended well beyond the scope of appropriate topics in the framework of the interview: 'This is really serious stuff you are talking about'.

Interviewee two explained that he had previously worked for a company where a research engineer did purposefully select an inadequate, low quality supplier because he was upset that the company placed too much emphasis on cost reductions and did not focus enough on quality. He reported that the engineer was later fired. Other than that, he claimed that he had not come in contact with conscious ill-intentioned behaviour as it relates to purchasing.

Like Interviewee one, Interviewee three also claimed to never have come in contact with ill-intentioned purchasing behaviour. He acknowledged knowing of employees acting with ill-will toward their companies but stated this did normally not occur in association with purchasing activities. For example, he reported that some employees had stolen from the company, whereas others had spread negative rumours about the organisation in social media and the press or engaged in intentional mobbing and harassment but claimed not to be aware of any ill-intentioned purchasing behaviour.

Interviewee four stated that she could theoretically envision that some people might act based on ill-intentioned motivations; however, she denied ever having engaged in this form of noncompliance and suggested that it would be time to leave the company before doing something that would be ill-intentioned. She noted the potential for ill-intentioned actions to lead to legal repercussions.

Interviewee five also expressed strong opposition to this form of noncompliance and denied ever having engaged in ill-intentioned purchasing decisions or knowing of others who had. He reaffirmed his feeling that the organisation treated everyone very good and fairly and that he could not believe that anyone would intentionally harm the company.

5.1.7 General Questions – Summary of Key Findings

The previous sections of chapter 5 presented the findings of the interviews in regard to the general questions, i.e., questions 1 –6 in great detail. It is now the intention of Table 15 below to give a very brief overview of the main findings regarding the general questions that were discussed with the interviewees.

Table 15. Summary of the key findings from the introductory interview questions

General questions	Key findings
Purchasing behaviour overview	All interviewees reported that they regularly made purchasing decisions or purchased items themselves.
Purchased items	The interviews indicated that the purchased items included the entire range of goods and services that are normally bought by companies. This encompassed A-, B- and C-parts and included production-oriented material as well as office supplies and other non-production-oriented goods and services.
Purchasing frequency	While none of the interviewees were able to give exact numbers in relation to purchasing frequency, they all mentioned that they make purchasing decisions ‘frequently’, ‘on a regular basis’, ‘a few times a week’ or ‘whenever the need arises’.
Motivation for non-compliance	<p>Stated motivations varied widely, ranging from the reported belief that the interviewees would be able to better determine fitting suppliers, to the view that certain items were not covered by existing agreements. Interviewees also cited time pressure and misaligned departmental goals as reasons for maverick buying.</p> <p>Interviewees reported that they felt that the purchasing department might not be qualified to select fitting suppliers, or that existing purchasing processes were too slow and cumbersome to supply them with the goods or services that they needed in an acceptable timeframe.</p> <p>They also claimed that sometimes it was not in their own best interest to go by existing rules and regulations. It was reported that (noncompliant) processes for supplier selection or the purchase of items already existed when they joined the company or department, they simply continued an established practice.</p> <p>Most interviewees also reported that the purchasing department was too cost oriented and ignored other important aspects of supplier selection such as product quality or service levels.</p>
Corporate response and compliance climate	<p>None of the interviewees reported that they ever faced any repercussions because of their noncompliant participation in purchasing activities.</p> <p>To explore this topic in more detail, five additional interviews were held with corporate compliance officers, executive management or assistants to the CEO. It was the researcher’s intention to determine if maverick buying was perceived to be an issue that received executive management attention.</p>

	<p>All interviewees mentioned that compliance is an important topic in their companies and that executive management regularly monitors compliance and initiates compliance audits.</p> <p>However, when asked if purchasing compliance was important, the interviewees either claimed to be unaware of any issues, or they stated that purchasing compliance was the responsibility of the purchasing department.</p> <p>The interviewees described that from an executive perspective, compliance is focused on gender issues, corporate social responsibility, environmental- or employment issues.</p>
Forms of non-Compliance	<p>The interviewees were asked about whether they had personally experienced the different forms of maverick buying which were first described by Karjalainen et al. in 2008.</p> <p>The interviewees explained that they had personally come in contact with four of the five named forms, (1) unintentional, (2) forced, (3) well-intentioned and (4) casual maverick buying.</p> <p>None of the interviewees stated that they had personally engaged in (5) ill-intentioned maverick buying.</p>

5.2 Organisational Design and Maturity

Chapter 5.2 will now examine the key findings that the interviews yielded in relation to the constructs of organisational design and maturity. It is important to note that only the findings will be discussed at this point, and analysis of the findings about organisational design and maturity will take place in chapter 6.2

5.2.1 Headcount

Question 7: 'Do you think that there are enough people working in the purchasing department to complete all the tasks assigned to them?'

Interviewee one responded that every department probably believed that they would benefit from an increase in headcount and reported that the purchasing department had almost doubled in size in the last 16 years since he had joined the company. He stated that it would be necessary to continue to increase headcount if the purchasing department were to take on responsibility for new commodity groups such as marketing or management consulting. He suggested that it would be better to have more people in purchasing; however, he considered it to be question of costs vs. benefits.

Interviewee two expressed the belief that purchasing could benefit from more employees, particularly personnel that were more highly qualified. He expressed a preference for more employees with an engineering background; however, he stated that regardless of specialty, having more staff members would improve response speeds from purchasing, thus increasing the satisfaction of research and development as an internal customer. He reported that high turnover rates in purchasing were a problem for other departments.

Interviewee three suggested that closer cooperation between the project office and purchasing would be very beneficial for the organisation; however, he maintained that more personnel would be needed to support a closer cooperation.

Interviewee four also suggested that the purchasing function would benefit from more people and agreed with the first two interviewees that inflexibility and long response times by purchasing were caused by the available people being overburdened.

Interviewee five believed that it would not hurt if purchasing had one or two more employees; however, overall, he claimed that his company's current staffing levels were adequate and that changed priorities and more focus on serving internal customers would be more effective than increasing the quantity of workers. He expressed the opinion that more cooperation between engineering and purchasing would make a headcount increase unnecessary. According to him, there would be quite a few instances where engineering could easily help and support purchasing, such as in supplier evaluation.

5.2.2 Skillset

Question 8: 'Do you think that the skillset of the people working in the purchasing department is adequate to be able to complete all the tasks assigned to them? Are they professionals?'

Interviewee one expressed the belief that the purchasing skillset was adequate to get the job done. He stated that it would always be nice to have more

people who are better qualified; however, given Germany's current economic situation and the company's highly competitive location in the vicinity of Munich, he believed that it would be impossible to hire additional or higher qualified people. He reported that his organisation was investigating a training scheme for purchasing employees and that the purchasing department was in talks with training providers; however, no contacts had yet been signed.

Interviewee two expressed a strong view that most people working in the purchasing department did not have the right skillset and qualifications to effectively work with research and development and product development. In his view, they might have purchasing skills, negotiation skills and they know about purchasing tools and systems; however, the majority lacked even a basic understanding of the products that the company produced. He asserted that purchasing was unwilling to learn from other departments, and he suggested that based on its current skillset, purchasing should only play a subordinate role in the selection of 1st tier, a-part suppliers.

Interviewee three reported that the purchasing people in his company are well trained and understand their job and rates their skillset is adequate-to-good. Overall, he mentioned few complaints about their skills; however, he maintained that purchasing people should receive training to better understand the needs and wants of existing customers and have a reward and goal-setting system that was more in line with overall company goals.

Interviewee four stated that the purchasing people in her company were well qualified professionals with a generally good skillset. Similarly, Interviewee five expressed the perception that his purchasing department to have a good skillset; however, he gave the caveat that did not believe that he was well qualified to answer this question because he did not know what skills good purchasing people need to possess.

5.2.3 Responsibility for Purchasing Volume

Question 9: 'In your opinion, what percentage of spend is really managed by the purchasing department, in other words, they make the supply decision?'

None of the interviewees claimed to feel qualified to provide a precise figure to answer this question; however, they all provided estimates. Interviewee one estimated that the purchasing responsibility for selecting suppliers and negotiating prices encompassed 50-60% of the overall purchasing volume of the company, whereas Interviewee two gave an estimate of 30-50%, Interviewee suggested that the number might be 'maybe 50%, plus or minus 10%', whereas Interviewee four's guess was 65%. Interviewee five expressed the view that the percentage was unlikely to be very high because most of the a-parts suppliers were selected by research and development and new product development. He estimated that the purchasing department selected 80-90% of total suppliers, but only 5-10% of a-part suppliers, such that the overall purchasing volume was likely about 40%.

5.2.4 Level of Integration

Question 10: 'Do you feel that purchasing is recognised as being equal with other corporate functions?'

Interviewee one opined that the reputation of the purchasing function had increased considerably in recent years such that it was on eye level with the other corporate functions. According to him, his company had a Vice President of Purchasing and Supply Management who reported directly to the Interviewee just like the Vice President of Marketing and Sales and the Vice President for Research and Development. At the same time, he acknowledged that there was still great potential for conflict, as many other functions struggled with the purchasing department's growth in importance.

Interviewee two seemed to struggle with this question. On the one hand, he claimed that considered purchasing to be an important corporate function and that it was good that the prestige of the function had increased in recent years. However, he also expressed the view that purchasing was trying to get involved in

activities or take over responsibility for processes that they should not be involved in, like the selection of 1st tier, a-part suppliers. Interviewee three claimed that the purchasing department had managed to be considered an equal to the other corporate functions. He stated that he was happy with this development, even though it sometimes caused conflicts.

Interviewee four appears to have shared the opinion of the other respondents that the purchasing function was on eye-level with the other corporate function. Similarly, Interviewee five considered purchasing to be just one among several regular corporate functions, no better or worse than any of the others.

Question 11: 'Do you feel that the level of cross-functional cooperation and integration between the purchasing department and other functional departments is adequate?'

Interviewee one reported that he had done a great deal to facilitate the cooperation of purchasing with other departments. He expressed the belief that no matter how good conditions are, there was still room for improvement. He suggested that the level of cooperation would need to be much better in the future because value creation at his company was in the process of changing. As he reported, the company was already down to a level of only 19% value creation, and this level would go down even further with increased reliance on suppliers and continued outsourcing. Thus, he opined that cooperation of purchasing with new product development, manufacturing and sales would need to increase to a whole new level.

Conversely, Interviewee two expressed the view that the level of cross-functional cooperation was inadequate due to the poor qualification structure of the people working in purchasing, which hindered true cross-functional cooperation with his team and its responsibilities. He suggested that cooperation with other departments was very good when it came to the purchasing items other than 1st tier a-parts, such as office supplies, certain services or b- and c-parts. In his opinion, cross-functional cooperation is good to excellent for items that are easy to describe where specifications can be easily and clearly communicated

Interviewee three described the level of cross-functional cooperation in his organisation as being minor, and claimed that this situation generally worked well enough, although some training for the purchasing people to understand his needs and wants would be helpful. Interviewee four reported having worked on a few different engineering and new product development teams and stated that the level of cooperation often depended on what was being bought. As she asserted:

You cannot compare the cooperation level when I need support in sourcing computer parts or integrated circuits to the cooperation level when I am looking for a joint product development partner for an environmentally sealed analysis toolset. For the first one, the cooperation is easy and straight forward, for the second it is next to impossible.

Interviewee five claimed that the level of cooperation in his department was good. He reported that he selected the suppliers and passed this information on to the purchasing department, which got to decide on the contract volume, duration, terms and conditions as well as the prices.

Question 12: 'Do you feel that purchasing processes are well established and known the other departments?'

Interviewee one: 'Purchasing processes are well established, but I believe that they are not always well known by other departments. We have work to do in this regard'.

Interviewee two: 'No they are not, absolutely not. Purchasing should make training available to us if they want better cooperation'.

Interviewee three: 'I believe that everyone who wants to know the processes can find out but making it easier to find out what the processes are—maybe via a guidebook or online would be helpful'.

Interviewee four: 'I think the processes are known, and if they are not, you can go on the intranet and find out. Claiming ignorance of processes is no excuse for not working together'.

Interviewee five: 'Yes, I do believe that the processes are known, more or less. Of course, it would not hurt if there was some sort of training or purchasing web page available where I could check if my assumptions are actually correct'.

Question 13: 'Is purchasing seen as a value-added function by other departments?'

Interviewee one asserted that everyone should know by now that purchasing is important and of value to the company; however, he suggested that the value that purchasing could provide differs greatly depending on the commodity group. He expressed the view that the professionalism of the purchasing department at his company was very high; thus, the department provided considerable value for the company. Interviewee two generally agreed that purchasing does provide value to the company; however, he suggested that they did not reach their potential due to inadequate skills regarding product development and engineering. As he reported, when procuring c-parts and b-parts, then the purchasing function is at its optimal value-added level, because these items are easy to describe, and supplier selection can be based on meeting specifications and price.

Interviewees three and five similarly expressed the view that the purchasing function does add value to the company and stated that they do enjoy working with them. Similarly, Interviewee four claimed to recognise the value that purchasing provided for the company and for her personally in supporting her in market analysis supplier management.

Question 14: 'Are purchasing processes transparent and known by other departments?'

Interviewee one suggested that no one would ever admit that all the processes of another department were transparent and well known to them, although he expressed the view that the higher up in the hierarchy of an organisation, the better the knowledge of the processes of the other departments. He asserted his opinion that the purchasing processes are transparent and known by all departments. Interviewees three and four similarly indicated that most processes in their company were transparent and known, not only those from purchasing, and

Interviewee four specifically commented that she had nothing to complain in terms of process transparency.

Interviewee two reported that he knew those processes that were relevant to him and his department, and that was the extent of his interest in the processes of the purchasing department. According to him, yes, relevant processes were known to him and they were also fairly transparent. Interviewee five expressed the belief that the processes were transparent, but that it was up to each individual to take an interest in his/her partner functions and learn about the processes; in other words, the information was available for those who were interested. Similar to Interviewee two, he stated that the level of transparency was adequate to good and he was aware of the processes that were important to him.

5.2.5 Centralisation vs. De-centralisation

Question 15: 'Is the structure of your company's purchasing department more centralised or more decentralised?'

Interviewee one: 'Centralised with a few decentralised purchasing offices'. Commodity management is centrally managed in Munich.

Interviewee two: 'It is a mix of centralised and decentralised with a tendency to be more centralised'. Commodity management for the most important commodities is strongly centralised in Munich.

Interviewee three: 'Definitely a centralised set-up. I know that purchasing has a few regional purchasing offices but they all report to the headquarter in Munich'.

Interviewee four: 'I think it is a mix of centralised and decentralised, but I really do not know that much about the structure of the purchasing department to be honest'

Interviewee five: 'According to my knowledge it is a mix of centralised and decentralised. The company has a few International Procurement Offices (IPO's) in countries that are considered strategically important, or interesting from a

technology perspective. All the purchasing people I have to work with are in the same building with me in Munich’.

5.2.6 Clerical vs. Strategic

Question 16: ‘Do you think the work of the purchasing department is more strategic or clerical/tactical in nature?’

All the interviewees expressed the view that the purchasing function was continuously becoming more strategic to the point of exceeding the amount of clerical work. Interviewees one, three and four reported that their purchasing departments were divided between commodity management, which has an entirely strategic focus, and procurement, which is concerned with the day to day management and execution of purchasing activities. Interviewees one, two and five all stated that they saw a clear difference in the amount of strategic vs. clerical work based on the items, or commodities, which are being procured.

5.2.7 Involvement in Strategic Planning

Question 17: ‘To the best of your knowledge, is the purchasing department involved in the corporate strategic planning process?’

Interviewee one reported that the purchasing department was part of the strategic planning process in his company, just like all the other departments that were headed by a vice president. Interviewee two and four similarly indicated that purchasing is involved in the strategic planning process; however, they expressed uncertainty as to what functions and with what responsibilities. Interviewee three and five claimed not to know the answer to this question; however they stated that if they had to make a guess, then they would assume that purchasing was involved in some way or form in corporate strategic planning processes.

5.2.8 Purchasing Solutions and Tools

Question 18: ‘Do you feel that the tools and systems used by the purchasing department are modern, up-to-date, and adequate to complete all the tasks assigned to the purchasing department?’

Interviewee one asserted that his purchasing department was equipped with modern tools and systems to facilitate the purchasing process that employees were skilled in using e-procurement tools and platforms and that the company in the process of digitalising more and more purchasing processes. Interviewee two's response aligned with most of the statements of Interviewee one in that he stated that he was also satisfied with the tools and systems used and thought that the purchasing department in his company was equipped with modern software systems and e-procurement tools. He suggested that his company needed to ensure that developments in the area of Industry 4.0 and the Internet of Things were carefully considered when assigning budgets to the purchasing department and other corporate functions. Similarly, Interviewee three suggested that there was danger in missing out on opportunities to digitalise the purchasing and supply management function in the wake of developments in Industry 4.0 and digitalisation. Although he reported that the current e-procurement tools and systems used were working well (the company even won a prize for them a few years ago), he expressed the view that it was important that decision makers not lose track of the rapid pace of technological development and the tendency for even the most advanced tools to quickly become obsolete.

Interviewee four expressed the view that her company's tools and systems used were up-to-date, reflected the current state of technology, and very well suited to meet its needs. She reported liking the e-procurement and desktop purchasing systems and e-catalogues and declared that tools that might be used for e-tender and e-request for quotation should be more than appropriate to complete all tasks assigned to the purchasing department.

Interviewee five also opined that his organisation's tools and systems worked well and enabled purchasing to do a good job. He cautioned that he might not be informed of all the tools and systems that the purchasing department was using, but he knew that they have electronic procurement tools and were looking at digitalising more of the purchasing processes as part of a company-wide drive to become a 'smart factory' by the year 2025.

5.2.9 Organisational Design and Maturity – Summary of Key Findings

Table 16 below presents a very brief overview of the findings in regard to organisational design and maturity.

Table 16. Summary of the key findings for the construct of organisational design and maturity

Interview items	Key findings
Headcount	<p>Four of the five interviewees suggested that the purchasing department would benefit from having a higher headcount.</p> <p>One interviewee mentioned that he felt that the purchasing department had an adequate number of employees.</p>
Skillset, clerical vs. strategic activities	<p>Four of the five interviewees suggested that the skillset of the purchasing department was adequate for purchasing activities; however, four of the five interviewees expressed the view that the purchasing department was (at least at times) unfit to select A-part suppliers.</p> <p>The interviewees mentioned that they did not really know the break-down between clerical and strategic activities. They suggested that the division of clerical and strategic activities was properly in line with purchasing expectations.</p>
Responsibility for purchasing volume	<p>The interviewees stated that they believed that the percentage of maverick buying as a percentage of total spend is between 30–65%, with a percentage of over 50% being probable.</p>
Level of integration	<p>Four of the five interviewees claimed to recognise purchasing to be of equal standing to their own department; however, perceptions regarding what purchasing should do varied. Three interviewees suggested that purchasing should ensure the purchase of items that were previously selected by other departments. Two expressed the view that the purchasing department should be highly involved in the purchasing process.</p>
Centralisation vs. de-centralisation	<p>Purchasing was described by all interviewees to be a mix of centralised and decentralised structures with a clear tendency towards more centralisation.</p>
Involvement in strategic planning	<p>Interviewee one stated that the purchasing department was part of the strategic planning process in his company.</p> <p>Two interviewees stated that purchasing is involved in the strategic planning process, however, they did not know what exactly the responsibilities of the purchasing department were in terms of participating in the strategic planning process.</p> <p>Two interviewees claimed not to know the answer to the question, but guessed that they were involved in the strategic planning process.</p>
Purchasing solutions and tools	<p>The interviewees stated they felt that the tools and solutions were properly adequate.</p>

	Four out of five interviewees mentioned that the purchasing department needs to make sure that they are adequately prepared for digitalisation initiatives and Industry 4.0.
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5.3 Alignment and Incentives

Chapter 5.3 examines the key findings that the interviews yielded in relation to the constructs of incentive alignment. It is important to note that only the findings will be discussed at this point, and analysis of the findings about organisational design and maturity will take place in chapter 6.3.

5.3.1 E-procurement Tools and Systems

Question 19: 'Do you have access to purchase certain items through electronic systems in the form of e-procurement, desktop purchasing tools or online catalogues?'

All the interviewees reported that they could use desktop purchasing systems, online catalogues and e-procurement tools for the purchase of office materials, and standardised b- and c-parts. According to the interviewees, these tools are widely accepted, and all the interviewees stated that this makes life much easier for them. Interviewees two, three and four also reported having an electronic business travel system that allowed them to book their own flights and hotel stays for business trips.

5.3.2 Total Cost of Ownership Tools and Systems

Question 20: 'Do you feel that the purchasing department uses a total cost approach when selecting suppliers?'

Interviewee one laughingly responded 'that's a trick question, because I am responsible for their goals'. According to him, the purchasing department in his organisation was encouraged to use a total cost approach once mandated savings targets had been achieved. As he opined, purchasing was an important function, but of course it was a tool to reduce costs; if a purchasing manager using a total cost approach could not fulfil the mandated savings targets, then he or she would be replaced after a maximum of three years. He expressed awareness that this

caused conflict with other departments but suggested that in the end, the company benefitted from this conflict because everybody was working harder.

Interviewee two expressed the wish that his purchasing department would use more of a total cost approach. In his view, the only thing that the purchasing department was good at was reducing costs and focusing on purchasing prices. He stated that the purchasing department claimed to be using a total cost approach, yet there was no real evidence that this was the case.

Conversely, Interviewee three stated his purchasing department was too price-driven and that sometimes a total cost approach was counterproductive in his work setting because costs were not important if customers needed a part quickly. He asserted that employees should determine their key performance indicators for purchasing decisions based on customer needs: if you are able to satisfy a customer, he will come back regardless of the cost. In his view, Total Cost seemed to be more of a buzzword in the purchasing department than a real strategy.

Interviewee four stated that she had worked well with the purchasing department in the past. She claimed that she had tried to explain why focussing too much purely on price might actually be hurtful for the company and claimed that the purchasing people had listened to her. Nonetheless, she stated that most purchasing decisions were driven by 'lowest cost – technically compliant' criteria and claimed that she could not think of a time when purchasing had knowingly selected a higher priced supplier in order to get better quality, delivery times or better co-operation agreements beyond what was acceptable as the absolute minimum.

Interviewee five expressed the view that the purchasing department was trying to focus more on total costs because they knew that this was important to the engineering and product development departments, which he believed were subject to too much pressure from top management to focus purely on cost. He stated that he would do everything necessary to keep his job; thus, if he worked in purchasing and knew that his employment depended on cost reductions, then this was what he would focus on. He reported that he believed the purchasing department was aware of the different product or contract dimensions that were

important to other departments, but misaligned departmental goal setting was preventing them from being customer-focussed.

5.3.3 Reward System Alignment

Question 21: 'Do you feel that the reward system of the purchasing department is aligned with the competitive goals of the company?'

Interviewee one suggested that the purchasing department was for the most part aligned with the company's competitive goals. He reported that as CEO of the company, it was part of his responsibility to ensure that departmental goals were aligned with the competitive priorities of the company. In his view, companies today have many competitive priorities: a company needs to have a competitive price and a high-quality product; it needs to be flexible in fulfilling customer needs and wants; it must be able to adapt to new and changing business models. As he stated, not all these competitive priorities are aligned; however, he suggested that part of the company's competitiveness derived from the minor conflicts and competition that existed between departments. He claimed that the secret to being competitive and doing well in their particular business environment was to have departmental strategies that were more or less well aligned, but that still created a little conflict. If everything is too harmonious, then people and department heads will get sluggish and lazy. So according to him, yes, the goals of the purchasing department were aligned with the goals of the company.

Interviewee two suggested that the reward system of the purchasing department was only sometimes aligned with the goals of the company. He stated that he realised that the company's products needed to be competitive in terms of price, but he also thought that if quality would be better, then their prices could be increased. He indicated that the goals of the individual departments were better aligned with the goals of the company as a whole than they were with the goals and reward systems of the other departments.

Interviewee three asserted that there was definitely room for improvement in his organisation's reward system and gave an example from his early time with the company of an occasion that an excessive price focus had led to quality

problems. He suggested that the goal setting process and reward system of the purchasing department should be reformed such that the key partner functions of purchasing should have a say in what the reward system should look like.

Interviewee four opined that the reward system of the purchasing department was properly in line with goals of the company; however, it was less aligned with the goals of the other departments. According to her, if corporate leadership placed high emphasis on cost reductions, then the purchasing department was most certainly aligned with their goals; however, the priorities of other departments—such as quality, flexibility and speed—were being neglected. She expressed the view that the problem was that these criteria were also part of the company's goal system; however, they were not aligned with the reward systems of these other departments, which suggested that there was also room for improving the alignment with the overall company goals.

Interviewee five reported that despite his sympathy for the purchasing department and the challenges that they must face on a daily basis, their reward system was not in adequate alignment with the goals of the company. He expressed the perception that purchasing was often forced to be too focussed on price reductions and sometimes lost sight of the fact that the company had many other competitive priorities other than low cost.

5.3.4 Training

Question 22: 'Have you received adequate training in terms of purchasing processes and rules?'

Interviewee one stated that he worked in purchasing when he was younger, and the training he received back then was adequate. He reported that there was no formal purchasing training for people from other departments and that the training regarding purchasing processes and rules for people from departments could be improved in his company. He stated that the only kind of purchasing training people received was an introduction on how to use desktop purchasing tools and systems for ordering office materials. According to him, there was some department internal training (i.e., within the manufacturing, research and

development or engineering department) about with whom to work in the purchasing department, but it was not very structured or standardised, such that not all people received the same training.

Interviewee two claimed that his close familiarity with purchasing process and rules did not derive from any extensive training, but rather was due to him having worked in new product development for a long time. He had familiarised himself with relevant rules and regulations, not only in relation to the purchasing function, but also concerning other functions. He felt that additional training for people working in product development and research and development would be advantageous, and that this kind of training should become mandatory standard training for those joining the research and development department.

Interviewee three reported having received some formal training when he joined the project office as head of customer service. According to him, working in close cooperation with the purchasing department was very important in his position, and this was reflected in the training, which he suggested was good and valid at the time, although he would like the opportunity to have periodic training updates. He expressed the view that purchasing training should be extended to all people in the project office, not just management.

Interviewee four stated that as a new hire, she had received a printed handbook regarding rules and regulations within the company, which also covered purchasing rules and processes. She cautioned that the rules described in the booklet could sometimes be very different from those that were lived in the day-to-day operations of the company. She reported that online training seminars were available that covered many different types of rules and regulations, as well as items for continuing education in order to improve the skillsets of employees in their departments. However, she claimed that such online trainings generally lasted from half a day to two days, and employees needed to apply to participate in them and obtain approval to do so from their direct supervisor. Although she was a team lead in the engineering department and had some responsibility for personnel, she reported being undecided on whether she wanted to attend these online training seminars.

Interviewee five reported that when he joined the company, he had received some standardised purchasing training, which included a review of rules and regulations relating to purchasing, and he was provided the name of his direct contact in purchasing. However, he claimed that recent changes within the company had resulted in some divisions being divested from the parent companies, whereas other business units were added through mergers and acquisitions. As he stated, all of this has caused considerable changes in the organisational set-up: his former contact in purchasing no longer works for the company, and the entire structure and organisation of purchasing had changed. He stated that he was critical of the process and reported that he not received any updated training to reflect all the changes. He claimed that he was familiar with updated purchasing rules, regulations and processes; however, this knowledge was not obtained in any training, but rather due to his own efforts in learning about them.

Question 23: 'Is the training purchasing employees receive regarding your department's goals and initiatives adequate?'

Interviewee one reported that purchasing employees received no formal training regarding the goals and initiatives of executive management and the CEO; however, he claimed that they were exposed to the goals informally. All the other interviewees maintained that purchasing employees in their organisations did not receive any formal training to familiarise them with the goals and initiatives of other departments. Much like the situation reported in Interviewee one's company, they stated that they might get some informal insight in other departments' goals; however, no formal institutionalised efforts were being undertaken to educate them about the goals of other departments.

5.3.5 Long-term vs. Short-term Orientation

Question 24: 'Do you feel that the purchasing department is adequately balancing short- and long-term goals of the company?'

Interviewee one maintained that balancing short-vs. long-term goals was among his company's biggest challenges in today's business environment. He reported that the company was publicly traded; thus, short-term returns and stock

price developments were significant factors in the decision-making and goal setting processes of top management. He claimed departmental goals were the result of the previously described decisions. He acknowledged that long-term objectives might not always be adequate but thought that his company had struck a good balance between short- and long-term orientation. He indicated that the goals of the purchasing department had more of a short-term perspective than the goals of other departments, but he did not think that this to be problematic.

Interviewee two asserted that purchasing in his organisation was too short-term oriented, as the key management consideration of the purchasing department revolved around purchasing price reductions. According to him, long-term considerations such as potential warranty claims due to bad quality were ignored, and he suggested that the company had lost customers in recent years because the quality of German products had deteriorated amidst the company's strong international growth. He expressed the opinion that the quality problems originated in the area of purchasing and claimed that one of the reasons why product development often made purchasing decisions in relation to 1st tier, A-parts suppliers was to ensure adequate quality.

Similarly, Interviewee three maintained that customer service got to see the effects of short-term thinking in purchasing because low quality parts often resulted in customer complaints after the sale. He reported noticing more complaints in recent years and attributed most of this to a fatal focus on short-term returns. He claimed that the purchasing department was not to blame for the short-term perspective in their decision making, but rather corporate leadership, which set the wrong goals and incentivised them in the wrong ways.

Interviewee four suggested that purchasing is more short-term oriented than most other corporate functions due to the nature of the job, and that the easiest way to determine purchasing performance would be to compare purchasing prices over several years. She reported that the purchasing department had established a year over year cost reduction goal of 5 percent ever since she joined the company a few years ago. She opined that this goal was completely unrealistic and caused the purchasing department to only look at one-year time periods in order

to be able to meet the goals set for them; thus, long-term considerations like quality, delivery flexibility or long-term partnerships with suppliers were largely ignored.

Interviewee five claimed that he had a good working relationship with the people working in the purchasing department; however, a main area of conflict in the organisation was the short-term focus of the purchasing department, which was incentivised. He reported that the topic had been raised several times in joint meetings with the purchasing department but that nothing has changed.

5.3.6 Strategic Relationship

Question 25: 'Do you feel that corporate strategy and purchasing strategy are aligned?'

Interviewee one: 'Yes I do. I had mentioned before that alignment between corporate strategy and departmental strategy is a challenge. There will always be compromise, but the strategies are aligned'.

Interviewee two: 'I believe it is not so much a misalignment between corporate strategy and departmental purchasing strategy, but rather a misalignment between the individual departmental strategies. Corporate leadership has many goals, price reductions is one of them, and much of the purchasing strategy seems to reflect that. Other corporate goals like an improvement in quality is not reflected in the purchasing strategy. Hmm, I don't know if they are aligned or not, to some extent they are and to some extent they are not'.

Interviewee three: 'I would hope that they are aligned, but then, I do not know all the aspects of the purchasing strategy, so I really do not know'.

Interviewee four: 'You know that is something that I cannot answer. I do not even know all the details about our corporate strategy, so I do not know it is aligned with the strategy of the purchasing department. I wish our corporate strategy would get communicated to us. All I know is the strategy and the resulting goals for our own department'.

Interviewee five: 'They properly are. Executive management determines the strategy for the corporation and the purchasing strategy, so you would hope that they are aligned'.

Question 26: *'Do you feel that the goals of your department are in line with the goals of the purchasing department?'*

All the respondents reported noticing at least some areas of misalignment. Interviewee one reiterated his previous remarks that there were some areas of conflict between the strategy of the purchasing department and its partner functions. According to him, this could not be avoided. Interviewee three also thought that individual departmental strategies were not perfectly aligned and there was room for improvement.

Interviewee two reported observing significant areas of misalignment, which largely derived from purchasing having too much of a single-minded focus on cost while his department had a more holistic approach that considered cost to be just one of several areas of importance. Interviewee four stated a belief that most departments did not know the goals of the other departments, but rather made assumptions about their strategies. She opined that the strategy of her department did not seem to be perfectly aligned with the strategy of the purchasing department, but they could work together. Similarly, Interviewee five claimed that some areas were aligned to the goals and objectives of his department, whereas others were not, and suggested that little effort had been made to ensure alignment of departmental goals and strategies.

Question 27: *'Is Purchasing responsive to my needs and concerns as an internal customer?'*

Interviewee one demurred that everyone is responsive to his needs due to his position. He suggested that generally, departments were responsive to each other only as long as it benefitted them. Interviewee four maintained that purchasing people tried to be responsive once you had built a good relationship with them, and they knew you as an internal customer; however, she thought they were handicapped by their department's internal processes.

The other respondents expressed more negative views of purchasing's ability to meet their needs. Interviewee three suggested that his purchasing department was not very responsive to his needs as an internal customer and needed more people and more flexible processes. Interviewee two also claimed that purchasing was not really responsive to his needs and that there was very little flexibility on part of the purchasing department. As an example, he reported that it was unlikely that processes would be accelerated sufficiently to meet his needs if he were to request expedited service. He suggested that such situations can be a reason for noncompliance in the area of purchasing: he knew that the purchasing department was not going to respond to his needs, so he had someone from his department initiate his purchases. Interviewee five also expressed the view that the responsiveness of the purchasing department could be improved and that he wished they were more responsive to his needs; however, he stated that he knew how to work his way around them when needed.

5.3.7 Compliance Climate

Question 28: 'Do you try to use existing purchasing agreements?'

All the interviewees claimed that they truly made an effort to use existing purchasing agreements. According to them, the only reasons not to use existing purchasing agreement was when the use of an agreement put their own goal attainment at risk, or if they felt that the part contracted supplier did not meet the needs of the product or customers, or if the agreement was putting the long-term survival of the company at risk.

Question 29: 'Is it common to make purchases without the involvement of the purchasing department?'

All interviewees reported that it was common practice to make purchases or select suppliers without the involvement of the purchasing department. According to them, in the case of supplier selection, functional departments selected the suppliers, and then left it up to the purchasing department to negotiate prices, agree on the terms and conditions of the contract, and ultimately sign a framework agreement.

Question 30: 'It is easy to make purchases without the involvement of the purchasing department?'

Interviewee one stated that his position made it very easy to make purchases without the involvement of the purchasing department. Interviewee two also reported that it was extremely easy to omit the purchasing department in certain steps of the purchasing process, such as supplier selection; however, making a purchase without any involvement of the purchasing department was also possible but not quite so easy.

Interviewee three expressed the view that there were no major organisational or procedural hurdles to omitting purchasing in most parts of the purchasing process, if the purchasing order was placed by the purchasing department. He stated that purchasing had accepted that they take on a tactical or clerical position in some purchases. Similarly, Interviewee four claimed that it was difficult to completely omit the purchasing department in the purchasing process; however, very few purchasing events complied 100% with the set rules and guidelines, and supplier selection for a-parts without the involvement of the purchasing department occurred very frequently. Interviewee five also suggested that although it was easy to circumvent the purchasing department in the purchasing process, especially during supplier selection, a complete omission of the purchasing department would eventually lead to problems.

Question 31: 'Does management monitor the extent to which you comply with existing purchasing processes or contracts?'

Interviewee one stated that although there were spend management programs in place, these were automated systems that only covered part of the purchasing process, and there were no programs or initiatives to monitor the entire purchasing process. Interviewee two did not believe there was any monitoring, or at least not for a-parts. He reported being aware of spend management initiatives but claimed that these normally focussed on c-parts or office material. Interviewee four was also not aware of any particular monitoring tools; however, she maintained that management was keen to ensure that existing contracts were used, and no parts were being bought from unapproved suppliers.

Interviewees three and five reported that their company used Ariba as a spend management software tool. Interviewee three expressed uncertainty regarding the workings of the system; however, he explained that it was supposed to aid in achieving greater supply chain and purchasing transparency. Nevertheless, he claimed that he had never run into any problems when making purchasing decisions. Interviewee five reported that Ariba was introduced in his company in 2015 and that the company had initiatives focussed on the achievement of process consistency and purchasing transparency. He stated that compliance with existing contracts was highly encouraged.

Question 32: 'Does management make it absolutely clear that deviation from rules and procedures is not tolerated?'

Interviewee one reported that he made it clear to his employees that deviation from rules was not accepted; however, he contrasted more important rules and regulations with less important rules. He acknowledged that some purchasing policies and regulations were not being followed, but he expressed the view that this was acceptable. Interviewee four similarly maintained that rules and regulations regarding extreme behaviours such as mobbing, sexual harassment, or racism were very strictly enforced with no deviations accepted. In contrast, when it came to departmental policies, although she stated that compliance was encouraged, she was not aware of a single case when an employee feared repercussions due to deviation from existing rules and regulations.

Interviewees two and three similarly expressed the perception that some deviation from rules and regulations was allowed and even encouraged if it helped the company in the achievement of its goals. They claimed that employees were encouraged to think for themselves and strict adherence to rules and regulations was not enforced. Interviewee five reported that his company placed importance of adherence to company policies and regulations. He stated that employees had to attend compliance and ethics trainings once a year; however, the practice of selecting a-part suppliers without the involvement of the purchasing department was wide spread and seemed to be generally accepted.

Question 33: 'Do you receive regular feedback about your performance in relation to working with the purchasing department, or your department's compliance with existing rules and regulations?'

Interviewee one reported that he did not receive any feedback about his performance from the purchasing vice president; however, he did discuss purchasing issues and initiatives with him. According to him, noncompliance in the area of purchasing had not been a topic of such discussions, but rather headcount increases and the automation and digitalisation budgets for this function.

Interviewee two stated that he had regular meetings with the head of the purchasing department, and they frequently discussed supplier selection issues and the fact that purchasing did not have the feeling that they were an equal partner during new product development team meetings. He claimed that noncompliance in the area of purchasing had also been discussed at the meetings; however, no concrete improvement initiatives have come about from this.

Interviewees three and four used the same phrase to describe the feedback regarding purchasing compliance in their department: 'no feedback is good feedback'. They reported having regular performance reviews with their direct superiors, which focussed on achievement of task- and project-related goals, job satisfaction and short- mid and long-term goals of the individual employee. According to them, cooperation with the purchasing department had not been raised as an issue in their performance reviews.

Interviewee five reported attending regular, structured bi-annual performance reviews with his supervisor, as well as monthly informal meetings concerning goal achievement and progress reports on initiatives on which he had been assigned to work. According to him, informal, department-wide discussions about performance and initiatives were also held in the form of a large group discussion during the weekly Friday morning *jour-fixe* meetings. He stated that purchasing and challenges in working with the purchasing department were discussed occasionally but were not a regular part of the meetings.

5.3.8 Alignment and Incentives - Summary of Key Findings

Table 15 below will give a very brief summary of the key findings in regard to the construct of alignment and incentives.

Table 17. Summary for the key findings for the construct of alignment and incentives

Interview items	Key findings
E-procurement tools and systems	<p>All the interviewees reported that they could use desktop purchasing systems, online catalogues and e-procurement tools for the purchase of office materials and standardised B- and C-parts.</p> <p>Three of the five interviewees reported having an electronic business travel system.</p>
TCO tools and systems	<p>All interviewees stated that the purchasing department was too cost driven.</p> <p>Three of the five interviewees stated that they knew that the purchasing department tried to focus more on total cost than in the past, but that these efforts were too few and too reluctant.</p>
Reward system alignment	<p>Three of the five interviewees stated that the reward system of the purchasing department was not adequately aligned with the goals of the company, nor the goals of other departments.</p> <p>Two of the interviewees claimed that the goals of the purchasing department were aligned with the competitive goals and priorities of the company, but that there was some conflict in terms of interdepartmental goals.</p>
Training	<p>All interviewees reported that they had received some sort of purchasing training. Some mentioned formal trainings after joining the company, and others reported receiving the training because they had worked in other departments or because they had previously worked very closely with the purchasing department.</p> <p>None of the interviewees expressed the view that the purchasing department received any formal training in regard to the goals, processes of structures of other corporate departments.</p>
Long- vs. short-term orientation	<p>All interviewees stated that there was a clear tendency by the purchasing department to be too short-term oriented.</p> <p>The interviewees expressed different opinions why this was the case, ranging from a need to be short-term oriented because of stock market pressures, to being wrongly incentivised or being unaware of the long-term effects of short-term thinking.</p>
Strategic relationship	<p>Three interviewees expressed the view that the strategic goals of the purchasing department were more or less aligned with corporate strategies; however, all of the interviewees claimed that there was at least some degree of misalignment between individual departmental strategies.</p> <p>Four out of five interviewees suggested that the purchasing department was only responsive to the needs of other departments when it was beneficial to the purchasing department or when it was not in conflict with the goals of the purchasing department.</p>

Compliance climate	<p>All interviewees claimed that they tried to use existing purchasing agreements so long as it was not in conflict with their own personal or departmental goals.</p> <p>All the interviewees mentioned that it was easy and also fairly common to make purchases without the involvement of the purchasing department. This was in part attributed to little or no organisational hurdles to participate in the buying process.</p> <p>According to the interviewees, spend compliance was predominantly monitored when procuring B- and C-parts, and there were no institutional processes in place that control the supplier selection process.</p> <p>According to interviewees, although management encouraged compliant purchasing behaviour and generally disliked maverick buying, none of them had ever seen any repercussions for maverick buying.</p>
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5.4 Information Asymmetry

Chapter 5.4 examines the key findings that the interviews yielded in relation to the construct of information asymmetry. It is important to note that only the findings will be discussed at this point, and analysis of the findings about organisational design and maturity will take place in chapter 7.4.

5.4.1 Awareness of Information Asymmetries

Question 34: 'Are you aware that depending on the phase of the purchasing process, it is sometimes you, and sometimes the purchasing department that this the better-informed party?'

There was wide agreement among all interviewees that information asymmetries exist in the purchasing process and in relation to the procurement of goods and services. All interviewees expressed the belief that they had better product and service knowledge, whereas the purchasing department had better knowledge of purchasing tools and systems. The interviewees also stated that the purchasing department might have better market knowledge in terms of being aware of international suppliers and opportunities.

Adams (1996) pointed out that there are changing principals and agents in a purchasing situation. When functional departments (principals) in a company need goods or services, they delegate decision making authority to the purchasing department (agent) to buy these products. Once a contract has been signed, the

purchasing department turns into the principal by making the framework agreements available to the functional departments with the hope that these agreements will be used.

5.4.2 Agent awareness

Question 35: 'Do you have intimate knowledge and understanding of purchasing strategies and goals of your company?'

While there was some variance in terms of how much the interviewees reported knowing about purchasing strategies and goals, all the respondents stated that only the purchasing department had intimate knowledge of purchasing strategies and goals; however, none of the interviewees reported having been briefed on these issues by the purchasing department.

5.4.3 Principal awareness

Question 36: 'Are you aware that the purchasing department might have more knowledge about certain aspects of the purchasing process than you do?'

Like their responses to the previous question and question one of the information asymmetry section, all the interviewees reported that the purchasing department had more knowledge of certain aspects of the purchasing process than they did.

5.4.4 Changing Principal-Agent Relationships

Question 38: 'Are you aware that depending on the phase of the purchasing process, it is sometimes you who delegates work to purchasing and sometimes purchasing that delegates work to you?'

Interviewee one identified integrating purchasing with other corporate departments as a significant challenge. He stated that everyone in the company was aware that the purchasing process is multidimensional, and that almost everyone knew of the value that purchasing adds, but he suggested that the purchasing department did not realise that sometimes they must actually function as the agent in the purchasing process. He expressed the view that purchasing wants to oversee

the entire purchasing process, consequently they see themselves as the lead function that must be supported with information from the others, but that makes the decisions. According to him, they often do not understand that it might be manufacturing or research and development or new product development that delegates work to them; they are the internal service provider and they must try to make their internal customer happy.

Interviewee two claimed to be aware of this issue; he maintained that the increasing strategic orientation that purchasing has experienced in the past decade had led to an overinflated ego of purchasing employees, and they believed they are best qualified to decide from whom the company should be buying. He expressed disagreement with this view and suggested that the engineers sometimes might be better able to evaluate a supplier; however, purchasing did not want to admit this. He expressed the perception that failure to admit that they were not always the most knowledgeable department regarding all aspects of the purchasing process rendered cooperation difficult.

Interviewee three expressed the opinion that the purchasing department in his organisation was in fact unaware of the relationship described in this question. According to him, rather than a function that is responsible for providing goods and services for internal customers, his purchasing department saw themselves as the function that oversaw the acquisition process and believed that everyone else in the company needed to work to support them in accomplishing this.

Interviewee four suggested that the accuracy of this statement depended on the items or services that the company was trying to acquire. According to her, standard goods and services were easy to specify; thus, this was the responsibility of the users. She suggested that with simple and easy specifications, it was possible for purchasing to be in charge of the entire purchasing process as the better-informed party because they have received the information from the users, which they can now use in combination with their specific purchasing knowledge to make a perfect buy. However, according to her, when it comes to complex and hard to specify goods and services or packages, then the combination of the knowledge of purchasing and users should allow for a perfect buying process. She suggested that

problems ensued when purchasing ignored the likelihood that the user might be better qualified to determine what good or service should be bought and attempted to make a purchase solely based on their goals and incentives.

Interviewee five claimed that he was definitely aware of the changing customer/supplier relationship when it comes to the purchasing process. He expressed a view that purchasing was also aware of these changing relationships but felt that the department was handicapped by an excessively restrictive goal system that did not allow them to be pro-active in fulfilling the company's internal customer needs.

5.4.5 Information Sharing

Question 39: 'Is purchasing available when you have questions or concerns about purchasing processes?'

All the interviewees claimed that the purchasing department was mostly available when they had questions: there might be instances when an answer might be delayed, but this was generally accepted by all interviewees. One aspect that was mentioned several times (Interviewees three, four and five) was that some interviewees were not sure who to ask in the purchasing department when they had questions about particular items or services. Interviewees three, four and five mentioned that their purchasing department was divided by commodity- or material group, and different commodity managers were responsible for different materials: for example, there might be one commodity manager responsible for electronic components, another for injection moulded plastics, and yet another for integrated circuits. However, they reported that the responsibilities in the engineering departments or in customer service were not divided by commodity group, which meant that one engineer might have ten or fifteen different contact people in the purchasing department, depending on their question. According to them, the same situation often applied to other departments.

Question 40: 'Does purchasing try to keep everyone informed of purchasing goals, processes and initiatives?'

Interviewee one stated that there was no formal process to keep anyone in the company informed of goals, processes or initiatives, and that any such

information sharing happened based on the initiative of purchasing managers. Generally, only large high-profile goals or process changes were communicated.

Interviewee two claimed that purchasing did not try to do this, nor did any other department in his company. Rather, top level goals were communicated by top management, and departmental goals were communicated within the department, but beyond that, it was up to each employee to inform him- or herself. As he reported, ways to accomplish this might be intranet research or simply asking people from the other departments. Similarly, Interviewee three expressed the view that this was not done in a formal or institutionalised way: top level goals were communicated regularly via emails and on the intranet, whereas, intermediate level goals, process changes or initiatives were not communicated, and it was up to each employee to find out for themselves if they were interested. Interviewee four also claimed not to have seen any efforts by purchasing to communicate their goals beyond their annual cost savings goals or their aim to consolidate the supply base.

Interviewee five maintained that there were informal efforts to communicate goals, process changes, and initiatives at his organisation, and that everyone in the company was aware of the purchasing department's most important goals. He stated that he knew that purchasing was trying to reduce purchasing prices that they were trying to outsource c-parts management to an external company and that they were trying to increase their sourcing activities in India and China.

5.4.6 Signalling

Question 41: 'Do you try to keep purchasing informed of your goals and departmental strategies?'

Interviewee one stated that due to his position, he did not need to inform anyone of his departmental strategies; rather, his strategies and goals were broken down into the goals of the purchasing department and other departments.

Interviewee two claimed that there were informal efforts to communicate goals and that the most important goals of each department were known by the other department heads. As he stated, after all, top management met regularly to discuss initiatives, challenges, and goals for the current and subsequent years.

According to him, there was no effort made to talk about each individual department's goals; however, in his view, much about their goals could be inferred by the topics and content of their discussions

Interviewee three reported that departmental strategies were not discussed or communicated openly within the company, although individual project goals might be published on the Intranet or in company publications. He stated that he did try to keep purchasing informed of what aspects of current purchasing processes were especially important, but this was done informally. According to him, he would let the purchasing department know if items were of great importance and they needed to expedite the purchasing process or if quality or delivery flexibility was more important; however, these were not departmental strategies, but rather operative and clerical priorities.

Interviewee four stated that she tried to provide good reports to the purchasing departments. According to her, this was done on her own initiative and there were no formal processes for sharing departmental strategies—but yes, she was trying to keep purchasing informed. Interviewee five also reported working to keep purchasing informed of his department's strategies as well as his personal projects and goals; however, he claimed that his information sharing was limited to only a few people in the purchasing department with whom he worked daily.

5.4.7 Monitoring

Question 42: 'Does purchasing keep you informed about your performance regarding working with the purchasing department regarding using existing contracts and getting them involved early in the process when the needs for goods and services are developed?'

Interviewee one claimed to not really have an opinion about this question and asked to skip this question. Interviewee two, three and five stated that purchasing did not really keep them personally informed, but there was regular communication between department heads at the top management and vice-presidential level. According to them, if purchasing was unhappy with the cooperation, they would bring it up at a very high level. They all stated that purchasing was a formal

member on new product development teams; however, their involvement very early on in the process was more that of a silent partner than an active participant. They suggested that purchasing's only contribution in the early phases of new product development might be to try to encourage the use of preferred suppliers.

Interviewee four stated that she felt that her performance in this regard was good, as she kept purchasing regularly updated and informed and had never heard any complaints from anyone in this regard. She claimed that purchasing was often invited to product development team meetings but often chose not to attend, particularly when the meetings were held very early in the new product development process.

5.4.8 Information Asymmetry – Summary of Key Findings

Questions 34 through 42 on the construct of information asymmetry yielded some very interesting results. Table 18 below presents a brief overview of the main findings of the questions that were discussed in relation to this construct.

Table 18. Summary of key findings for the construct of information asymmetry

Interview Items	Key findings
Awareness of information asymmetries	All interviewees expressed awareness that there were a number of information asymmetries between their own departments and the purchasing department.
Agent awareness	All interviewees reported that only the purchasing department had intimate knowledge of purchasing goals.
Principal awareness	All interviewees stated that the purchasing department had the highest level of knowledge in regard to purchasing processes.
Changing principal-agent relationships	<p>All interviewees stated that there were changing principle-agent relationships in the purchasing process.</p> <p>Four of the five interviewees expressed the view that the purchasing department was not always aware of these changing principal-agent relationships, which made cooperation with the purchasing department difficult.</p> <p>Interviewee five opined that the purchasing department was aware of the changing nature of principal and agent in the buying process but that they could not act on this knowledge due to restrictive purchasing goals.</p>
Information sharing	All interviewees stated that the purchasing department was willing share information but that oftentimes, responsibilities and contact people were unknown.

	All interviewees claimed that the purchasing department was not pro-active in sharing purchasing goals or initiatives with other departments.
Signalling	<p>Three of the five interviewees reported that there were no efforts being made to inform the purchasing department of the goals of other departments.</p> <p>Two interviewees reported that they tried to keep their counterparts in the purchasing department updated of their own goals informally.</p>
Monitoring	<p>Four of the five interviewees stated that there were no efforts undertaken to keep the purchasing department involved in activities that were relevant for the purchasing department.</p> <p>One interviewee reported that she tried to keep purchasing involved in product development decisions; however, she claimed that this was done based solely on her own initiative.</p>

6. Analysis of Empirical Findings

Chapter five focussed on presenting important findings of the interviews without analysing what the interviewees said. Chapter six will now review each of the questions and their responses and examine the conclusions that might be drawn based on the interview results and the previously analysed literature. As discussed in chapter 4.2, the validity of the chosen qualitative, phenomenological research approach was verified through the use of several key indicators to demonstrate methodological rigor, such as saturation (chapter 4.2.3), dependability (chapter 4.2.4), credibility (chapter 4.2.5) and confirmability (chapter 4.2.6). Bias and prejudice were also discussed in length in chapter 4.2.2 in order to demonstrate the researcher's awareness and initiatives to ensure that the results of the dissertation are as trustworthy and reliable as possible.

This research provides previously unrevealed insight into the phenomenon of noncompliance in purchasing. The empirical research from Germany also gives some indications of how much the explanations for maverick buying as it is described in scientific literature (often with a focus on public procurement) is applicable to a German manufacturing setting.

6.1 General Questions

It was the intention of the general questions to glean an impression of the interviewees purchasing behaviour and purchasing compliance before going in depth with the detailed questions. Questions pertaining to purchasing, and process maturity, alignment and incentives as well as information asymmetry were structured in such a way that they asked questions about items that were identified as being characteristic of the core constructs that were identified to explain maverick buying. The general questions tried to glean insights regarding if any of these items would be mentioned by the interviewees before being touched on by the interviewer. Thus, the general questions hoped to gain an unadulterated insight into phenomenon in question, and they aimed to help the interviewer understand what

thoughts and ideas were mentioned by the interviewees first when they talked about the phenomenon of maverick buying.

6.1.1 Purchasing Behaviour Overview

Question 1: 'Please describe instances when you have bought good or services, or made procurement decisions that were outside of generally approved processes'.

All Interviewees stated that they made purchasing decisions as part of their regular work. To this end, their statements were in line with findings of many other studies, which have identified noncompliance in the form of maverick buying (as defined in chapter 2.3) as being commonplace in many organisations and cited the ineffectiveness of efforts to limit purchasing noncompliance (e.g., Kauppi & Raaij, 2014; Scott et al., 2018). The same can also be deduced from an analysis of the percentages reported in the scientific literature over a period of over 23 years. This is significant, because it indicates that the relevance of maverick buying in Germany is comparable to maverick buying in many other countries, notably the United States of America, Finland and the United Kingdom. Table 19 demonstrates this nicely. The findings of the empirical research are therefore consistent with the previous scientific literature.

Table 19. Percentage of purchasing volume bought in a noncompliant way: 1995-2018

Author (year of publication)	Noncompliant purchasing behaviour (maverick buying) as a % of total purchasing volume
Scott et al. (2018)	24-50%
Rothkopf and Pibernik (2016)	35-50%
Moosmann and Fröhlich (2014)	30%
Moosmann and Sarikaya (2014)	30%
IBM Corporation (2013)	70%
Wannenwetsch (2012)	30%
Institut für Transportwirtschaft und Logistik and Spring Procurement GMBH (2010)	24%
Aichbauer and Seidel (2006)	30 %

Lonsdale and Watson (2006)	50 %
Wannenwetsch (2005)	30 %
Zurlino and Jäger (2005)	30 %
Duffy (2003)	50 %
Leenders and Johnson (2002)	59 %
Gebauer and Segev (2001)	66 %
Neef (2001)	30–84 %
Fearon and Bales (1995)	59 %

As indicated by the empirical evidence as well as the literature review, non-compliant work behaviour seems to be a regular phenomenon in many organisations, including the German manufacturing firms at which the interviewees were employed. The continued prevalence of this behaviour can point to two main reasons for this fact. For one, it might suggest that previously introduced ways to manage noncompliance in purchasing, such as electronic tools (Gunasekaran, Tiwari, Dubey, & Wamba, 2016), have not had the desired effect in limiting noncompliance, and that other avenues may need to be explored in determining how to deal with noncompliant behaviour in purchasing. On the other hand, it might indicate that noncompliance is not considered to be negative for companies, or that it might even be considered value-adding, and consequently there is no need to limit its occurrence.

6.1.2 Purchased Items and Purchasing Motivation

Question 2: ‘What goods or services have you purchased, or where have you made the purchasing decision?’

The second question is interesting because it focusses on the types of items that were purchased by the interviewees. There was a large range of items mentioned, from IT equipment and travel services to a-parts, IT services, to spare parts, computer equipment and logistics services, in addition to complex bundles of goods and services. Combining this question with that on the motivation to engage in this type of behaviour, i.e., question 4 (chapter 6.1.4) ‘Describe your motivation to participate in purchasing activities’, we see that the motivation seems to vary based

on the type of items purchased. For office supplies and personal use IT items, the main reason given for noncompliance was that it is easier and cheaper to buy these items themselves than using company contracts. For complex items and a-parts, people who acted in a noncompliant manner expressed the belief that the purchasing department was unqualified to select the fitting supplier. In these instances, interviewees described that they would pre-select suppliers, or modify specifications to fit a particular preferred supplier. This is an interesting aspect of maverick buying, because it indicates that unlike the traditional form of noncompliance, which takes place after contract signature (Kauppi and Raaij, 2014; Scott et al., 2018), noncompliance can also happen before a contract is signed.

For other items such as spare parts, interviewees expressed the view that the purchasing department is often too slow or inflexible and insufficiently customer-focussed to be involved in the purchasing process. In addition, it was suggested that the purchasing department was excessively price focussed, which resulted in signing contracts with the wrong supplier for complex parts or services. This finding seems to be in line with other literature. Many authors have described noncompliant work behaviour in purchasing as it relates to items or services (e.g., Cuganesan and Lee, 2006; de Boer et al., 2002; Kauppi & Raaij, 2014; Michaelides et al., 2002). Most often, these items have been C-parts or other items of low value that are not considered as strategically important (de Boer et al., 2002; Kauppi & Raaij, 2014; Michaelides et al., 2002). Scott et al. (2018) propose that maverick buying is most often witnessed regarding indirect items and goods that are routinely bought. Table 20 summarises that many authors have focussed only on one or a few material groups when writing about maverick buying. However, the empirical evidence from this study seems to suggest that the motivation to engage in noncompliant behaviour may vary based on the items which are being procured.

Table 20. Literature about maverick buying according to material- or commodity group

Categories	CAPS Research (2002)	CAPS Research (2005)	de Boer et al.(2002)	Ellram, Tate, & Billington (2004)	Fearon and Bales. (1995)	Gebauer and Segev (2001)	Kariäläinen u.a. (2008)	Kauppi and Raaii (2015)	Kulp u.a. (2006)	Moody (2005)	Moosmann and Sarikava (2014)	Schild (2007)	Scott et al. (2018)	Subramaniam et al. (2003)	Wannenwetsch (2004)	Werner (2013)	Zurlino and Jäger. (2005)	Count
Non-production			X		X	X	X		X	X	X	X	X				X	10
Services (as a named category)					X	X		X		X	X		X					5
Travel services				X		X	X		X	X								5
R & D									X					X	X		X	4
Legal services	X									X								2
Telecommunication	X									X								2
Temporary labour	X			X													X	3
IT/management (hard + software)	X			X		X	X										X	5
Facility Manage-	X			X														2
Real estate				X														1
Marketing services	X			X		X								X	X		X	6
MRO			X				X				X		X		X			5
Logistics services										X							X	2
Office supplies							X						X			X		3
C-parts															X	X		3
Capital investments					X	X											X	3
Raw materials																		0
Production Materi-															X		X	2
Other	X	X			X		X	X					X					6
Services in general (combining different service categories from above)	X			X	X	X	X	X	X	X	X		X	X	X		X	12

A large proportion of publications seem to talk about noncompliance in relation to service procurement. Considering the forms of maverick buying (chapter

6.1.5) the link between the items that are being purchased, motivations for and forms of noncompliance will re-surface, and an emphasis will be placed on looking at service procurement in this section.

6.1.3 Purchasing Frequency

Question 3: 'How often do you make purchasing decisions?'

Question 3 asked how often the interviewees make purchasing decisions. All the interviewees claimed that they made purchasing decisions quite frequently and on a regular basis, and that purchasing items or selecting suppliers was nothing out of the ordinary. This result aligns with existing literature that reports high purchasing volumes being processed in ways which are noncompliant (Kauppi & Raaij, 2014; Rothkopf & Pibernik, 2016; Scott et al., 2018). Based on the empirical evidence, there seems to be little or no difference in the occurrence of maverick buying among these interviewees based in Germany and such behaviour in the countries from which most of the analysed articles originated. Certainly, the literature indicates that noncompliance in purchasing is widespread and frequent throughout Europe and the United States.

6.1.4 Motivation to Act Noncompliant

Question 4: 'Please describe your motivation to participate in purchasing activities'

Question 4 asked about the motivation of the interviewees to participate in the purchasing process in a noncompliant way, to make buying decisions, or to actively buy goods or services. The interviewees named a very large range of reasons to engage in purchasing activities.

Interviewee 1 asserted that he knew best what he wants in terms of his own office materials, i.e., computer, printer, etc., and that he did not have time to write specifications for items like computers, he is simply too busy. He expressed the view that it would be inefficient to get the purchasing department involved. As he stated, as the CEO, he does have a purchasing card with a high limit; therefore, not participating in corporate contracts for the purchase of, for example, computers would

not really hurt the company. Rather, he suggested that because of the speed and ease of making his own purchases, he actually benefitted the company.

Interviewee 2 identified a number of motivations for why he made supplier decisions, i.e., pre-selects suppliers before allowing the purchasing department to negotiate prices. For one, he expressed the view that the purchasing department was not qualified to select suppliers for A-parts. A-suppliers in the automotive industry participate in new-product development and are closely integrated in the manufacturing process, and he suggested that trying to specify all the variables and criteria in a written document in order for the purchasing department to select a fitting supplier was either impossible or too cumbersome. He also mentioned that sometimes his department needed supplies quickly; according to him, purchasing processes were too slow and inefficient to give him what he needed when he needed it, so he decided on the supplier and negotiated the price before giving this information to the purchasing department to place the order. He claimed that this process was acceptable because the purchasing department never protested when he did this.

Interviewee 3 stated that purchasing processes were often too slow and inefficient if they need parts quickly. He mentioned that in time driven events, when they need a part quickly, the process driven approach of the purchasing department was simply not realistic. He also expressed the view that sometimes the goals of the purchasing department were out of line with the goals of other departments or with the company as a whole. According to him, purchasing seemed to be too price oriented at times, which put product quality and the reputation of the company at risk. He opined that sometimes it was necessary to make supplier selection decisions or to buy items in order to protect the company from harm. He also asserted that he sometimes did not check if a part or a supplier was already on contract with the company or if a corporate purchasing agreement existed when he needed to buy goods or services, as it was simply faster and more efficient to ignore official purchasing processes and the purchasing department.

Interviewee 4 mentioned that informal purchasing processes to acquire parts and materials had already been established when she took over her current

position. She mentioned that she felt that it was not her responsibility to change these processes. In addition, she suggested that the current noncompliant processes seemed to work well and did not cause any problems. She opined that in most cases, the purchasing department did a good job, but there were instances where it was better to ignore them.

Interviewee 5 expressed the view that for certain items, he or his colleagues were better qualified to choose suppliers and negotiate prices, particularly in the case when A-parts were too complex to clearly specify them and to get the purchasing department involved in the purchasing process at an early stage. According to him, he and his colleagues either selected the supplier and allowed the purchasing department to negotiate the price, or they selected the supplier and negotiated the price. Interviewee 5 claimed that the main reason he participated in the purchasing process was the qualification level of the purchasing department and its lack of speed and efficiency. He also claimed that he did not feel that it was considered truly bad or negative in his company to be a maverick buyer; he mentioned that everyone knew what he and his colleagues did, and they never had a problem because of it. Finally, he reported that he sometimes made purchasing decisions to ensure that he met his own goals for project completion, quality improvement or cost savings. He opined that his own goal achievement would sometimes be threatened if he turned over purchasing activities to the purchasing department.

6.1.5 Corporate Response and Compliance Climate

Question 5: 'Please describe your company's response when employees other than purchasing employees make purchasing decisions'.

Question 5 explored the response of corporations to noncompliant behaviour in the area of purchasing. Overall, it seemed that participants felt that noncompliance in purchasing is not considered unacceptable by corporations; rather, based on the evidence, it appears to be largely tolerated. Other than selective instances in which two of the companies attempted to limit maverick buying by installing spend management software, none of the interviewees described any efforts by their companies to limit noncompliance in purchasing. None of the interviewees

expressed fears of any repercussions for participating in the purchasing process without formally being approved to make supplier selection- or purchasing decisions. This finding seems rather unusual, as the current scientific literature gives the impression that maverick buying is an issue that is actively tackled by corporations and public institutions alike (Kauppi & Raaij, 2014; Moosmann & Fröhlich, 2014; Moosmann & Sarikaja, 2014; Scott et al., 2018). One can only speculate why the topic of noncompliance was not perceived as being more important to the participants' companies. It may be that noncompliant purchasing activities are not really seen as negative for these companies, that noncompliance is seen as value adding for companies, or that the corporate leadership is not aware of its occurrence or scope.

To explore this issue in a bit more detail, in agreement with his supervisors, the author decided to contact the executive management of the companies where the five interviewees worked and enquire about their stance on compliance in general and purchasing compliance in particular. The intention was to contact the corporations' CEOs by phone and hold short telephone interviews. Other than interviewee one, who was himself the CEO, all the other companies referred the researcher to executive staff units to help with answering the questions. Table 21 summarises information regarding the interviewees' responses.

Table 21. Interviewees for the topic 'corporate response'

	Time with the company, nationality, function	Summary points
<i>Company 1 - Interviewee 6</i>	<i>same interviewee as interviewee 1; he is the CEO</i>	<ul style="list-style-type: none"> • Noncompliant purchasing behaviour and maverick buying is not permitted • Not aware of any initiatives to eliminate the phenomenon • More important issues to worry about in relation to purchasing • Noncompliant purchasing is a purchasing department issue, not a corporate issue

<p>Company 2 - Interviewee 7 (works for the same company as interviewee 2)</p>	<p>Assistant to the CEO, 3 years with the company</p>	<ul style="list-style-type: none"> • Compliance is important to the company • Well informed of all compliance issues, but purchasing compliance is not one of them • Purchasing compliance is considered a departmental issue
<p>Company 3 – Interviewee 8 (works for the same company as interviewee 3)</p>	<p>Manager, Strategic Initiatives, 5 years with the company</p>	<ul style="list-style-type: none"> • Compliance is an important issue to the company • No tolerance for employees who act noncompliant in any instance • Compliance seen as an ethical issue and is covered in the code of conduct issued by the company
<p>Company 4 – Interviewee 9 (works for the same company as interviewee 4)</p>	<p>Head of Corporate Compliance, 12 years with the company</p>	<ul style="list-style-type: none"> • Compliance is a topic of high importance to the company • Many changes in the way the company sees compliance • Purchasing compliance is not one of the focus areas of the compliance effort
<p>Company 5 – Interviewee 10 (works for the same company as interviewee 5)</p>	<p>Assistant to the CEO, 8 years with the company</p>	<ul style="list-style-type: none"> • Was aware of a spend management program to improve compliance when purchasing of-office supplies and C-items • Purchasing compliance is the responsibility of the purchasing department, no corporate involvement in this issue

Interviewee 6 was in fact interviewee 1. It was decided that he should be contacted one more time in order to see if he wanted to expand on his previous answer concerning his company’s response to noncompliant work behaviour. He restated his opinion that maverick buying and noncompliant work behaviour in general was not permitted on the part of the purchasing department, as well as his previous remark that there was a current initiative to increase spend compliance in terms of adhering to existing framework contracts. He also stated that he was not aware of any additional initiatives or projects that focussed on this issue. He mentioned that several high-profile purchasing issues were being worked on by the purchasing department with the support of an external consulting company; however, these issues did not relate to maverick buying. He reiterated the view there are more important issues in the area of purchasing at the moment than maverick buying, such as low-cost labour sourcing and supplier partnerships. In his opinion, it was the responsibility of the purchasing department to ensure that existing

contracts were used and that it was involved in the new product development process. According to him, the compliance topics that were currently the focus of top management were issues relating to mobbing, sexual harassment, and corruption in the company's Eastern European operations.

Interviewee 7 stated that she thought herself to be very well informed on all current compliance topics; however, none of them related to the area of purchasing and supply management. She stated that there might be departmental issues that the Vice President of Purchasing and Supply Management might work on at the moment; however, these issues had not received any attention by the CEO or any members of the board. Nevertheless, she stated that compliance was very important to the company. She claimed that compliance topics not only received a great deal of attention from company leadership but were also something that the customer base was demanding from the company. According to her, compliance topics not only can have an important impact on the reputation of the company, but they also have the potential to result in costly lawsuits if they are not addressed pro-actively. As she expounded, industry specific compliance and ethics issues, such as the emissions scandal at Volkswagen have heightened the realization that an unawareness of compliance issues can expose the company to numerous risks, such as reputational risk or monetary risk in the form of fines. At the same time, she stated that the organisation allowed its individual departments a great deal of issue-specific freedom because top management felt that this would foster an entrepreneurial spirit in today's competitive environment.

Interviewee 8 stated that there were several companywide issues in relation to compliance that relate to ethics and legal issues. The interviewee also clarified that compliance was seen as a predominantly as a policy driven management approach. According to this interviewee, employees received regular training to make them aware of company rules and processes and to ensure that they knew what the company expected of them in terms of compliance issues. Interviewee 8 stated that the company had zero tolerance for employees who broke the law and for companies who acted unethically, whether in their company's internal dealings or when working with suppliers or customers. Interviewee 8 reiterated 'an ironclad

commitment' to conducting business in an ethical manner, and reported that part of the ethics commitment of the company is a strict code of conduct and initiatives regarding corporate social responsibility. When trying to bring the conversation back to the topic of purchasing, the interviewer had the impression that the interviewee did not really understand how noncompliance in purchasing related to the company's corporate compliance- and ethics initiatives. Upon being asked a third time if he knew of any initiatives to improve compliance and to reduce noncompliant work behaviour in purchasing, the interviewee returned to the issue of making sure that employees acted within the confines of applicable laws and legal regulations. According to him, he knew of no serious problems in this regard. It appears that the management style in relation to compliance described by the interviewee is very policy driven, with little room for individual decision-making. At the same time, it was the impression of the interviewer that this also means that any topic or issue that is not covered by the existing rules and regulations is not of interest to senior management.

Interviewee 9 mentioned that she worked closely with the CEO regarding compliance topics, and that the company had identified eight areas with necessitate the attention of senior management and the CEO:

- (1) harassment;
- (2) communication with the press;
- (3) cyber security and use of the internet at work;
- (4) creating a culture of free speech and open communication;
- (5) data privacy;
- (6) whistleblowing;
- (7) triple bottom line business management; and
- (8) lobbying and working with public administration.

According to this interviewee, compliance received a lot of attention from senior management, and there was real evidence that a change of culture was taking place, as many issues on this list of eight compliance topics would not have been

addressed by company leadership a few years ago. However, none of these topics touched on the area of purchasing. The respondent mentioned that she and the CEO always had an open ear for everyone in terms of business issues that threaten the company's profitability or reputation but claimed to have no knowledge of any issues that impacted the area of purchasing.

Interviewee 10 stated that compliance was an important issue for the company, and ensuring that employees adhere to existing rules and regulations is seen as one of the responsibilities of management. The interviewee expressed awareness that purchasing compliance was an issue for the company and he stated that the purchasing department had recently implemented a spend management program (Ariba – see chapter 7.3.3) to improve spend compliance. He opined that the head of purchasing had all the support he needed in order to ensure that the goals laid out by top management for purchasing were being met. Apart from the implementation of the previously mentioned spend management program, which he believes to be a success, he stated that he was not aware of any other compliance issues in the area of purchasing. He reported that purchasing had achieved good savings for the organisation in recent years, and the standing of purchasing as a corporate department had increased.

Summary of Findings Relating to Company Compliance Climate

Combining these responses with the answers from chapter 5.3.7 (compliance climate), the evidence seems to indicate that purchasing compliance is not an important senior management topic in the sampled companies. In addition, employees from other departments do not appear to go out of their way to try to use existing purchasing agreements (question 1, chapter 5.3.7), nor does there seem to be an effective system or program in place to monitor compliance with existing purchasing rules and regulations or processes (question 4, chapter 5.3.7). Feedback seems to only be seldomly provided (question 6, chapter 5.3.7), and it appears common (question 2, chapter 5.3.3) and easy (question 3, chapter 7.3.7) to make purchases with little or no involvement of the purchasing department, or to involve the purchasing department only at a late stage in the purchasing process. Although

management might claim that noncompliance is not tolerated, they do not seem to consistently enforce their own rules and regulations (question 5, chapter 5.3.7).

These findings seem to support the statements made by Rothkopf and Pibernik (2016), who claimed that the elimination of noncompliance in purchasing might be unrealistic and possibly so costly that it might not make economic sense to attempt its elimination. Rather, it might even be the most economically feasible and realistic option for the purchasing department to cooperate with employees who intend to engage in noncompliant behaviour (Rothkopf & Pibernik, 2016). This also coincides with the findings of Kauppi and Raaij (2014), who found that monitoring activities by management did not result in a reduction in noncompliance. This could also explain the low attention placed on non-compliant purchasing activities by top management. Knowingly or unknowingly, management seems to sense that trying to control or eliminate noncompliance will have little success unless employees are incentivised to comply (Kauppi & Raaij, 2014; Rothkopf & Pibernik, 2016; Scott et al., 2018). It was the impression of the researcher that all interviewees, to varying degrees, felt that being too strict in terms of compliance issues might cause resentment in the employees and that it might limit the entrepreneurial spirit that employees of other departments might have regarding purchasing activities. At the same time, it was interesting to see that none of the interviewees mentioned that noncompliance in purchasing was thought to add value. However, it is the opinion of the interviewer that the interviewees were not sufficiently familiar with purchasing processes and activities to make a statement in this regard. The only exception to the previous statement relates to interviewee 6 (the same person as interviewee 1), who had previously worked as the head of purchasing.

6.1.6 Forms of Noncompliance

Question 6: 'Oftentimes we hear that there are different motivations for people outside of the purchasing department to engage in purchasing activities. These motivations might be based in the fact that people are either (1) are not aware of existing processes or framework contracts (unintentional noncompliance), (2) unavailability of parts in an existing agreement (forced noncompliance), (3) hope to do

something good for the company (well-intentioned noncompliance), (4) are aware of an existing agreement but might ignore it for no particular reason, or out of self-interest (casual noncompliance), or (5) try to harm the company (ill-intentioned non-compliance). Would you support the claim that these are the main motivations for people to engage in purchasing activities?’

As stated in section 6.1.2, there seems to be a strong relationship between the forms of noncompliance and the items purchased. Evidence from the interviews as well as from literature (Table 19, chapter 6.1.2) indicates that services are one of the items most often procured in a noncompliant fashion.

(1) Unintentional noncompliance. All interviewees claimed to have a difficult time believing that employees engaging in maverick buying did so because they were unaware of existing framework agreements. The interviewees expressed the view that information asymmetry was not one of the core causes of this type of behaviour. According to the interviewees, people wishing to purchase something, generally knew how to find out which items are on contract and which items are not on contract. They stated that this type of noncompliance happened when employees were not incentivised to use existing contracts or when they were not incentivised to find out if an item is already on contract. Interviewee two stated ‘there is no reason for me to find out what’s on contract, it’s quicker that way’. In this sense the findings align with those of Kauppi and Raaij (2014) who identified that goal congruence was one of the core reasons for this type of noncompliance. Kauppi and Raaij (2014) also stated that this type of behaviour might occur when employees are new to the company. This specific cause of noncompliance was not verified in the scope of the interviews, because none of the interviewees had personally experienced this before.

No particular types of goods or services were mentioned in the interviews as relating to this form of noncompliance. No distinction was initially made by the interviewees between A-, B- or C-parts. When asked by the interviewer if they thought that there were any items that would be more likely to be procured under this form of noncompliance, the interviewees mentioned office supplies, C-parts and other inexpensive items. This result is in line with the literature (Karjalainen et

al., 2008) which states that this form of noncompliance occurs with C-parts, office supplies and items for maintenance, repair and operations (MRO).

(2) Casual noncompliance. Subjects reported awareness of existing agreements; however, they might ignore them for no reason or simply out of self-interest (casual). All the interviewees claimed that this type of noncompliance happens quite frequently. According to them, items were purchased out of convenience and because there was no real incentive to use existing contracts or agreements and it was easier to forego existing processes than to comply with rules, regulations and policies. They suggested that there was no incentive to comply because there is no fear of any repercussions from management (chapter 5.1.5). The underlying reason for this form of noncompliance also seems to be found in missing goal congruence as described by Kauppi and Raaij (2014) as well as Rothkopf and Pibernick (2016).

(3) Forced noncompliance. The interviewees were very expressive about this topic and suggested that it was a real issue for companies. There seem to be two basic forms of forced noncompliance that were described by the interviewees, namely unavailability of parts in an existing agreement and misalignment of goals.

Interviewees stated that there were several commodity groups that were not the organisational responsibility of the purchasing department. The purchasing department was not involved in the procurement of these items or services, as they were the responsibility of other functional departments such as Marketing, Finance or Human Resources. Based on the interview results, the author tried to identify any evidence of this issue in the scientific literature. Only two sources were found that explicitly discussed a phenomenon they called 'non-traditional goods and services', which are items and services that are for the most part not the responsibility of purchasing departments, but rather overseen by other functional departments (Deloitte et al., 2005; Fearon & Bales, 1995). Examples of non-traditional items include legal services, marketing services, travel management, financial services, human resource management, consulting services, and research and development services (Deloitte et al., 2005; Fearon & Bales, 1995). Even though these commodity groups are not the responsibility of the purchasing department, their current acquisition approach can be considered a form of maverick buying under the broad

definition that was created for maverick buying in chapter 2.3. Discovering this type of maverick buying is extremely interesting, because up until now it has never been described in the context of purchasing compliance. This indicates that some forms of noncompliance in the area of purchasing are caused by issues of organisational design and organisational responsibilities. It is likely because this type of noncompliance is the result of management decisions that it has never been addressed by most companies and it has never been put in the context of being a form of non-compliant work behaviour.

According to the literature discussed in chapters 2.6 and 2.7, not having the purchasing department involved in the purchase of the previously named services results in several disadvantages, beginning with lost corporate competitiveness and overall diminished corporate performance (Bretzke, 2008; Chick, Huchzermeier, & Netessine, 2014; Gollan, Kalfa, Agarwal, Green, & Randhawa, 2014). Many analysts have described higher purchasing prices, lost economies of scale, increased processing costs and administrative work as well as uncoordinated purchasing activities as the results of noncompliance in purchasing (e.g., Aichbauer & Seidel, 2006; Duffy 2003; Leenders & Johnson, 2002; Lonsdale & Watson, 2006; Moosmann & Sharikaya, 2014; Wannenwetsch, 2012). This type of maverick buying warrants future research.

The other form of forced noncompliance described by the interviewees occurs when purchasing goals and personal- or departmental goals of the purchasing department and the requestors of an item or service are in conflict. Interviewees described cases where a conflict in goals, like speed vs. price, or quality vs. price caused them to ignore regular purchasing processes and policies and purchase an item by themselves. This also seems to mirror the forms of noncompliance described by Karjalainen (2008) or the issue of goal incongruence described by Kauppi and Raaij (2014) as well as Rothkopf and Pibernick (2016). While the findings indicate that this form of noncompliance could occur with any type of item or service, it seems that it was more common with A- and B-parts and not so much with C-parts. The interviewees also mentioned that this second type of forced noncompliance was very closely related to the next form, well-intentioned noncompliance. An

interesting aspect that would be worth further exploration is whether there could be a discretionary component of noncompliance based on a risk assessment methodology. Based on the empirical evidence, it seems like the interviewees were considering risk in their evaluation of whether they should procure goods or services. Interviewee five mentioned that 'it would be too risky to allow purchasing to select the supplier'. However, there was no evidence that a structured risk management evaluation takes place as part of the decision to make a purchase.

(4) Well-Intentioned. Well-intentioned noncompliance was another very common form of maverick buying mentioned by the interviewees. Employees engaging in this type of behaviour hope to benefit their company. According to the interviewees, this form of noncompliance happened most often when procuring services, or when selecting suppliers, often development partners, for a-parts.

This finding seems to be in line with the results of the literature review. The empirical evidence from the interviews indicated that services and the previously discussed non-traditional procurement fields are particularly prone to be purchased in a noncompliant fashion. Services differ greatly from those of the goods, which are usually clearly defined, limited and described; their defining characteristics are intangibility, heterogeneity, inseparability, and non-storability (Hallikas et al., 2014; Kißling, 1999). Often, services are referred to as 'intangible objects', and an associated challenge is that many services can only be provided in cooperation and in direct contact between the buyer and the service provider (Corsten, 1990; Hilke, 1989; Meyer, 1991). Because the buyer is not the requestor of the product, but rather an agent of the requesting functional department, selecting the best supplier becomes challenging. The intangible quality of services also complicates their purchase, and the performance of the purchase in relation to the service provided is often difficult to measure (Jahns & Hartmann, 2006; Valk & Rozemeijer, 2009), which is among the most common reasons why noncompliance occurs in service purchasing (Smeltzer & Ogden, 2002). For example, the procurement of marketing services is prone to noncompliant practices (Blaj, 2006), and the need to be creative regardless of the cost is commonly mentioned as a reason for the lack of cooperation between the procurement- and marketing departments (Jahns & Hartmann,

2006). While no one from a corporate marketing department was interviewed for this thesis, similar arguments were brought forth by the interviewees regarding the existence of well-intentioned noncompliance. For example, it was suggested that the Research and Development department would be better able to determine which development service or which component would be able to better satisfy the needs of the end customer than the purchasing department.

The increased complexity of specifications of services compared to goods (Hallikas et al., 2014, Schmeltzer & Ogden, 2002) is another distinguishing feature that can help to understand the existence of noncompliance in purchasing. This is also true when selecting A-parts suppliers in the new product development phase. Specifications for products are not finalised; thus, the selection of a supplier for a-parts in the development process is more like service procurement than it is to the purchase of traditional goods. Schmeltzer and Ogden's study (2002) found that 62% of buyers considered the purchase of services to be more complex than the acquisition of goods. In other words, the easier it is to define the specifications of the product (whether a service or a real good), the easier it is to handle the complexity of a product (Schmeltzer & Ogden, 2002). The complexity of services purchasing can easily lead to the agency problem of moral hazard on part of the supplier (Ellram et al., 2004), as the requestors of these services might feel that they are better prepared to evaluate a service offering than the purchasing department. In addition, service pricing, which is often flexible, and service contracts, which often run for several years, highlight the higher degree of complexity of service purchasing vs. goods purchasing (Ariba, 2004). Employees working in Research and Development or Engineering might be tempted to make purchasing decisions because they are convinced that they are better able to determine the best supplier for the company.

Smeltzer and Ogden (2002) proposed the implementation of cross-functional teams and the improvement of skills among buyers as a solution to these complexity problems. All the challenges mentioned above often arise because services are managed and purchased remotely and outside of traditional purchasing processes (Ellram et al., 2004). The empirical evidence from the interviewees clearly

indicates that the employees engaging in well-intentioned maverick buying did so because they hoped to benefit the company. Thus, in terms of service purchasing and the selection of a-parts suppliers, we have a classical situation of information asymmetry.

(5) Ill-Intentioned – Some employees may try to harm the company. All the interviewees denied ever having witnessed ill-intentioned buying behaviour and claimed to have a hard time believing that someone would intentionally harm their company by buying from a blacklisted supplier or selecting an ill-fitting supplier. However, the interviewees stated that they imagine someone knowingly accepting a negative effect for their own company based on a purchasing decision, and the example that was quoted was corruption, i.e., the selection of an ill-fitting supplier, because of personal gain. Although a larger sample would be needed to confirm this, the empirical evidence from the interviews suggests that this form of maverick buying might be more common in the public sector than in the private sector. The five forms of maverick buying used here were first introduced by Karjalainen in 2008 based on a survey with the Finnish government, and many of the other publications that examined this form of maverick buying also looked at purchasing through the lens of public procurement (e.g., Karjalainen et al., 2009; Kauppi & Raaij, 2014). Generally, public employees are less likely to switch jobs than private sector employees. Based on the empirical evidence's inability to discover any first-hand accounts of ill-intentioned noncompliance, it is impossible to make any definitive statements concerning the underlying reasons for this type of noncompliance in purchasing. It may be possible that disgruntled private sector employees will simply leave the company if they are unhappy, whereas public sector employees may remain and project their frustrations by acting in a manner that intentionally hurts their organisation. In any case, the topic of ill-intentioned noncompliance warrants a more detailed exploration than was accomplished in this work. The area of ill-intentioned noncompliance in purchasing certainly has the potential for more detailed research in the future.

6.1.7 Analysis Summary of the General Questions

Based on the interviews, some conclusions can be drawn about the items being bought in a noncompliant fashion and the corporate response to noncompliance. These learnings give a good indication of maverick buying in the German manufacturing sector and as such can form the basis for further exploration of the topic. Table 22 summarises these conclusions by matching the previously discussed forms of noncompliance in purchasing as described by Karjalainen (2008) to three core characteristics that were identified in the interviews. These characteristics are, frequency of occurrence, the types of good or service procured and the management approach that was mentioned to remedy the phenomenon. The last column shows if the findings were empirically validated in the scope of the work. For example, line one looks at the phenomenon of unintentional noncompliance in purchasing. The empirical evidence indicates that this form of noncompliance happens rather rarely. If it does occur, it is generally c-parts that get purchased in a noncompliant way, but other goods and services might also be procured in this way. The empirical evidence from the interviews indicates that the predominant reason for this form of noncompliance are alignment issues. The noncompliant buyer is not incentivised to act in a compliant fashion. Casual noncompliance on the other hand happens rather frequently and it is predominantly c-parts and other inexpensive items that get purchased in a noncompliant fashion. The empirical evidence suggests that the main reason for this form of noncompliance are alignment issues.

Table 22. Characteristics and remedies for specific forms of noncompliance

Form of non-compliance	Frequency of occurrence	Item/service specific	Management approach/ remedy	Empirically validated in the scope of this work
Unintentional noncompliance	Rare	(1) C-Parts (2) All goods and services	(1) Goals alignment	Yes
Casual noncompliance	Often	(1) C-parts (2) Inexpensive items	(1) Goals alignment	Yes
Forced noncompliance	Often	(1) Non-traditional purchasing items (2) Services	(1) Organisational changes (2) Alleviation of information asymmetries (3) Goals alignment	Yes

Well-intentioned noncompliance	Often	(1) Services (2) A-Parts	(1) Alleviation of information asymmetries (2) Goals alignment	Yes
Ill-intentioned noncompliance	Almost never	n.a.	(1) Goals alignment?	No
	Interviewees did not experience this form of noncompliance by themselves. Therefore, no first-hand accounts of this form of noncompliance could be recorded.			

Chapter 6.1.1 through chapter 6.1.7 discussed and analysed the results from the interviews in detail. Table 23 below provides a very brief overview of the main outcomes of the analysis of the general questions.

Table 23. Key points from the analysis of the introductory interview questions

General questions	Key conclusions
Purchasing behaviour overview	<p>Maverick buying seems to be a regular occurrence in the companies that the interviewees came from.</p> <p>This appears to suggest that maverick buying might also be a common phenomenon in other manufacturing companies in Germany. It seems to suggest that previous approaches aimed at limiting maverick buying were not very successful.</p>
Purchased items	<p>Based on the interviews, it appears that A-, B- and C-parts are being affected by maverick buying. Production-oriented material as well as office supplies and other non-production goods and services are being bought outside of established processes.</p>
Purchasing frequency	<p>Maverick buying seems to be a common occurrence in the daily operations of manufacturing businesses in Germany.</p>
Motivation for non-Compliance	<p>Analysis of the interviews yielded the result that the motivations to participate in the purchasing process varied widely.</p> <p>Motivations to engage in maverick buying also differed by what items were being purchased.</p> <p>It seems that the motivation to participate in the purchasing process for A-parts seems to be predominantly based in the fact that the employees making purchasing decisions feel that the purchasing department is either not qualified to select the best supplier or that the purchasing department is too cost driven.</p> <p>The purchase of B- or C-parts seems to be predominantly motivated by the ease of acquiring these products or the unawareness of existing processes or contracts.</p> <p>Table 20 above tries to group the different motivations for maverick buying into the different categories detailed by Karjalainen (2008) and differentiate by A-, B- and C- parts.</p>
Corporate response and compliance climate	<p>Purchasing Compliance and maverick buying do not seem to be a major concern of the executive management level in the companies that the interviewees came from.</p> <p>Compliance is considered to be an important management topic. However, purchasing compliance and maverick buying are seen as purchasing issues that do not receive executive management attention.</p> <p>Based on the interviews, maverick buying seems to widely accepted.</p>
Forms of noncompliance	<p>(1) unintentional, (2) forced, (3) well-intentioned and (4) casual maverick buying were personally experienced by the interviewees.</p> <p>None of the interviewees stated that they had personally engaged in (5) ill-intentioned maverick buying.</p>

	The types of maverick buying first introduced by Karjalainen in 2008 can serve as the basic framework to classify and understand maverick buying in Germany.
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6.2 Organisational Design and Maturity

Chapter 3.2 analysed maverick buying from the perspective of organisational design and process maturity. It also laid the groundwork for the design of the interview questions that were developed in chapter 4.6.1 to better understand the phenomenon of maverick buying. While chapter 5.2 presented the findings of the interviews, chapter 6.2 will now analyse the interview outcomes in relation to organisational design and maturity.

6.2.1 Headcount

Question 7 asked: Do you think that there are enough people working in the purchasing department to complete all the tasks assigned to them?'

Four of the five interviewees suggested that the purchasing department would benefit from additional people, which would help to support the increased cooperation efforts between purchasing and its partner functions which all interviewees feel would be necessary. Although a larger empirical sample is needed to confirm the findings, this result indicates that the maturity levels of the interviewees' purchasing departments are not yet at an optimal level, which aligns with Schotanus et al. (2011), who suggested that there is a direct correlation between headcount and purchasing maturity, as well as Zheng et al.'s (2006) view of the need for additional purchasing people as the strategic focus of the purchasing department increases. The interviewees' responses also seemed to highlight insufficient headcount as a factor that can contribute to noncompliance in purchasing activities. Interviewee three suggested that additional people would support cooperation activities, and Interviewees four and five opined that a larger headcount could ensure that the purchasing department can support other functional departments in working with- and selecting fitting suppliers.

6.2.2 Skillset, Solution and Tools, Clerical vs. Strategic Activities

Question 8: 'Do you think that the skillset of the people working in the purchasing department is adequate to be able to complete all the tasks assigned to them? Are they professionals?'

Overall, the empirical evidence suggested that the interviewees were content with the skills, solutions and tools of the purchasing department. The only dissenting opinion was presented by Interviewee 2, who suggested that the skillset of purchasing was inadequate to effectively work with people from the research and development department. Zheng et al. (2006) noted that education and skill profiles are changing along with the increasing importance of purchasing in corporations; however, the participants' companies seem to be keeping pace, as the remaining four interviewees did not express any issues with the qualifications of purchasing employees or the solutions and tools used by them. This is important because good purchasing skills and adequate solutions and tools of the purchasing department have been cited as indicators of a high level of purchasing maturity (Batenburg & Versendaal, 2008; Schiele, Ernst, & Steinle, 2014), which in turn has been proposed to have a positive effect on purchasing compliance (Beamish et al., 2014). Quite naturally, a higher level of strategic activities of the purchasing department also has been found to have a positive effect on purchasing performance (Gelderman & van Waele, 2005; Johnson et al. 2002; Narasimhan & Das, 2001; Zheng et al. 2007), as well as indicating high level of purchasing maturity (Batenburg & Versendaal, 2008). Chapter 3.2 also examined the relationship between cost reduction efforts and maturity and internal customer satisfaction (Foerstl, et al., 2013; Koivisto, 2013). Given the general satisfaction expressed by all interviewees with the three items, namely (1) skillset, (2) solutions and tools and (3) clerical vs. strategic activities, it is interesting to see that they also described noncompliant behaviour as being to be very common in their companies. Based on the analysis of previous literature, one could have assumed that noncompliant purchasing activities would be rather low under those conditions. Schiele et al.(2014) stated that only a purchasing department that has reached a certain level of maturity can add value

for corporations, and that if the maturity level has not reached a minimum level, it does not matter who conducts purchasing activities, because the purchasing function is not yet able to add value for the corporation. The interviews conducted in the scope of this work lead the author to believe that a low level of purchasing maturity, i.e., a low level of professional skill, inadequate solutions and tools, and a purchasing department that is too clerical in its activities may almost foster non-compliance. However, a high level of purchasing maturity is not guaranteed for high levels of compliance. In this sense, this finding seems counter to the findings of Beamish et al. (2014) who saw a positive correlation between compliance and maturity.

6.2.3 Responsibility for Purchasing Volume

Question 9: ‘In your opinion, what percentage of spend is really managed by the purchasing department (i.e., they make the supply decision)?’

The next question asked interviewees their opinions about the responsibility of the purchasing department in relation to the company’s purchasing volume which is truly managed by the purchasing department.

Current literature suggests that noncompliant purchasing volumes as a percentage of total spend can account for as much as 70%, with an average somewhere around 40% of total purchasing volume.

Table 24. Noncompliant spend as a percentage of total spend

Author	Noncompliant spend as a % of purchasing volume	Material group (commodity) surveyed in the article
Scott et al. (2018)	24-50%	Total purchasing volume
Rothkopf and Pibernik (2016)	35-50%	Total purchasing volume
Moosmann and Fröhlich (2014)	30%	Total purchasing volume
Moosmann and Sarikaya (2014)	30%	Not named
IBM Corporation (2013)	70%	Total purchasing volume
Wannenwetsch (2012)	30%	Total purchasing volume

Institut für Transportwirtschaft und Logistik and Spring Procurement GMBH (2010)	24%	Total purchasing volume
Aichbauer and Seidel (2006)	30 %	C-parts
Lonsdale and Watson (2006)	50 %	Total purchasing volume
Overall	24-70%	

As shown in section 5.2.3, interviewees estimated noncompliant spend as a percentage of total spend to be somewhere between 30 to 65%, which roughly corresponds with the data in Table 24. These numbers seem high, particularly since most authors agree on the increased importance of the purchasing function and its positive impact on corporate performance (Baily et al., 2015; Monczka & Markham, 2007; Scotti, 2007; Stevenson, 2017). These percentages persist despite efforts in recent years by many companies to centralise purchasing responsibilities and achieve economies of scale (Monczka & Trent, 1998; Rozemeijer et al., 2003; Schotanus et al., 2011). Given that most interviewees stated that they often selected A-part suppliers and then had the purchasing department negotiate prices and signed framework agreements with these suppliers, the real number of noncompliant spend as a percentage of total spend may be more than 50%.

6.2.4 Level of Integration

Several questions (Q 10 – Q 14) tried to determine the level of integration and cooperation between the purchasing function and other functional departments.

Question 10: 'Is purchasing recognised to be of equal standing compared to other corporate functions?'

Question 11: 'Do you feel that the level of cross-functional cooperation and integration between the purchasing function and other functional departments is adequate?'

Questions 12: 'Are purchasing processes well established and known by other departments?'

Question 13: 'Is purchasing seen as a value-added function by other departments?'

Question 14: 'Are purchasing processes transparent and known by other departments?'

Interviewees were asked about their impression if purchasing is recognised as being equal with other corporate functions. This question was asked because it serves as an indicator of perceived purchasing maturity. Interviewees were also asked if they felt that the extent of cross-functional cooperation and integration between the purchasing department and other functional departments was adequate and if they feel that purchasing processes are well established and known the other departments?

While most interviewees claimed that the purchasing function is being recognised as an equal and important function with other major departments, there seemed to be some disagreement as to what the responsibility of the purchasing function should be, i.e., supplier selection, price negotiations, supplier management, or all these tasks.

The responses from the interviewees showed a wide range of opinions on cross-functional cooperation. Whereas some indicated that cooperation was adequate or good, others saw room for improvement. This is important because cross-function integration and joint decision making seem to be key aspects of purchasing maturity (Carter, Kale, & Grimm, 2000a; Gelderman & Weele, 2005; Narasimhan & Das, 2001; Weele and Rietveld, 1999). Looking at all the questions regarding the issue of level of integration, it seems that cross-functional integration and joint decision making formed an area where interviewees felt that the purchasing department had the most room for improvement.

The interviewees stated that purchasing was generally seen as value-added and overall purchasing processes were known by them. At the same time, the interviewees also suggested that a large percentage of maverick buying occurs because they were convinced that the purchasing department is not always qualified to select the correct suppliers (chapters 5.1.4 and 5.1.6). This implies that in the

opinion of the interviewees, other departments as well as the purchasing department have function-specific skillsets that can benefit the company. Nonetheless, it is important to realise that this does little for the company and its competitiveness if cross-functional cooperation is lacking, in other words, if the purchasing department and other functional departments do not cooperate to select the best and most suitable suppliers.

6.2.5 Centralisation vs. De-centralisation

Question 15: 'Is the structure of your company's purchasing department more centralised or more decentralised?'

All the interviewees described the organisational set-up of the purchasing function as a mix of centralised and decentralised with tendencies towards a more centralised structure. These answers align with studies observing trend towards hybrid organisations with a more centralised orientation (Crichton et al, 2003; Fearon & Leenders, 1996; Weele & Rozemeijer, 1996; Zheng et al., 2007). The degree of centralisation is generally considered to be an indicator of purchasing performance, such that the higher the degree of centralisation, the better the performance of the function (Johnson et al., 2002; Schotanus et al., 2011). The degree of centralisation is also considered an indicator of purchasing maturity (Karjalainen, 2011), and is supposed to be conducive to lower levels of noncompliance in purchasing (Beamish et al., 2014). That high levels of maverick buying were described by the interviewees despite their perception of their companies' tending toward being more centralised purchasing organisations is surprising, as Karjalainen (2011) links a higher degree of centralisation to lower levels of noncompliance in purchasing.

6.2.6 Clerical vs. Strategic, Involvement in Strategic Planning and Purchasing Solutions and Tools

Question 16: 'Do you think of the work of the purchasing department, is it more strategic or clerical/tactical in nature?'

Question 17: 'To the best of your knowledge, is the purchasing department involved in the corporate strategic planning process?'

Question 18: 'Do you feel that the tools and systems used by the purchasing department are modern, up-to-date, and adequate to complete all the tasks assigned to the purchasing department?'

Based on the interview results, the interviewees had very little knowledge of the purchasing department its organisational design or involvement in the strategic planning processes of the company. Except for Interviewee one, who as the CEO reported knowing the level of purchasing involvement in the strategic planning process, all interviewees could only provide guesses that purchasing is involved in some form in the strategic planning process. The interviewees also seemed unfamiliar with the purchasing tools and solutions used by the purchasing department. All of them expressed the assumption that the purchasing department used adequate tools to conduct the purchasing process but were unable to name any of them other than other than the e-procurement tools discussed in chapter 5.3.1 (and yet to be discussed in more detail in chapter 6.3.1). This empirical finding is significant, because it indicates that there are indeed information asymmetries between the purchasing department and other functional departments in those companies. Information asymmetries and their impact on maverick buying will be discussed in detail in chapter 6.4.

6.2.7 Analysis Summary of Organisational Design and Maturity

Table 25 below provides a very brief overview of the main outcomes of the analysis of the questions about organisational design and maturity.

Table 25. Key points from the analysis of the interview questions about organisational design and maturity

Interview items	Key conclusions
Headcount	Based on the interviews, one could infer that the partner functions of the purchasing department feel that the number of purchasing employees are generally considered to be too low.
Skillset, solutions and tools	After the analysis of the interviews, one could conclude that the skills as well as the solution and tools of the purchasing department are adequate to conduct purchasing activities.

	This might mean that the underlying causes for maverick buying are not to be found by looking at these items, but rather might be grounded in issues relating to incentive alignment or information asymmetries.
Responsibility for purchasing volume	Maverick buying seems to be responsible for a very high percentage of the interviewees' company spend, upwards of 30%. Based on the interviews, one might deduct that maverick buying is an accepted way of acquiring goods and services in German manufacturing companies.
Level of integration	It appears that among interviewees, the purchasing department is generally thought to be an important and value-adding organisational unit. At the same time, the interview findings might indicate that in those cases, corporate departments other than purchasing are uncertain if the purchasing department should only be responsible for price negotiations and supplier management or if the purchasing department should also select suppliers. This seems to be particularly true for the selection of A- part suppliers.
Centralisation vs. de-centralisation	While centralisation has been identified in literature (chapter 4.6.1) to be aid in controlling maverick buying, the collected empirical evidence from the interviews does not seem to lead to this conclusion. Maverick buying seemed to be common for all interviewees, yet, they all worked at companies with a more or less centralised purchasing structure.
Clerical vs. strategic, involvement in strategic planning, purchasing solutions and tools	Based on the interviews, one might assume that the partner functions of the purchasing department have very little factual knowledge of the purchasing department. Statements about clerical vs. strategic activities, solutions and tools, or the involvement of purchasing in the strategic planning process seem to be predominantly based on opinion and perceptions.

6.3 Alignment and Incentives

The second core construct that has been identified in literature (chapter 3.3) to explain maverick buying was the construct of alignment and incentives. Chapter 6.3 will now analyse the interview outcomes in relation to this construct.

6.3.1 E-Procurement Tools and Systems

Question 19: 'Do you have access to purchase certain items through electronic systems in the form of e-procurement, desktop purchasing tools or online catalogues?'

According to the interviewees, it was common to make purchases of B- and C-parts using desktop purchasing systems, online catalogues or other e-procurement tools. Two interviewees also mentioned that they used company internal e-

procurement systems for travel management. Apart from being an indicator for purchasing maturity (Schotanus et al., 2011), e-procurement is also mentioned in the literature as a remedy for non-compliant purchasing behaviour because it eases and speeds up the purchasing process, which makes it very user-friendly (Cuganesan & Lee, 2006; Karjalainen et al., 2009). Although e-procurement might certainly limit the extent of noncompliance in purchasing, it will not eliminate it. The items most commonly available through e-procurement systems are inexpensive C-parts, such as electronic catalogues or desktop purchasing systems (Scott et al., 2016; Weele, 2005). While all interviewees reported that they use e-procurement systems on a regular basis, they also stated that they procure C-parts in a noncompliant fashion on a regular basis. When looking at the forms of maverick buying as discussed in Chapter 2.6.1, the form of noncompliance that was described by the interviewees was casual noncompliance. Based on existing literature (Cuganesan and Lee, 2006 and Karjalainen et al., 2009), the availability of e-procurement tools and systems would be expected to eliminate, or at least severely curtailed this behaviour. While it was impossible to determine the levels of non-compliant purchasing behaviour in the interviewees' companies prior to the introduction of e-procurement tools and systems, the empirical evidence suggests that e-procurement certainly does not eliminate this type of behaviour. Analysing the results of the interviews suggests that apart from issues of pure convenience, there are certainly other reasons which lead to noncompliance in purchasing, such as Reward System Alignment (Chapter 5.3.3) and Information Asymmetry (chapter 5.4).

6.3.2 TCO Tools and Systems

Question 20: 'Do you feel that the purchasing department uses a total cost approach when selecting suppliers?'

Current literature identifies total cost decision-making as an exceedingly important element of an advanced and mature purchasing department (Schotanus et al., 2011; Scott et al., 2018). In that light, the empirical evidence from the interviews was interesting because, for one, it indicated that the interviewees felt that their respective companies purchasing departments operated in a very professional

manner. Based on the literature (Schotanus et al., 2011; Scott et al., 2018), this would imply that the purchasing departments are advanced and mature, and therefore adopt a total cost perspective in their decision making. However, all interviewees also stated that their respective purchasing departments seemed to make purchasing decisions predominantly based on price. Of course, the answers from the interviewees might be subjective and not necessarily entirely based in fact; nevertheless, this impression on the part of the interviewees would naturally also influence their cooperation approach with the purchasing department. Wouters et al.'s (2005) view that purchasing departments are often unfamiliar with using a total cost approach in the purchasing process seems to be true here. The assertion that many purchasing departments still use predominantly a price-based supplier selection approach (Wouters et al., 2005) seems to be confirmed by the interviews.

The interviews also hinted at the next item, reward system alignment (question 21, which is discussed in chapter 3.2.1: Measurement of Purchasing Performance). Many interviewees expressed a perception that the strict cost focus of the purchasing department might be caused by their goal agreements with management. Interviewee 1 even stated this directly, claiming that a purchasing manager who misses their savings targets for three years in a row would get replaced. Although the use of a total cost approach might support strategic supplier selection and management, purchasing managers might not be inclined to use it because it could threaten their careers with the company. This is an important finding, because it might explain why all interviewees, including Interviewee 1, suggested that the purchasing department was not always the best choice when selecting suppliers, as purchasing might be too focussed on cost reductions and ignore other aspects such as quality, delivery flexibility or product development support. This item is also very closely related to the interview item 'measurement of purchasing performance', which will be discussed in chapter 6.3.5.

6.3.3 Training

Question 22: 'Is the training you have received in terms of purchasing processes and rules adequate?'

Question 23: 'Is the training purchasing employees receive, regarding your department's goals and initiatives adequate?'

The first question regarding training focussed on the familiarity of the employees of other departments with the processes and rules of the purchasing department. All the interviewee claimed to be quite familiar with purchasing processes and regulations, and that the training they had received was adequate, whether it was formal or informal. That this did not seem to deter them from acting in a noncompliant manner in terms of purchasing activities might point to other challenges, most likely the issue of goal congruence. Given that training and the alignment of training topics with the needs of other departments were mentioned as indicators of how much the purchasing department is integrated with other departments, this seems to be as much a prerequisite of purchasing compliance as the items of total cost approach and long-term planning; however, without aligned goal- and reward systems, it does not seem to be very effective.

Question 23 asked the interviewees if they believed that the training purchasing employees received regarding their departments goals and initiatives was adequate.

Four out of five interviewees indicated that purchasing employees do not receive any formal training to familiarise them with the goals and initiatives of other departments. The issue described here is one that is a central theme for Schubert (2015) in his book about internal customer orientation, in which he asked how it would be possible for corporate departments to cooperate and support each other in achieving departmental goals if they are unaware of what the goals of their partner functions are. Unawareness of the goals of other departments can lead to conflict and adversarial relations, and it increases the risk that the output of the company will not match the needs and wants of the final customer (Schubert, 2015).

Considering the responses to both questions, there seems to be a need to increase training efforts for the employees of the interviewees' purchasing department as well as employees of their respective partner functions.

6.3.4 Long-term vs. Short-term Orientation

Question 24: 'Do you feel that the purchasing department is adequately balancing short- and long-term goals of the company?'

Having a long-term orientation is important when developing a purchasing department with a truly strategic focus (Carr & Schmeltzer, 1999; Chen & Paulraj, 2004). Long-term orientation is also an indicator for purchasing maturity (Schiele et al., 2014), and it can be a factor that supports intra-departmental cooperation.

The interviewees clearly expressed the perception that purchasing's partner functions feel that there is a significant discrepancy between their own departments temporal outlook and that of the purchasing department, such that their purchasing departments' were viewed as being too short-term in their focus. Chen and Paulraj (2004) argued that being too short-term focussed increases risk exposure and uncertainty relating to supplier selection and the management of supply relationships.

The interviewees expressed concerns that having a predominantly short-term focus will lead to quality issues, in turn to the loss of customers. The issue of losing customers seemed particularly important for Interviewees 2 and 3; however, all interviewees suggested that the short-term focus which is visible in the decision making and management initiatives of the purchasing department did not seem to be by choice, and was not caused by not understanding long term business objectives, but rather by the way that goals are set by top management. Purchasing must try to reach set goals and is therefore forced to act more with a short-term focus. Interviewee four believed that the purchasing department was one of the most short-term oriented departments in her company. If explored on a larger scale, the answers to this question could explain some cases of well-intentioned maverick buying. Employees of other departments might feel that they are acting in the best interest of the company if they make purchasing decisions, because the purchasing department might be too cost focused or too short-term oriented in their decision making.

The statements by the interviewees are important because on the one hand, many authors agree that only a long-term oriented purchasing department can realise its full potential and truly contribute to firm success (Carr & Smeltzer, 1999; Chen & Paulraj, 2004; Weele & Rozemeijer, 1996). On the other hand, all interviewees expressed the view that the short-term focus caused intra-departmental conflict and hinders effective cooperation. Carr and Pearson (1999) also pointed out that one element of the strategic relationship between purchasing goals and strategy, and corporate goals and strategy is the alignment in terms of temporal strategic focus. This aspect will be discussed in the next chapter; however, the evidence here might suggest that there seems to be a significant gap between the purchasing departments of the interviewees and the overall corporate strategy.

6.3.5 Measurement of Purchasing Performance

This item combines two topics, namely reward system alignment and strategic relationship. The author determined that it would be easier to see the relationship of these items if they are discussed together in one section, rather than discussing similar items many times over.

Question 21: 'Do you feel that the reward system of the purchasing department is aligned with the competitive goals of the company?'

Questions 25 through 27 focused on the strategic relationship of purchasing strategy, corporate strategy and the strategy of other functional departments.

Question 25: 'Do you feel that corporate strategy and purchasing strategy are aligned?'

Question 26: 'Do you feel that the goals of your department are in line with the goals of the purchasing department?'

Question 27: 'Is purchasing responsive to my needs and concerns as an internal customer?'

Based on the previous discussions about purchasing using or not using a total cost approach when selecting suppliers and making purchasing decisions, as well as the discussion about the lacking long-term focus of the purchasing department,

the discussion about the measurement of purchasing performance promised to be interesting.

Measurement of purchasing performance is a common topic in scientific literature (Chen 2004; Kauppi & Raaij, 2014; Scott et al., 2018; Zsidisin, 2003). Generally, the discussion focusses on the measurement of purchasing performance in relation to achieving corporate goals (Scott et al., 2018; Zsidisin, 2003). The alignment of departmental goals is seldom discussed (Schubert, 2015), and functional departmental goal achievement is generally not measured in relation to their efforts to support other departments in their respective goal achievement (Schubert, 2015).

The key finding in relation to purchasing performance measurement and alignment with departmental and corporate goals is that the interviewees seemed to consider overall purchasing strategy to be well-aligned with at least some aspects of corporate strategy. Based on the qualitative interviews, it appeared that most of the participants' companies aimed at reducing costs and being more competitive in the market by lowering product prices; all the interviewees mentioned that purchasing strategy supported this goal. The challenge seems to be that purchasing department goals and the resulting strategies of the purchasing department seem to be very one-sided, with a predominant focus on cost while ignoring many other aspects of the overall corporate strategy and functional strategies of other departments.

Figure 14 tries to depict this perceived misalignment between different departmental strategies that are nevertheless all based on the same corporate strategy as described by the interviewees. Companies develop their corporate strategy based on several factors. These might include but are not limited to competitor's products, prices and competencies, the external regulatory environment and company internal competencies (Scott et al., 2018; Zsidisin, 2003). As depicted in Figure 14, and described in literature (Hayes & Wheelwright, 1984; Porter, 1986), a competitive corporate strategy generally refers to achieving several objectives, such as quality, price, innovation or flexibility. Figure 14 tries to graphically depict this by showing that corporate strategy, which is positioned in the middle of the figure, is created by responding to external influences on part of customers as well as

competitors. Based on the results from the interviews, this overall corporate competitive strategy is then broken down into departmental strategies and objectives.

The interviewees expressed the view that each department is supposed to support the attainment of the overall corporate strategy and objectives by setting departmental goals that are aligned with this strategy. The empirical evidence of the interviews indicates that while departmental strategies might be aligned with the overall corporate strategy, there appears to be misalignment of the individual departmental strategies. Interviewee 2 stated that two exemplary goals of their department are improvements in quality and dependability. These goals are in line with the overall corporate strategy. He also pointed out that one of the key goals of the purchasing department are cost reductions. He opined that reducing costs, while at the same time increasing quality and dependability are in many cases mutually exclusive. According to him, in order to ensure that he meets his department's goals, he is forced to exclude the purchasing department from the supplier selection process to ensure that the supplier with the highest quality gets selected. He pointed out that he knows that the purchasing department's goal of cost reductions is in line with overall corporate goals; however, he must ignore this if he wants to ensure that he and his department meet their goals. Figure 14 tries to graphically depict these empirical findings by showing that a corporation's competitive strategy is often based on competitive priorities like quality, time, flexibility, innovation, dependability and price. The empirical evidence suggests that these competitive priorities are then used to develop functional strategies. For example, the item of price is used to develop a purchasing strategy that focusses on purchasing price reductions, the items of quality and flexibility might be used to develop a new manufacturing strategy, and the item of innovation might be used to develop a new research and development strategy. The green check-marks are intended to symbolise that the individual functional strategies are thus in line with the priorities of the overall corporate competitive strategy. The evidence from the interviews suggests that the problem arises when checking for the alignment of the individual departmental strategies. While the strategy of the purchasing department is in alignment with the corporate strategy, it might not be in alignment with the strategy of

the manufacturing department. Trying to reduce prices (purchasing strategy), while at the same time increasing quality (manufacturing strategy) might lead to interdepartmental conflict and can lead to noncompliant purchasing behaviour. The red check-marks intersecting the arrows between the individual departments try to graphically depict this horizontal alignment conflict.

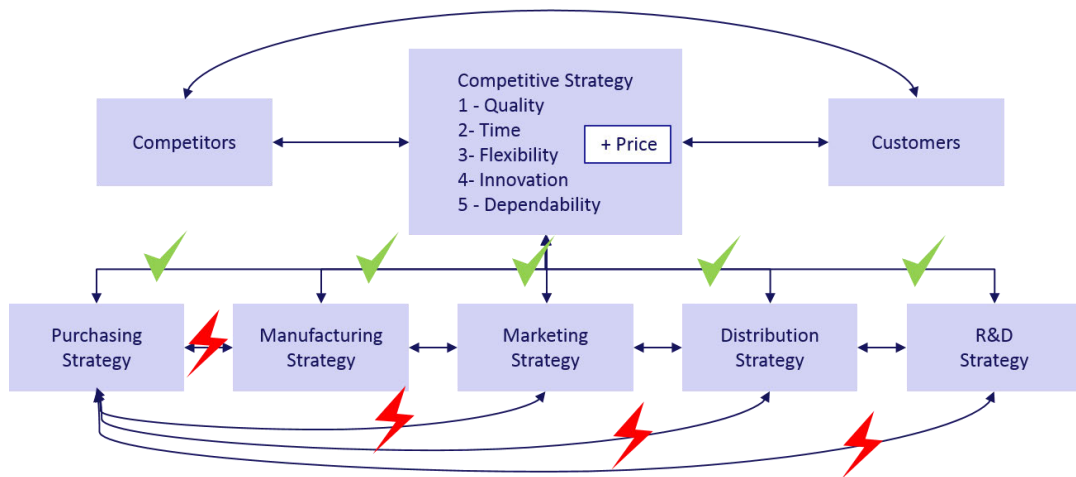


Figure 14. Areas of misalignment between corporate and functional strategies

These interview findings seem to be in line with conclusions of several researchers who have warned that functional strategies must be in support of- and in alignment with corporate strategy (Hayes & Wheelwright, 1984; Porter, 1986). The interviewees felt that their respective purchasing departments did a fairly good job in ensuring functional strategic alignment between functional departmental goals and corporate strategy. However, based on the interviews, the author concludes that the interviewees felt that the second suggestion that departmental strategies must be aligned (Hayes & Wheelwright, 1984; Watts et al., 1992) was not fulfilled. To further reaffirm this assertion, one can review the interview question 26: 'Do you feel that the goals of your department are in line with the goals of the purchasing department?' Whereas some interviewees indicated that there were some areas of agreement, they all suggested that there was considerable room for improvement. For example, the interviewees stated purchasing goals are in misalignment with their own departmental goals and that there is a lot of room for improvement in terms of inter-departmental goal alignment.

Although misalignment of goals and strategies might be acceptable if purchasing processes and goals would be flexible and could be adjusted from time to time on an as-needed basis, the interviewees felt that purchasing did not care about their departments' needs and did not really see them as company internal customers. Given that individual departments seem to have difficulty in perceiving other corporate departments as internal customers was also noted by Schubert (2015) and is seen as a considerable challenge in intra-departmental cooperation. Based in the empirical evidence, purchasing is seen to be self-centred, concentrated entirely on its own goal achievement. In the interviewees' expressed opinions, the increase in importance that purchasing has experienced in the last decades (e.g., Monczka & Markham, 2007) has at times lead purchasing to be rather arrogant when dealing with other departments. Statements such as 'purchasing determines the profitability of the company – der Profit liegt im Einkauf' signify this attitude.

Considering that purchasing goals are set by senior management and that departmental strategies are the direct result of these top-level goals, much of the fault for the evident alignment issues appears to be assigned to corporate executive management.

6.3.6 Compliance Climate

Questions 28, 29, 30, 31, 32 and 33 all focused on explaining and understanding the item 'Compliance Climate'.

Question 28: 'Do you try to use existing purchasing agreements?'

Question 29: 'Is it common to make purchases without the involvement of the purchasing department?'

Question 30: 'Is it easy to make purchases without the involvement of the purchasing department?'

Question 31: 'Does management monitor the extent to which you comply with existing purchasing processes or contracts?'

Question 32: 'Does management make it absolutely clear that deviation from rules and procedures is not tolerated?'

Question 33: 'Do you receive regular feedback about your performance in relation to working with the purchasing department, or your departments compliance with existing rules and regulations?'

The issue of compliance climate appeared to be another sensitive issue during the interviews. The compliance climate describes the extent to which it is acceptable that employees refuse, or choose to not follow corporate policies, rules and regulations. (Ambrose et al. 2002; Peterson, 2002; Vardi, 2001). The higher the acceptance of noncompliance, the more likely is that noncompliance becomes part of everyday business in a company (Karjalainen & Raaij, 2011).

Although all interviewees claimed that they generally tried to use existing agreements, none of them seemed to feel particularly bad if they did not. They stated that they had good reasons when they choose not to use existing agreements. The interviewer had the impression that none of the interviewees were concerned about any repercussions if they chose to be noncompliant. Following the line of argumentation of Karjalainen and Raaij (2011), noncompliance seems to have become accepted practice in these companies. Interviewees also stated that it was common to act in a noncompliant way, and in the case of supplier selection described an established noncompliant process to cooperate with the purchasing department, thus again indicating that noncompliance has become the way that business is conducted on a regular and accepted basis in at least some companies.

Monitoring efforts for compliance seem to focus on purchasing items that are easy to control like office supplies or C-parts. Two interviewees mentioned that spend management programs had been implemented to make buying patterns and behaviours for office materials and C-parts more transparent. The interviewer also had the impression that the corporate management at the companies where the interviewees worked either did not care about noncompliant supplier selection and purchasing behaviour or else were unaware of it. One interviewee claimed that even the management of the purchasing department was not unhappy about non-compliant supplier selection because it eased the workload of the purchasing staff.

Thus, although management might claim to be very opposed to maverick buying, there seems to be a general attitude of acceptance and leniency toward this

behaviour in some companies. This result seems to be in line with the findings of some authors who claimed that noncompliance in purchasing is often unofficially accepted (Rothkopf & Pibernik, 2016; Scott et al., 2018). In many cases, companies are torn between trying to convince departments to adhere to existing purchasing policies and regulations and their realisation that noncompliance can at times have positive consequences (Rothkopf & Pibernik, 2016; Scott et al., 2018). The empirical evidence of the interviews demonstrates this conflict very clearly. Many companies seem to have a very difficult time in trying to understand the phenomenon of non-compliance in purchasing and they seem to have an even tougher time in determining how to deal with it.

Given that employees of other departments seem to very seldomly, if ever, receive feedback regarding their purchasing compliance seems to further support the above assertions. Why should management waste time to give employees feedback when they are not sure if the behaviour is good or bad? The apparent high level of acceptance in relation to this behaviour is complex to understand, given the sometimes-severe negative effects of noncompliance in purchasing (Aichbauer & Seidel, 2006; Duffy 2003; Leenders & Johnson, 2002; Lonsdale & Watson, 2006; Moosmann & Sharikaya, 2014; Wannenwetsch, 2012). The reported effects of maverick buying include monetary losses, uncoordinated purchasing activities, intra-departmental conflict and a deviation from departmental and corporate strategies, among others (Moosmann & Sharikaya, 2014; Scott et al., 2018; Wannenwetsch, 2012). One possible way of trying to explain the high level of acceptance for maverick buying is that most publications that try to determine the consequences of noncompliance in purchasing have so far predominantly looked at the negative consequences of this behaviour (Duffy 2003; Leenders & Johnson, 2002; Lonsdale & Watson, 2006; Moosmann & Sharikaya, 2014), and have largely ignored possible positive effects. Future research should try to compare the positive effects of non-compliance in purchasing to its negative effects. If we could objectively compare negative and positive effects of noncompliance in purchasing, then we might be closer to better understand the witnessed behaviour.

6.3.7 Analysis Summary of Alignment and Incentives

The analysis of the interviews regarding the construct of alignment and incentives yielded some very interesting insight into the phenomenon of maverick buying. Table 26 below will now give a very brief overview of the main outcomes.

Table 26. Key points from the analysis of the interview questions about alignment and incentives

Interview items	Key conclusions
E-procurement tools and systems	<p>E-procurement systems were widely accepted and used by all interviewees. However, these systems generally were only available for the purchase of B- and C- parts. The empirical evidence seems to suggest that the existence of e-procurement systems does not have an influence on the occurrence of maverick buying for A-parts.</p> <p>Nevertheless, it seems that maverick buying levels could be even higher in many companies without e-procurement systems and tools.</p>
TCO tools and systems	<p>Based on the interviews, one might be able to infer that total cost considerations are slowly becoming more important in German manufacturing firms.</p> <p>Nevertheless, there seemed to be agreement among all interviewees that total cost considerations are subordinate to a focus on cost reductions. It seems that there is a general perception that purchasing departments are too cost oriented.</p>
Long- vs. short-term orientation	<p>Based on the interviews, it appears as if purchasing departments in German manufacturing forms are considerably less long-term oriented than other corporate departments. This seems to cause conflicts between purchasing and its partner functions.</p>
Training	<p>After reviewing the answers from the interviews, one might conclude that the training that the employees of other departments receive about purchasing goals and processes is adequate. However, it seems that the training that purchasing employees receive in regard to the goals and processes of other departments is inadequate.</p> <p>Some of the training that other departments receive in terms of purchasing knowledge appears to be informal.</p>
Measurement of purchasing performance	<p>Based on the answers to the interview questions, the author concludes that there might be a considerable misalignment between departmental goals in German manufacturing companies.</p> <p>It seems that purchasing goals are generally aligned with overall corporate goals, but that there is often misalignment between departmental goals. This can lead to maverick buying.</p>
Compliance climate	<p>Purchasing compliance does not seem to be a major topic in the companies at which the interviewees were employed. It appears that maverick buying does not receive executive management attention and that it is generally</p>

	accepted as an established way of acquiring goods and services or for making purchasing decisions.
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6.4 Information Asymmetry

The final construct to be empirically tested in the scope of this work was that of information asymmetries as a possible way to explain and understand maverick buying. Until recently, agency theory and the associated concept of information asymmetries were the prevalent explanation for the phenomenon of non-compliance in purchasing (Karjalainen, 2009; Karjalainen & Kempainen, 2008; Karjalainen et al., 2009; Kauppi & Raaij, 2014). It was therefore interesting to consider if this research also identified information asymmetries as a key approach to the explanation of noncompliance in purchasing.

6.4.1 Awareness of Information Asymmetries and Changing Principal-Agent Relationships

During the interviews, it became clear that the questions for the items 'awareness of information asymmetries' and 'changing principal agent relationships' are closely related. For this reason, they will be discussed and analysed together.

Question 34: 'Are you aware that, depending on the phase of the purchasing process, it is sometimes you, and other times the purchasing department that is the better-informed party?'

Question 38: 'Are you aware that, depending on the phase of the purchasing process, it is sometimes you who delegates work to purchasing, and sometimes purchasing that delegates work to you?'

Questions 34 and 38 explored if the interviewees had a general understanding that the parties who were involved in the purchasing process had different levels and types of knowledge when it comes to buying goods or services. The question was asked because analysing relevant literature leads to the conclusion that information asymmetries between the different parties involved in the purchasing process creates serious procedural challenges (Rodriguez et al., 2012; Schiele et al.,

2014). Information asymmetries in the purchasing process can be explained by using agency theory (Schiele et al., 2014), which was used as the conceptual framework to formulate the above questions and interpret and explain the interviewees' answers to these questions. As previously described in chapter 3.1, agency problems are the result of incomplete information of individuals. Similar to the assumption of bounded rationality in transaction cost theory, the inability to capture a situation in all its details and implications is disguised or 'hidden' behind incomplete information (Cuevas-Rodríguez, 2012). On the other hand, it is based on the assumption that every individual wants to maximise their individual benefits, even at the cost of harming others who might even work in the same company.

Agency problems in which the principal is defined as a 'contracting authority', who maintains a delegate authority of formal contractual relationship with his 'contractor' or 'representatives' arise between principal and agent in form of 'moral hazards' and 'adverse selection' pertaining to four types, namely hidden characteristics, hidden actions, hidden intentions and hidden information. Mitnick (2013) proposed that adverse selection appears in conjunction with hidden characteristics predominantly before the contract, when the principal is not entirely familiar with the characteristics of the agent or the services offered by him. By highlighting that certain actions are more likely to happen before a contract and others are more likely to happen after a contract, Bajari & Dalton (2014) alluded to one important aspect that Figure 15 attempts to illustrate, the changing role of principal and agent not only before and after the signing of the contract, but also when it comes to providing or receiving vital information that is necessary to make a good purchasing decision, i.e. select the best supplier.

Mitnick (2013) concluded that this problem emerges when the principal proposes a contract to the agent: the principal has to be worried that an agent with bad characteristics disguises these characteristics and pretends to be an agent with good characteristics. As a result, the principal is systematically facing the threat to agree a contractual relation which might not be optimal.

Based on the reviewed literature (chapter 3.1) and the findings from the explorative analysis of noncompliant purchasing behaviour and its relationship with

information asymmetry (chapter 5.4), it seems appropriate to assume that principal agent relationships that are encountered in purchasing activities can be rather complex. This complexity is owed to the involvement of three separate but interacting parties on the one hand and changing principal agent relationships of these parties on the other. Figure 15 attempts to show the changing principal agent relationships in the purchasing process. As Figure 15 demonstrates, and as supported by authors such as Chwolka (2013), Kleine (2013) or Chang & Jengchung (2014), the parties that are involved in the purchasing process either have an information premium or an information deficit at different times in purchasing process. In other words, all parties are principals as well as agents in the different purchasing phases from item request to negotiation to delivery of the item.

In the centre of Figure 15 are the three parties involved in the purchasing process. The first party is the individual or department that requests an item, the second is the purchasing department, which is generally responsible for the selection of suppliers and the purchase of good or services, and the third party is the supplier who supplies goods or services. The grey area at the top of the figure symbolises the situation before a contract is signed, whereas the grey area at the bottom of the figure is supposed to denote the situation after a contract is signed.

The situation between the requestor of a good or service and the purchasing department before contract signature is as follows: the requestor of an item is the principal and the purchasing department is the agent. The requestor (principal) has an information deficit in comparison with the purchasing department (agent) in terms of knowing what suppliers might have the best track record of delivering on time, delivery flexibility, or other aspects that might be important for the purchasing department. However, when it comes to issues such as requesting information about the requestor's flexibility in terms of adjusting product specifications to support price negotiations or knowledge regarding a supplier's ability to support the requestor during new product development, then the role of principal and agent change; the purchasing department now is the principal, and the requestor is the agent.

The situation after contract signature is similar and also characterised by changing principal agent relationships between the requestor and the purchasing department. After a contract is signed, the requestor finds him- or herself in the position of principal when questions about future availability, spare manufacturing capacities, delivery flexibility, etc. are asked. The purchasing department, who in this case acts as the agent, generally has better access to this data and because it is supposed to be the main contact partner of suppliers, and it is also envisioned to have privileged access to this data. However, roles are reversed when information is requested about the quality of the products or the promised research and development support that might have been contractually agreed. In this situation, the purchasing department turns into the principal and the requestor turns into the agent. In such cases, it is the requestor who has an information premium over the purchasing department; for example, the requestor generally knows better if the promised product quality actually matched the quality of the delivered products, or if the envisioned and contractually agreed research and development cooperation held what the supplier had promised.

As depicted in Figure 15, the previous explanation summarised the changing principal-agent relations between the requestor of an item or product and the purchasing department. The changing principal-agent relationships that are graphically displayed in Figure 15 highlight that the principal-agent relationship between the purchasing department and the supplier are very similar; however, that is outside of the research scope determined by the author. The aim of the dissertation is to gain a better understanding of noncompliant purchasing behaviour in business-to-business purchasing; therefore, the current discussion is predominantly focussed on the relationship between an internal requestor of an item who might engage in noncompliant behaviour and the purchasing department, and does not include a significant focus on the relationship between the requestor and the supplier or the purchasing department and the supplier. Figure 15 depicts the changing principal-agent relations in the purchasing process as understood by the author based on the previously mentioned literature review. Data from the interviews were used to

examine if that perspective seemed to also represent the subjective impressions of the five interviewees.

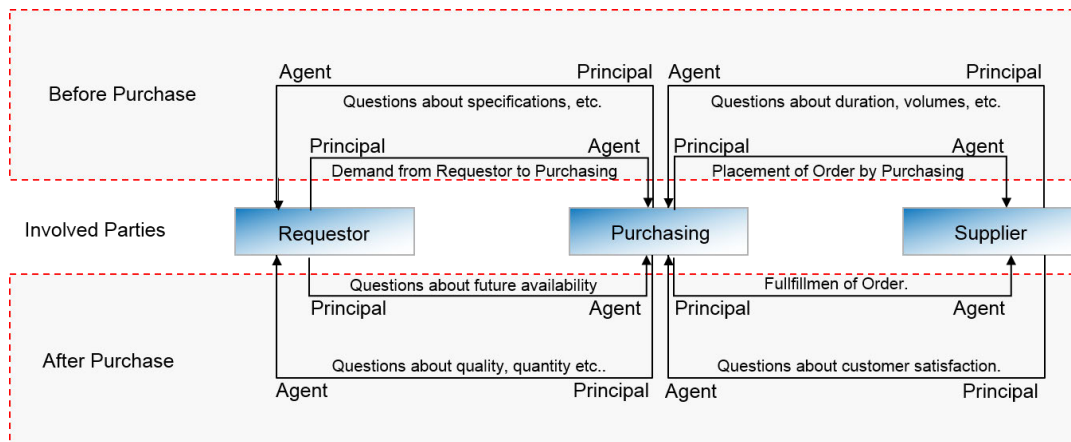


Figure 15. Principal-Agent relationships in the purchasing process

Summarising the previous explanations about changing principal agent relationships in a corporate purchasing context, it can be highlighted that the parties involved in the purchasing process, requestor, purchasing department as well as supplier can find themselves in the role of either principal or agent at different times during the purchasing process and regarding different types of information.

All the interviewees expressed awareness that the different parties involved in the purchasing process either had an information advantage or an information disadvantage at certain stages in the process. For the most part, interviewees readily admitted that the purchasing department was better qualified to negotiate contacts and undertake market analyses; however, most of them expressed the view that the functional departments were in a better position to decide if a supplier met the overall objectives of the company. They reasoned that the purchasing department could communicate with the functional departments in order to find out what the functional departments thought, but that they were not really incentivised to do so.

Adams (1996) pointed out that when functional departments (principals) in a company need goods or services, they delegate decision making authority to the purchasing department (agent) to buy these products. Once a contract has been signed, the purchasing department turns into the principal by making the

framework agreements available to the functional departments with the hope that these agreements will be used.

Interviewee one identified this issue as a big challenge in terms of integrating purchasing with other corporate departments. He suggested that the purchasing department did not realise that sometimes they were sometimes the agent in the purchasing process. In his view, purchasing saw themselves as the lead decision-making function that needed to be supported with information from the others and did not understand that it might be manufacturing or research and development or new product development that delegates work to them.

Interviewee two stated that the increasing strategic orientation that purchasing has experienced in the past decade has led to an overinflated ego of purchasing employees, who believe they are the ones who are best qualified to decide on suppliers and are unwilling to defer to the specialised knowledge of others. Importantly, this failure to admit that they are not always the most knowledgeable was cited as a reason that it was difficult to cooperate with the purchasing department.

Interviewee three seemed predominantly concerned with the idea that purchasing is not aware of this relationship the way the question describes it. He suggested that purchasing did not view itself as the function that is responsible for providing goods and services for internal customers, but rather saw itself as the function that oversees the acquisition process and believed everyone else in the company must work to support it in accomplishing this.

Interviewee four stated that she thinks that the issue depends on the items or services that the company is trying to acquire. According to her, standard goods and services are easy to specify, which is the responsibility of the users. With simple and easy specifications, it is then possible for purchasing to oversee the entire purchasing process as the better-informed party because they now have the information from the users which they can now use in combination with their specific purchasing knowledge to make a perfect buy. In her expressed view, when it comes to complex and hard to specify goods and services or complex packages of goods and services, then it would be the combination of the knowledge of purchasing and

users that allows for a perfect buy. She suggested that this is where the problems start, purchasing tries to make a purchase based on their goals and incentives, thus ignoring the possibility that the user might be better qualified to determine what good or service should be bought.

Interviewee five stated that he was aware of the changing customer/supplier relationship when it comes to the purchasing process. He suggested that purchasing is also aware of these changing relationships but felt that purchasing is handicapped by a goal system that is too restrictive and does not allow them to be pro-active in fulfilling company internal customer needs.

6.4.2 Agent Awareness

Question 35: 'Do you have intimate knowledge and understanding of purchasing strategies and goals of your company?'

This item measured the interviewees' knowledge and understanding the interviewees had about purchasing strategies and goals. All interviewees expressed some limited knowledge of purchasing strategies and goals, but none claimed to have intimate knowledge of them. Even Interviewee 1, who worked as the CEO of his company, stated that he only had a top-level view of strategies and goals; thus, he did not know how these goals were broken down to the individual purchasing employee level or the commodity level. Given that none of the interviewees had been informed of purchasing strategies and goals by the purchasing department, one can conclude that the purchasing department is not aware of the fact that there is an information asymmetry in this regard. Interviewee 4 claimed that there was really no need for her and her colleagues to be intimately familiar with the strategies of other departments, including the purchasing department, as she could do her job equally well without such knowledge. This suggests that the employees of many functional departments do not really understand why the purchasing department signs contracts with the suppliers that they do, which aligns with Kauppi and Raaij's (2014) finding that the functional departments (who are called 'agents' in this study) do generally not truly understand purchasing motivations and strategic objectives (also refer to Jaworski & MacInnis, 1989).

6.4.3 Principal Awareness

Question 36: 'Are you aware that the purchasing department might have more knowledge about certain aspects of the purchasing process than you do?'

This question asked, 'are you aware that the purchasing department might have more knowledge about certain aspects of the purchasing process than you do?' While all the interviewees readily admitted that the purchasing department knew some aspects of the purchasing process better than they did, two of the respondents expressed a somewhat standoffish attitude towards this subject. Interviewee 2's response to this question was initially: '*... so what, but I know what's important ...*', and Interviewee 3 shared a similar attitude, which he justified with the need to satisfy customer needs. Much of the ensuing discussion focussed on the problem that knowing the other parties' goals or needs when setting up a contract does not really help in limiting noncompliant work behaviour if the goals of the departments are not aligned. As interviewee 3 commented, '*I might know what they want, they might know what I want, but I cannot really act on it, because I would be risking my own goal achievement*'. The impression of the interviewer was that information asymmetries are not really the issue in understanding noncompliant work behaviour as it relates to the industry and the sample of interviewees, as having the correct information only helps if the purchasing department can base their actions on this information. Likewise, having information about the purchasing department and understanding their motivation for signing a framework agreement does not help the functional department when using the agreement would put their own goal achievement at risk. A survey that identifies an information asymmetry in such a case might wrongfully conclude that information asymmetries can be a prime cause for maverick buying when misaligned goal systems and incentives are actually to blame.

6.4.4 Information Sharing

Questions 39: 'Is purchasing available when you have questions or concerns about purchasing processes?'

Question 40: 'Does purchasing try to keep everyone informed of purchasing goals, processes and initiatives?'

These questions are important insofar as Fayezi et al. (2012) posited that information sharing can play a decisive role in helping to minimise agency problems. If one follows Karjalainen et al.'s (2009) conclusions that agency problems are a key cause of maverick buying, then one can also determine that information sharing between the requestor of an item and the purchasing department helps to mitigate noncompliant work behaviour. This suggestion is in line with Kleemann (2006) who identified that information sharing to manage and control maverick buying.

According to the interviewees, the purchasing department was generally available and helpful in case other departments had questions about processes, policies or goals, and instances when purchasing is slow to respond were generally caused by an overload with work and not because of ill will. The only major challenge with receiving information from the purchasing department seemed to be that the responsibilities and contact people within the purchasing department were not effectively communicated to other departments. One challenge that was described by the interviewees was that sometimes they did not know if they needed to ask questions or if they should simply try to solve a challenge or take charge of a purchasing event themselves. This seems to coincide with the issue of compliance climate with was discussed in chapter 6.3.6. The willingness of the purchasing department to share information and the willingness of other functional departments to ask for information does not seem to have a major impact on effectively controlling maverick buying in these cases.

The basic opinion expressed about question 40, does purchasing keep employees of other departments informed of purchasing goals, was that there are no formal processes to do this and interested parties would have to ask the purchasing department; however, the interviewees claimed that they were certain that purchasing would be very forthcoming with information if they were asked by other departments. It is important to note that all the interviewed people generally referred to the impact of purchasing goals and processes on the acquisition of A- or B-parts, and most of them brought the exchange of information in the context of

pre-contract negotiations. In the scope of the interviews, C-parts or office materials were largely ignored as not being very important, and the issue of 'what good does information sharing if your objectives don't fit' was raised again.

It seems that at least in the case of these interviewees and in the context of manufacturing companies in Bavaria, information sharing becomes very important once goal congruence has been established. If goal congruence does not exist, then the sharing of information is largely useless. This seems to confirm Fayezi et al.'s (2014) assertion that information sharing and goal congruence can play a decisive role in managing noncompliant work behaviour. The important issue is that there needs to be a sequence to these two points: first ensure goal congruence, then share the necessary information.

6.4.5 Signalling

Question 41: 'Do you try to keep purchasing informed of your goals and strategies?'

The question tried to get an idea of whether the interviewees tried to keep purchasing informed of their departmental goals and strategies. This was thought to be important because signalling is listed as a solution to agency problems as described in classical agency theory (Dullnig, et al., 2003; Spremann, 1990). The agent, in this case the functional departments which are supposed to be compliant regarding purchasing processes and policies, provide the principal, in this case the purchasing department, with clues about what might incentivise them to act compliant.

The author had the impression that although all the interviewees claimed to engage in informal efforts to signal their needs and wants to the purchasing department, this was done more to show good will and create a friendly atmosphere than with the hope that purchasing would consider these factors in their purchasing efforts. After all, if the goals of the two departments do not match, then there is little hope that the purchasing department will act in the best interest of another department at the cost of their own goal achievement. During the discussions, Interviewees 2, 4 and 5 again focussed their explanations on the cooperation period

before a contract was being signed, whereas Interviewee two focussed his response at the time after contract signature and on his likelihood to use this contract. In this sense, Interviewee two was the only one to refer to classical forms of noncompliance in purchasing as described by Karjalainen et al. (2009), Kauppi and Raaij (2014) or Scott et al. (2018). All the other interviewees focussed on another form of non-compliant work behaviour in purchasing, namely the selection of suppliers without the involvement of the purchasing department that really has not been discussed in this context, and which is not commonly seen as being part of the phenomenon generally referred to as maverick buying.

6.4.6 Monitoring

Question 42: ‘Does purchasing keep you informed about your performance with regard to working with the purchasing department to use existing contracts and getting them involved early on in the process when the needs for goods and services are developed?’

The final question attempted to glean an impression of the purchasing departments’ monitoring efforts and feedback mechanisms for functional departments in terms of purchasing compliance. Many researchers have identified monitoring efforts on the part of the principal as an appropriate means of managing agency problems—in this case to control maverick buying (Fayezi, et al., 2012; Kauppi & Raaij, 2014). Monitoring is seen as one possible way to align the interests of the principal and the agent (Fayezi, et al., 2012).

Interviewee 1 (the CEO) chose not to answer this question because he felt that no one was trying to or able to monitor him; however, the remaining four interviewees expressed the view that monitoring efforts by the purchasing department were mostly informal and not serious. On the one hand, they felt that there was not a major need to monitor them ‘... *I am doing pretty well I think ...*’, whereas on the other hand, they expressed the belief that purchasing would lose a lot of goodwill in the company if other departments had the impression that they were being monitored by that department. The responses appear to make a great deal of sense when combining this item with compliance climate item discussed in chapter 6.3.6.

Devoting a great deal of effort to monitoring activities in the absence of compliance in purchasing and the ability to enforce it does not make sense. Purchasing compliance does not appear to be a major management concern; therefore, monitoring activities would largely be perceived as a waste of time and effort.

6.4.7 Analysis Summary of Information Asymmetry

Table 27 below provides a brief overview of the main outcomes of the analysis of interview questions concerning information asymmetry.

Table 27. Key points from the analysis of the interview questions about information asymmetry

Interview items	Key conclusions
Awareness of information asymmetries, changing principal-agent relationships	<p>All interviewees apparently were aware that various parties involved in the purchasing process have either more or less information during certain phases in the purchasing process. However, this knowledge or realisation did not seem to prevent maverick buying.</p> <p>There also appeared to be a general acceptance that misaligned goals prevent a better, more productive exchange of information in the purchasing process.</p>
Agent awareness	<p>It seems that agent awareness is an important issue in the purchasing process that can lead to maverick buying. All interviewees appeared to have some amount of information concerning purchasing goals and processes; however, most seemed to lack intimate purchasing knowledge.</p>
Principal awareness	<p>All interviewees appeared to realise that purchasing department staff have more knowledge about certain aspects of the purchasing process than they do; however, it was generally believed that such knowledge is less important than detailed product or supplier knowledge. According to the interviewees, this seemed to justify not involving the purchasing department in the purchasing process or excluding it from certain aspects of the process, such as supplier selection.</p>
Information sharing	<p>Information sharing seems to be largely informal. In addition, it appears that information sharing happens much more frequently when goal congruence between the purchasing department and its partner functions has been established.</p>
Signalling	<p>Just like information sharing, signalling seems to take place largely in an informal manner. It appears that the interviewees differentiated between signalling that takes place before contract signature and signalling that takes place after contract signature.</p>
Monitoring	<p>Based on the interviewees, it seems that monitoring is not a commonly used tool to ensure purchasing compliance and to prevent maverick buying.</p>

6.5 Summary of Empirical Findings

Because this is the first phenomenological study to explore different facets of maverick buying in German manufacturing companies, a number of interesting aspects of this behaviour were discovered. The following conclusions were drawn from the interviews as well as the literature analysis.

- (1) It appears that it is indeed possible that in many cases, maverick buying is of no consequence for corporate success. If the maturity level of the purchasing department is too low, then it is unable to add value to a company (chapter 3.2). If this is the case, it does not matter if the purchasing department or other functional departments such as engineering are in charge of supplier selection and contract negotiation.
- (2) It seems that different forms of noncompliance (chapters 5.1.6 and 6.1.6) can be distinguished based on the frequency of their occurrence, the items that are being bought, and the remedies that are proposed to address them.

Table 28 presents the conclusions the author drew based on the interviews.

Table 28. Different forms of noncompliance differentiated according to procurement items, frequency of occurrence, and possible remedies

Form of non-compliance	Frequency of occurrence	Item/service specific	Management approach/ remedy	Empirically validated in the scope of this work?
Unintentional noncompliance	Rare	(1) C-Parts (2) All goods and services	(1) Goal alignment	Yes
Casual noncompliance	Often	(1) C-parts (2) Inexpensive items	(1) Goal alignment	Yes
Forced noncompliance	Often	(1) Non-traditional purchasing items (2) Services	(1) Organisational changes (2) Alleviation of information asymmetries (3) goal alignment	Yes
Well-intentioned noncompliance	Often	(1) Services (2) A-Parts	(1) Organisational changes (2) Alleviation of information asymmetries (3) Goal alignment	Yes
	Almost never	n/a	(1) Goal alignment?	No

Ill-intentioned noncompliance	Interviewees did not report directly experiencing this form of noncompliance. Therefore, no first-hand accounts of this form of noncompliance could be recorded.
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- (3) It appears that there are several commodity/material groups in most companies which are not part of the organisational responsibility of the purchasing department (chapters 6.1.2 and 6.2.3). Based on the definition of maverick buying (chapter 2.5), the current purchasing approach to acquire these goods and services must be considered a form of maverick buying (with all the potentially negative consequences described in chapter 2.4). The cause of this noncompliance is organisational—i.e., the items are not the responsibility of the purchasing department.
- (4) Services seem to be particularly prone to be procured in a noncompliant manner (chapter 5.1.2). The topic of information asymmetries and changing principal agent relationships seems to be particularly evident in this case. The interviewees expressed the view that the purchasing department does not have the required qualifications to procure these services. Service procurement will most likely necessitate a different organisational set-up with a focus on cross-functional teams and decision making, particularly in the context of supplier selection. Cross-functional teams either under the lead of purchasing or that of the users will be needed to effectively purchase these items.
- (5) Interviewees distinguished between noncompliance that occurs before and after contract signature. Figure 16 depicts the occurrence of purchasing noncompliance on a timeline ranging from before to after contract signature.

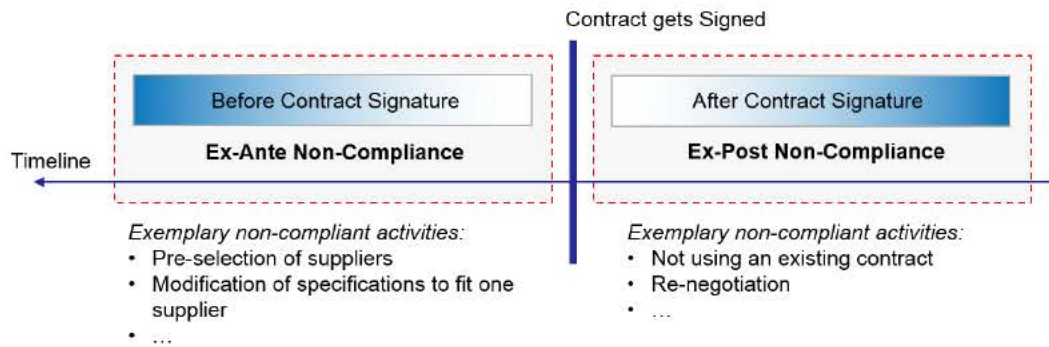


Figure 16. Timeline of noncompliance

Table 29 summarises categories of noncompliance based on items or services and the timeline of their occurrence. C-parts and inexpensive items may be procured in the traditional sense of noncompliance as described in literature—i.e., maverick buying. Noncompliance when purchasing these items normally seems to take the form of not using existing purchasing agreements; in other words, noncompliance happens ex-post—i.e., after the purchasing department has already signed a contract for these items. In contrast, functional departments tend to select the suppliers for services, A-parts and expensive items rather than the purchasing department. Supplier selection by functional departments takes place ex-ante—i.e., before the purchasing department signs a contract.

Table 29. Time of occurrence of different forms of noncompliance

Form of noncompliance	Frequency of occurrence	Item/service specific	Before /after contract signature
Unintentional non-compliance	Rare	(1) C-parts (2) All goods and services	Ex-ante / ex-post
Casual noncompliance	Often	(1) C-parts (2) Inexpensive items	Ex-post (predominantly)
Forced noncompliance	Often	(1) Non-traditional purchasing items (2) Services	Ex-ante (predominantly)
Well-intentioned noncompliance	Often	(1) Services (2) A-parts	Ex-ante (predominantly)

Ill-intentioned non-compliance

Interviewees did not report directly experiencing this form of noncompliance. Therefore, no first-hand accounts could be recorded.

- (6) Based on the interviews, alignment and organisational issues seem to be the predominant reasons for maverick buying in their companies. According to the interviewees, information asymmetries are very relevant to purchasing situations; however, they persist because all involved parties lack the incentives to obtain the necessary information or otherwise address the issue.
- (7) Cooperation problems appear to be widespread throughout the purchasing process (chapters 6.2.1, 6.3.3, and 6.3.5). According to the interviewees, purchasing is not customer focussed, and functional departments such as engineering, research and development, and customer service believe that the purchasing department is not incentivised to see them as internal customers. Naturally, these statements would need to be cross-checked with interviewees from the purchasing department in order to obtain a more complete picture of the situation. Nevertheless, the empirical evidence suggests that that cooperation between functional departments and the purchasing department is not optimal.
- (8) The compliance climate surrounding purchasing processes seems to be a major issue (chapters 6.1.5 and 6.3.6). It appears that noncompliant processes regarding the purchase of goods and services have been ongoing in all of the interviewees' companies. Although the purchasing departments in these companies must be aware of this practice, the issue has not been escalated to receive executive management attention; based on the second round of interviews, it does not seem to be considered noteworthy of attention at the executive management level. Maverick buying seemed to be widely accepted by all involved parties as the unofficial method of selecting suppliers for certain goods and services.

7. Conclusion

As stated in chapter 1.3, the overarching aim of this dissertation is the exploration of the phenomenon of non-compliant work behaviour in business-to-business purchasing in the Bavarian manufacturing sector. The research aim in turn is framed by completing three research objectives which are named below, in the introduction of chapter 7.1. The author of the thesis hopes to aid in the understanding of the phenomenon of maverick buying as it occurs in large German manufacturing companies. To accomplish this, relevant scientific literature was evaluated and several interviewees were questioned about the underlying reasons and motivations for engaging in this type of behaviour.

The findings of this research may enable companies in Germany, and particularly in the Bavarian manufacturing sector, to better understand employees' engagement in noncompliant purchasing activities, thus helping them to evaluate if this type of behaviour is acceptable or if they should to act pro-actively to prevent or limit this phenomenon. Before presenting the conclusion and sharing final thoughts concerning this topic, the research questions that were posted at the beginning of the dissertation will be revisited.

7.1 Research Questions

The starting point of the dissertation were three core research objectives:

(RO 1) To identify the core drivers and interrelationships of maverick buying.

(RO 2) To diagnose and classify alignment issues during business-to-business purchasing activities and investigate the influence of organisational design on business-to-business purchasing activities from the perspective of noncompliant work behaviour.

(RO 3) To create a strategic framework that identifies the drivers behind noncompliant work behaviour in purchasing and provide suggestions on how corporations can address this phenomenon.

A literature analysis on the topics of noncompliance and the value of having an institutionalised purchasing department was conducted based on these three research objectives. As elucidated in chapter 1.4, four research questions were then formulated based on the literature review and the previously determined research objectives:

1. What are the underlying drivers of noncompliant purchasing behaviour?
2. Can the construct of purchasing maturity serve as a further explanation for the phenomenon of noncompliance?
3. Can the construct of alignment serve as a further explanation for the phenomenon of noncompliance?
4. What can companies do to proactively deal with the phenomenon of noncompliance in purchasing?

7.1.1 Research Question One

Research question one asked about the underlying drivers for maverick buying.

The literature proposes several key reasons for noncompliance in purchasing, including managers and leadership style (chapter 2.3.1), demographic factors (chapter 2.3.2), personality traits (2.3.3), organisational factors (2.3.4), organisational culture and climate (2.3.5), ethical climate (2.3.6), and information asymmetries (2.3.7).

The conducted empirical analysis was able to confirm the existence of all the listed factors in at least some German manufacturing firms except demographic factors and personality traits. The evidence from the interviews suggests a different grouping of the reasons for noncompliance in purchasing. Issues related to managers and leadership, organisational factors, organisational culture and climate, and ethical climate can be grouped in a manner that combines three core factors: (1) corporate compliance climate; (2) goals alignment and incentives; and (3) process

maturity. This leads to the description of six key drivers for noncompliance in purchasing:

1. Compliance climate (empirically validated)
2. Alignment of goals and incentives (empirically validated)
3. Process maturity (empirically validated)
4. Demographic factors (based on literature analysis)
5. Personality traits (based on literature analysis)
6. Information asymmetry (empirically validated)

This list of key drivers for noncompliance in purchasing is significant insofar that the drivers of process maturity, alignment of goals and incentives and compliance climate appear to have received limited attention in the context of purchasing compliance. Nevertheless, the most recent literature regarding purchasing compliance seems to be focussing more on these issues than did past publications (Karjalainen, 2008; Kauppi & Raaij, 2014; Rothkopf & Pibernik, 2016; Scott et al. 2018; Wannenwetsch, 2010)

7.1.2 Research Question Two

Research question two asked if the construct of purchasing maturity can provide further explanation for the phenomenon of noncompliance in purchasing. The literature evaluation and interviews suggest that the maturity level of the purchasing department contributes to the phenomenon of noncompliance in purchasing in two ways.

Literature as well as the empirical evidence from the interviews suggest that a purchasing department with a low level of maturity is unable to add value; the people working in purchasing are unable to conduct the purchasing process in a manner that significantly differs from the abilities of employees of other functional departments (chapter 3.2). This is predominantly due to a low level of professional functional expertise and purchasing skills and a purchasing department that lacks adequate resources in terms of people or infrastructure. Consequently, it appears

that it would not matter who is in charge of or conducts purchasing activities. Non-compliance in purchasing would therefore be a business phenomenon without any financial impacts on the company, as confirmed by empirical evidence from the interviews of Bavarian manufacturing firms. Most interviewees expressed the views that 1) their purchasing departments lack sufficient staffers working in this function; and 2) these departments sometimes lack the skill and knowledge to select better suited suppliers than those chosen by other functional departments.

The other dimension in which the maturity level of the purchasing department becomes relevant is that of information flows. One of the characteristics of a purchasing department with a low level of maturity is that processes and responsibilities are often not clearly laid out or identified. Employees who work in other functional departments will therefore not know at which point in the supplier selection or purchasing process to involve the purchasing department, which might lead to maverick buying. It is at this point that the construct of purchasing maturity meets with that of information asymmetry, which will be discussed in chapter 6.1.4.

7.1.3 Research Question Three

Research question three asked if the alignment construct can provide further explanation for the phenomenon of noncompliant behaviour in business-to-business purchasing.

Most literature about maverick buying does not explicitly identify alignment issues as a main cause of noncompliance. Nevertheless, both the literature analysis and empirical study conducted for this research effort (chapter 3.3) seem to indicate that alignment challenges are a core reason for noncompliant work behaviour in purchasing. The empirical evidence implies that the construct of information asymmetries, and consequently information asymmetries as a driver for maverick buying, may be subordinate to alignment issues. Information asymmetries do occur quite frequently in purchasing situations; however, the parties involved in the purchasing process—i.e., the requestors or users of an item or service and purchasing department itself—are not incentivised to eliminate these asymmetries. It appears that the involved parties know of the existing information asymmetries and whom

they would need to approach to eliminate them; however, there is no incentive to do so. Two basic forms of alignment challenges were identified as part of this research, namely functional- and resource-based alignment issues.

Functional based alignment issues: Four key items seem to be of the greatest importance when considering the issue of functional alignment. First, given that most authors agree on the value and strategic importance of having an institutionalised purchasing department (chapter 2.1), it seems odd that many material groups are still not being managed by the purchasing department (chapters 5.1.2, 5.1.6, and 6.1.6). Second, goal setting from top management was identified as a key functional alignment issue underlying maverick buying. All interviewees mentioned that the attainment of their personal and departmental goals was at times in conflict with the goals of the purchasing department, which often leads to noncompliance in purchasing.

Based on the interviews and literature review, it appears that the functional maturity of the purchasing department can also be a major contributing factor to maverick buying. In addition, the empirical evidence identified the compliance climate in the sampled companies as a fourth dominant influence on noncompliance in purchasing. None of the interviewees mentioned any significant disadvantages to being noncompliant in their purchasing activities.

Resource-based alignment issues: As discussed in chapters 5.2.1 and 6.2.1, an inadequate purchasing department headcount is generally seen as a problem that can be categorised under the construct of resource-based alignment; however, this issue is also mentioned in relation to the construct of purchasing maturity. Purchasing departments with a low maturity level tend to be equipped with inadequate resources in terms of employees, budgets, IT-tools, and equipment (chapters 3.2 and 4.6.1). Four out of five interviewees reported feeling that the purchasing department would benefit from higher headcounts. The interviewees did not refer to issues in terms of available budgets or IT systems; however, this researcher did not find that to be surprising, as employees of other departments generally do not have a great deal knowledge about the budgets or the IT systems of other departments. Nonetheless, clear indications that the interviewees perceived resource-

based alignment issues as problematic emerged from the commonly expressed view that their companies' purchasing departments lack sufficient employees that some companies do not have an assigned contract person in the purchasing department, and/or that they have to wait too long for responses in relation to purchasing related issues. Corporate leadership envisions that purchasing departments will perform certain tasks without providing give them adequate employee resources to effectively do so.

7.1.4 Research Question Four

Research question four asked what companies can do to pro-actively address the phenomenon of noncompliance in purchasing.

Question four is perhaps the most difficult question to answer. Although the presented research provides some ideas on how to deal with noncompliance in purchasing, much more research is needed before definite solutions can be determined. In addition, the selected phenomenological qualitative research method is not suited to yield generalizable answers. However, based on the presented research, it seems that a few things must be kept in mind when trying to determine how companies should react to noncompliance in purchasing.

- (1) The empirical evidence indicates that it is important to realise that maverick buying does not necessarily lead to negative consequences for companies. A one-sided view of inflated purchasing prices as the main effect of noncompliance might be too narrow, as it can overlook the need for quick deliveries and turn-around times, customer needs and expectations, or quality issues. In other words, noncompliance in purchasing may in some cases simply be a business phenomenon without any negative consequences. Consequently, companies would not need to address such behaviour except for possibly changing some rules, regulations, and/or policies in order to move the described acts of noncompliance into the realm of compliant behaviour.
- (2) The literature (chapter 3.2) showed that a purchasing department with a low level of process- and organisational maturity is unable to add value to a corporation. Consequently, it does not matter who oversees or conducts

purchasing activities. Based on the literature analysis as well as the interviews, it appears that the first step that should be taken by an organisation that detects maverick buying is to educate itself concerning the maturity level of its purchasing department. If the level of purchasing maturity is low, then it appears prudent to suggest that the company should invest time and resources in making improvements in that area. Frameworks such as those suggested by Schiele et al. (2014), Reck and Long (1988), or Cousins et al. (2006) could be helpful in this effort (also see chapter 4.2). As described in chapter 4.2, a high level of purchasing maturity might automatically lead to higher levels of compliance.

- (3) Although noncompliance in purchasing can sometimes occur without any negative consequences, this is not always be the case. All the negative consequences described in chapter 2.4.1, such as inflated prices, uncoordinated purchasing activities, unmanaged corporate spend, and overly obscure processes and supply chains can result from noncompliance in purchasing. Thus, it may be necessary for companies to examine the true impacts of noncompliance on their operations, and depending on the results, they may need to act to prevent or limit maverick buying.
- (4) Both the empirical evidence and the reviewed literature demonstrate that noncompliance in purchasing can seldomly be traced to a single underlying cause. Complex interactions between the three identified constructs of alignment, maturity and information asymmetry should be considered when trying to understand employees' motivations for noncompliance.
- (5) Based on the conducted interviews, it appears that motivations for noncompliance vary based on what is being purchased. In chapter 6.5, the author attempted to match different forms of noncompliance in purchasing (as first described by Karjalainen et al., 2009) to different commodity groups of goods or services. The summary presented in Table 28 can serve as a first step in trying to understand the underlying motivation(s) for noncompliance and might therefore also be useful in determining how to respond to the occurrence of this behaviour in the purchasing activities of a company.

- (6) Among the most interesting empirical results of the research was the existence of a previously undescribed category of maverick buying, which takes place before a contract is signed by the purchasing department and thus cannot be addressed by many of the suggested remedies. The results of the empirical research suggest that the main approach toward dealing with this behaviour could be a better alignment of the goals of the purchasing department with those of its partner functions, namely the research and development and engineering departments. In addition, institutionalised cross-functional teams could have a positive effect on limiting this form of noncompliance.
- (7) Notably, the existing literature about maverick buying indicates that there has been no noticeable decline in the purchasing volumes affected by this behaviour over the last 20 years (also see Appendix II), which suggests that previously proposed approaches toward addressing noncompliance in purchasing have largely been effective. The interview findings indicated that noncompliance in purchasing is a highly complex issue with varying underlying reasons and motivations for which it might be difficult to implement standard solutions. For companies that are serious about proactively dealing with noncompliance in purchasing, the interview results imply that a concerted effort should be undertaken to first identify the different underlying reasons and motivations for this behaviour and then develop material, group-, and service-specific solutions on how to address noncompliance.
- (8) As stated in item (7), the conducted research suggests that there can be no standard solution for maverick buying; however, companies can answer several questions to better understand the phenomenon and then attempt to build a custom approach to deal with the phenomenon of noncompliance in their respective companies. The proposed questions are:
- a. What is the maturity level of the purchasing department?
 - b. Is noncompliance a general problem, or is it limited to one or more specific commodity groups (goods or services)?

- c. Does noncompliant conduct occur before or after a contract has been signed?
- d. Do the goals of the purchasing department match those of the department or person who engages in noncompliant purchasing conduct?
- e. How is the internal customer orientation of the purchasing department ensured?
- f. Do institutionalised processes—such as in the form of cross-functional teams—exist to support communication and information exchange across departmental boundaries?
- g. Can the maverick buying occurring in a company be assigned to any specific form(s) of noncompliance (casual, unintentional, forced, well-intentioned, or ill-intentioned)?

The above questions can also form the basis of an audit tool to help companies better understand the phenomenon of noncompliance in purchasing and devise ways in how to deal with such behaviour.

7.1.5 Summary of the Answers to the Research Questions

Table 30 below presents a quick overview of the answers of the research questions in an easy to see format. As previously stated, the key learnings regarding the research questions are based on a thorough literature review as well as on the empirical evidence of interviews with Bavarian manufacturing firms.

Table 30. Overview of answers to the main research questions

<p>Research Question 1: What are the underlying drivers for non-compliant purchasing behaviour?</p>	<p>The identified drivers of noncompliance in purchasing appear to be:</p> <ul style="list-style-type: none"> • Compliance climate (empirically validated) • Alignment of goals and incentives (empirically validated) • Process maturity (empirically validated) • Demographic factors (based on literature analysis) • Personality traits (based on literature analysis) • Information asymmetry (empirically validated)
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<p>Research Question 2: Can the construct of purchasing maturity serve as a further explanation for the phenomenon of noncompliance?</p>	<p>Based on the evidence from the interviews with representatives from Bavarian manufacturing companies as well as a thorough analysis of scientific literature, purchasing maturity can explain noncompliance in purchasing. There are two key aspects to keep in mind:</p> <ul style="list-style-type: none"> • Low purchasing maturity may prevent the purchasing department from adding value to companies. • Low purchasing maturity can lead to information asymmetries.
<p>Research Question 3: Can the construct of alignment serve as a further explanation for the phenomenon of noncompliance?</p>	<p>The alignment construct can explain noncompliance in purchasing. Both functional- as well as resource-based alignment issues contribute to noncompliance.</p> <ul style="list-style-type: none"> • Functional Based Alignment Issues <ul style="list-style-type: none"> ○ The existence of non-traditional commodity groups is a form of noncompliance ○ Misaligned goal setting can create conflict leading to noncompliance ○ A low level of functional maturity can lead to noncompliance ○ Inadequate compliance climate in relation to purchasing activities can lead to noncompliance • Resource Based Alignment Issues <ul style="list-style-type: none"> ○ Purchasing departments lack an adequate number of purchasing employees
<p>Research Question 4: What can companies do to proactively deal with the phenomenon of noncompliance in purchasing?</p>	<p>There is a lengthy list of recommendations on how companies can deal with noncompliance in purchasing. Realisations and recommendations include the following:</p> <ul style="list-style-type: none"> • Noncompliance in purchasing is not necessarily harmful • Low maturity of the purchasing function contributes to noncompliance • It is important to gain an understanding of the true impacts of noncompliance (price, quality, customer satisfaction, etc...) • Various factors generally contribute to noncompliance • Reasons for noncompliance vary by material group • Noncompliance can occur before (ex-ante) or after (ex-post) contract closure

	<ul style="list-style-type: none"> • There are no standard solutions to address non-compliance in purchasing • It might be advantageous to develop an audit tool to gain a better understanding of noncompliance in purchasing. The basis for this audit tool can be the list of seven questions stated in chapter 7.1.4 – item (8): <ul style="list-style-type: none"> ○ What is the maturity level of the purchasing department? ○ Is noncompliance a general problem, or is it limited to one or more specific commodity groups (goods or services)? ○ Does noncompliant conduct happen before or after a contract has been signed? ○ Do the goals of the purchasing department match those of the department or person who engages in noncompliant purchasing conduct? ○ How is the internal customer orientation of the purchasing department ensured? ○ Do any institutionalised processes—such as in the form of cross-functional teams—exist that support communication and information exchange across departmental boundaries? ○ Can the maverick buying occurring in a company be assigned to any specific form(s) of noncompliance (casual, unintentional, forced, well-intentioned, or ill-intentioned)?
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After having answered the research questions that were presented at the beginning of the thesis (chapter 1.4), it now seems to be the perfect time to also revisit the research objectives that were posted at the beginning of the thesis (chapter 1.4 and also in the beginning of chapter 7) in order to see if the research objectives were accomplished. Research objective 1 stated that the author wanted to identify the core drivers and interrelationships of noncompliant behaviour in business-to-business purchasing. As previously stated, the theoretical framework to be used for this effort included new institutional economics as well as current literature on behavioural economics. It is the author's belief this research objective has been met. As research question 1 demonstrates, there are a number of core drivers which may explain the phenomenon of noncompliance in business to business

purchasing. All these drivers can be closely linked the overall theoretic framework of new institutional economics and/or behavioural economics.

Research objective 2 aimed at diagnosing and classifying both functional- and resource-based alignment issues related to business-to-business purchasing activities and investigate the influence of organisational maturity on noncompliant purchasing behaviour. The author opines that this research objective was achieved by answering research questions 2 and 3. The core takeaways to these two research questions can be reviewed in table 30 above.

The final research objective focused on creating a strategic framework that identifies the drivers behind noncompliant work behaviour in purchasing and provide suggestions on how corporations can address this phenomenon. The research objective also aimed at empirically validating the findings using expert interviews. From a theoretic perspective, this objective was accomplished by constructing the strategic framework which explains the interacting motivations behind the phenomenon of maverick buying on page 74 in chapter 2.9 and the causal map, i.e. the synthesis of the literature review on the phenomenon of maverick buying on page 104 of chapter 3.4. The empirical validation was achieved by answering research question 4 and giving concrete recommendations on how companies may attempt to deal with the phenomenon of noncompliance in purchasing, i.e. maverick buying in a real life scenario.

7.2 Contributions

The presented research contributes to both theory and business practice. By employing a phenomenological approach, the work will also contribute to the methodological development and a higher level of acceptance of using this type of approach in German business research. Moreover, this research contributes to the understanding and management of maverick buying by situating the phenomenon within the larger context of noncompliant work behaviour and demonstrating that such behaviour is often reflective of some disjuncture in resource and/or functional alignment. It is important to note that the contributions to theory, practice as well

as methodology have to be seen in the particular context of the thesis, i.e. Bavarian manufacturing companies.

7.2.1 Contributions to Theory

It is generally accepted that scientific research should generate some form of new theoretical knowledge that aids in the explanation of an identified research gap (Kromrey, 2002; Ulrich & Hill, 1976). In this case, the research effort was intended to enhance the understanding of the phenomenon of noncompliance in business-to-business purchasing. The presented research contributes to the understanding of maverick buying in three main ways. First, it alludes to the broadness of maverick buying as a phenomenon of noncompliance. Second, the thesis contributes to the understanding of the temporal occurrence of noncompliance. Third, the research furthers the explanation of noncompliance in purchasing by demonstrating that this behaviour is best explained through its linkage to three distinct yet interacting constructs, namely alignment, information asymmetry and process maturity.

The three main contributions to theory will be discussed in more detail in the following chapters (chapter 7.2.1.1 to chapter 7.2.1.3). Although the focus of these chapters is the contribution to theory that the presented research has made, it seems fitting that the practical contributions that originate from these findings are also briefly discussed here. It is the author's belief that the findings of empirical research always have practical as well as theoretic implications. The assertion that the contributions to theory presented here will only have purely theoretical implications therefore seems to be inadequate, and the practical implications of the contributions to theory will also be very briefly elucidated in the following chapters.

7.2.1.1 Defining Noncompliance and Maverick Buying

Noncompliance in purchasing, or maverick buying, has never been a very popular topic in purchasing literature relative to supply chain management or global sourcing. Nevertheless, several highly-rated peer reviewed articles have been written about the topic in the past two decades (e.g., Karjalainen, 2009; Karjalainen & Kemppainen, 2008; Karjalainen et al., 2009; Karjalainen & Raaij, 2009;

Rothkopf & Pibernik, 2016; Scott et al., 2018). When analysing the given definitions of noncompliance and trying to determine key characteristics of this behaviour based on a thorough literature review (chapter 2.3) one notices that most publications work with a narrow definition of this phenomenon. Noncompliance in purchasing is either defined as purchasing activities that ignore existing framework agreements, purchasing activities that bypass the purchasing department, or purchasing activities that violate existing processes, rules, or procedures. However, to fully capture and understand the entirety of maverick buying, one should work with a definition that includes all constituent features of this behaviour, the new definition for maverick buying created as part of this thesis (chapter 2.3) represents such an attempt. Current scientific literature about maverick buying and 42 articles about maverick buying were analysed to determine key characteristics and devise a more inclusive definition of this behaviour. Based on the results, the definition below for noncompliant purchasing behaviour was created:

Purchases should be considered noncompliant work behaviour in purchasing in the form of maverick buying if they are conducted without the formal involvement of the purchasing department, and/or without the use of existing framework contracts, and/or outside of established purchasing processes.

It is the author's view that using this definition will allow researchers to approach the phenomena from a new, more holistic perspective. Research using this definition will enable the capturing of the phenomenon of maverick buying in its entirety rather than only in parts, which will have implications not only in terms of identifying and understanding the underlying reasons for noncompliance, but also for determining approaches toward addressing the phenomenon from an academic perspective.

The practical implications of creating a definition of maverick buying are very similar to the theoretical consequences. Combined with the literature analysis, the interview results suggest that many practitioners in the area of purchasing do not have a common understanding of maverick buying in terms of specificity and/or

scope, despite the wide use and acceptance of the used terminology, i.e., maverick buying. Basing future efforts to understand and pro-actively address maverick buying on a commonly accepted definition would ensure that everyone works from the same conceptual base. Possible solutions to address the phenomenon will therefore be transferable because they are based on a common understanding of the issue.

7.2.1.2 Ex-Ante and Ex-Post Noncompliance

Set in a Bavarian manufacturing context, this thesis discovered that maverick buying can occur both before and after a contract has been signed, thus presenting a distinction not made in existing literature. The empirical evidence indicates that many functional departments, such as research and development, engineering, or manufacturing, might distort the purchasing process in such a manner that severely limits the purchasing department's choices concerning supplier selection. Previous works examining noncompliance in purchasing have not thematised this type of behaviour in the context of maverick buying. The realisation that this behaviour can be assigned to the behaviour of maverick buying might open new avenues for understanding this construct and possibly also enable the split of the phenomenon into two completely new scientific areas of work. One set of future research might focus on exploring aspects of maverick buying from an ex-ante perspective, whereas another branch might focus on continuing to understand and explain the phenomenon from an ex-post perspective as it has been done in the past.

The presented contribution to theory also has important implications for practice. As discussed in chapter 2.8, previous authors have predominantly focused on contract compliance, i.e. on ensuring that existing contracts are being used when trying to address the topic of maverick buying. The presented empirical evidence from Bavarian manufacturing firms seems to suggest that this approach is not sufficient because it appears to limit ways to address maverick buying to an ex-post perspective, i.e. making sure that existing contracts are being used once they are signed. As the empirical evidence suggests, from a practical perspective it seems important to realize that one form of maverick buying may be the existence of

contracts where the purchasing department was not involved in the supplier selection process and/or the negotiation of purchasing prices. The empirical evidence seems to imply that in order to avoid this form of maverick buying and its potentially negative impacts on the company, purchasing departments must become active long before contracts are signed by ensuring that they are involved in all stages of the supplier selection process and price negotiations. Being given a short-list of pre-selected suppliers, or being limited to a single supplier because of specifications that limit the supply base can be considered an ex-ante (before contract signature) form of maverick buying. In other words, purchasing departments may need to ensure that maverick buying does not happen before contract signature (ex-ante) as well as after contract signature (ex-post).

7.2.1.3 Interacting Constructs

Previous works on non-compliant purchasing behaviour predominantly focused on developing a single main theoretic framework from which to understand and explain the phenomenon. Often the theoretic framework used was agency theory and information asymmetries (e.g., Karjalainen & Kemppainen, 2008; Karjalainen & Raaij, 2009). Only recently have some authors also focused on the construct of alignment as a possible theoretical approach to explain noncompliance in purchasing (e.g., Rothkopf & Pibernik, 2016; Scott et al., 2018), and a few authors have also linked the construct of purchasing maturity to noncompliance in purchasing (e.g., Schiele et al., 2014). The presented research seems to indicate that one should possibly consider all three constructs in combination in order to better understand and explain the construct of purchasing compliance. Using only one or possibly two of these constructs might not be sufficient to fully understand why employees choose to bypass the purchasing department or existing contracts or why they circumvent established processes.

The practical implications of this contribution to theory may also be far-reaching. Chapter 2.8 listed the main recommendations which can be found in literature on how to approach noncompliant purchasing behaviour from a practical perspective. Most of quoted sources suggest possible remedies for maverick buying which can be assigned to one, or at best two of the listed constructs. The presented

empirical evidence seems to suggest that purchasing managers who truly want to control and/or manage noncompliance in purchasing need to consider all three constructs in combination and base their management approach to limit maverick buying on remedies that consider the three listed and interacting constructs of purchasing maturity, alignment and incentive issues as well as information asymmetry. The resulting conclusion appears to imply that there is no single way to address this phenomenon in a real-life purchasing context, but that different approaches to manage maverick buying are necessary, based on the underlying reason for the existence of this phenomenon.

7.2.1.4 Summary of Contributions to Theory

The three contributions to theory that were identified in the course of this dissertation are summarised in Table 31 below.

Table 31. Overview of contributions to theory

Contribution to theory 1	<ul style="list-style-type: none"> Based on an extensive literature review, a new definition of maverick buying or noncompliant purchasing behaviour was created. The created definition is much broader than most previous definitions and therefore enables a more holistic understanding of the phenomenon than previous works.
Contribution to theory 2	<ul style="list-style-type: none"> The dissertation identified that noncompliant work behaviour can occur both before (ex-ante) and after contract signature (ex-post). Previously, only ex-post non-compliance was described in the context of maverick buying.
Contribution to theory 3	<ul style="list-style-type: none"> It was discovered that three core constructs aid in explaining and understanding maverick buying, namely purchasing maturity, goal and incentives alignment, and information asymmetries. Any of these can be used individually to gain a better understanding noncompliance in purchasing; however, for a more complete understanding of this behaviour, one must realise that these three constructs are interdependent and interacting.

7.2.2 Contributions to Practice

From the perspective of an application-oriented science, in addition to contributing to theory, the presented research should also provide practice-oriented recommendations on how to address an issue in real-life corporate settings (Kromrey, 2002; Ulrich & Hill, 1976). Based in a Bavarian manufacturing setting, the presented thesis makes three main contributions to the practical understanding of maverick buying. First, it might aid in the differentiation of varying forms of non-compliance in purchasing based on the goods or services that are being procured. Second, it presents qualitative empirical evidence that many indicate that purchasing departments may indeed be ill equipped to be responsible for the entire purchasing process. Finally, the empirical evidence seems to support the notion that the organisational anchoring of the purchasing function might need to be reconsidered based on the goods or services that are being procured.

7.2.2.1 Differentiation of Noncompliance Forms According to Purchased Items

Karjalainen et al. (2009) described five different forms of noncompliance in their seminal work on 'Noncompliant work behaviour in purchasing: an exploration of reasons behind maverick buying'. The research presented here appears to support the notion that four of the five forms of maverick buying discussed in that study also occur in the manufacturing sector in Bavaria; however, the thesis was unable to verify the existence of ill-intentioned maverick buying because the interviewees claimed that they had not personally engaged in this kind of noncompliance. According to the researcher's understanding of a phenomenological research approach, it is important that the interviewees have first-hand, personal experience of the events that they describe (Merten, 2010; Patton, 2002). All the interviewees claimed that they only knew of people who told them about this kind of behaviour and had never engaged in ill-intentioned noncompliance themselves. Therefore, their experiences of such behaviour cannot be considered original and should not be included in the current description and evaluation of noncompliant behaviour.

The interviews yielded the result that the remaining four forms of noncompliance can be distinguished according to the goods or services that are being

bought (chapters 5.1, 6.1, and 6.5) as well as the frequency with which purchases are being made. It is the author's view that these findings are quite significant for businesses. Combining the results of the interviews with the knowledge of the different forms of maverick buying as described by Karjalainen et al. (2009) may point to underlying motivations of the employees who engage in this type of behaviour. Based on the empirical evidence, it appears that the reasons or motivations for noncompliance vary according to whether one buys goods or services, or A-, B-, or C-parts. This seems to be an important distinction because it implies that there might not be a standard solution to address noncompliance in purchasing. Possible approaches to dealing with this phenomenon will most likely need to be differentiated according to what is being bought.

For a purchasing manager who would like to ensure that maverick buying does not present a problem for his or her purchasing organisation, a number of possible conclusions might result. Initially it seems reasonable to suggest that rather than trying to find a standard solution for maverick buying, a purchasing manager should properly try to determine what type of goods or services are most commonly procured outside of approved processes. As previously stated, possible approaches to deal with maverick buying seem to vary based on the purchased goods or services.

Based on the empirical evidence, one of the most significant causes of non-compliance when purchasing services seem to be information asymmetries. These information asymmetries would have to be eliminated in order to avoid (or at least reduce) the occurrence of noncompliant purchasing behaviour. This aspect of non-compliance in purchasing is addressed in more detail in chapter 7.2.2.2.

The underlying reasons for noncompliance in purchasing appear to be more closely related to alignment and incentive issues or issues of process maturity. Building on the analysis of the qualitative interviews, a pro-active purchasing manager may try to ensure that the level of professional proficiency in her/his purchasing department is adequate, and that purchasing goals are not in conflict with the goals of the departments requesting the purchase of items. In addition, using the help of a check-list, as suggested when discussing the results of research question

four in chapter 7.1.4 item 8, may be helpful in developing an outcome focused management approach to noncompliance in the area of purchasing.

7.2.2.2 Non-Compliance in Purchasing Can Be Traced to Buyers' Inadequate Product or Service Knowledge

The interviews indicated that a considerable percentage of maverick buying in the sampled companies is the result of well-intentioned noncompliance. This motivation for noncompliance is similar to that first described by Karjalainen et al. (2009); however, whereas they linked well-intentioned noncompliance to the refusal to use existing framework agreements, the form of noncompliance described herein takes place before a contract has been signed (chapter 6.5).

Interviewees expressed the conviction that their respective purchasing departments were not qualified to be responsible for the entire purchasing process. Therefore, they reported pre-selecting suppliers or modifying the specifications of products in such a manner that only their preferred supplier or the supplier they believe is best suited meets the specifications. From a practical perspective, this suggests that it might indeed be true that purchasing departments are not always qualified to be responsible for the entire purchasing process, which seems to coincide with Johnson's and Leenders's (2006) study on 'Gaining and losing pieces of the supply chain'. Among 200 changes in supply responsibility, Johnson and Leender (2006) found that among those, 44 were changes in responsibility whereby purchasing departments had been previously responsible for acquiring certain goods or services; however, corporate management had decided that they should no longer be responsible for these goods or services in the future. The core reason reported for these adjustments was the belief that functional departments were equally well or even better suited to select the best suppliers. Such changes seem to confirm Ramsay's (2001) assertions that purchasing is in many cases not a valuable and strategically important function, but rather often more of an operational task. The existence of so-called non-traditional commodity fields, as discussed by Deloitte et al. (2005) and Fearon and Bales (1995) and described herein in chapters 6.1.6 and 6.5, also seems to support the assumption that the purchasing department might not always be best suited in deciding who to select as suppliers. This

finding's practical significance is considerable. On the one hand, the dissertation was able to convincingly reaffirm that the purchasing function adds value for many corporations (chapter 2.1) and that it is best executed if a dedicated purchasing department is responsible for the buying activities of a company (chapter 2.1). This result reaffirms Grochla's (1973, 1977) early assertions that all purchasing activities should be carried out by a dedicated purchasing department and that this department should be solely entrusted with decisions regarding supplier selection and contracting. On the other hand, the current research seems to suggest that some commodity groups might be too complex—or in the case of services too difficult to describe and specify (chapters 6.1.2 and 6.1.5)—to put the purchasing department entirely in charge of the purchasing process. This finding implies that companies must very carefully determine for which goods and services the purchasing department should be responsible, which goods and services they want to leave in the responsibility of functional departments for example, such as research and development, and for which goods and services the purchasing department might have joint responsibility with a functional department.

The implications for purchasing managers appear to be far reaching if they attempt to address the phenomenon of maverick buying in a pro-active way. Purchasing managers may have to determine if their respective departments are truly the best choice to determine which supplier is best suited to supply the goods and services for which they are responsible for under current company regulations. This will require an honest evaluation of purchasing competencies not only in terms of negotiation skills, but also based on technical knowledge and product know-how. The more difficult it is to truly describe a good or service with classic specifications, the more likely it may be that some form of closer cooperation with the requesting user may be necessary during the purchasing process than it is currently customary in many companies. This seems to imply that the purchasing process may need to change in instances when product or service characteristics show a high level of intangibility and when the requesting user of a good or service has a difficult time describing these characteristics with classical specifications. The traditional process to forward product or service specifications to the purchasing department in order

for it to start the supplier selection process does not seem to work in such instances. Rather, the requestor of a good or service would have to engage in an intense information exchange with the purchasing department to jointly determine the most fitting supplier while taking both functional considerations as well as purchasing criteria into consideration. Taking these thoughts further, it might mean that different purchasing processes may be necessary for different procurement items. In other words, different commodity groups may necessitate distinct purchasing processes. In instances when product or service characteristics are easy to describe, a traditional purchasing set-up in which the transmittal of product specifications starts the work of the purchasing department may continue to be the standard. However, in instances when product or service specifications are difficult to convey and transmit, a closer form of cooperation between purchasing and the requesting user may be necessary in the supplier selection process. What exactly these new processes may look like should be subject to further evaluation in the future. In certain instances, the above assertions might also lead to the conclusion that purchasing responsibility for certain goods or services may be assigned to functional departments other than the purchasing department.

7.2.2.3 Organisational Integration of the Purchasing Department and Goal Alignment

The previous chapter ended with the statement that companies might have to reconsider how they want to assign purchasing responsibilities, and the third key takeaway of the thesis' contribution to practice focusses on this aspect. Most corporate leaders and analysts have generally accepted that the purchasing department should be an independent corporate function that is on an eye-to-eye level with other corporate departments such as research and development, engineering, manufacturing, or marketing (chapter 2.1). However, the current research seems to hint at the possibility that this approach might not always be effective. Considering the reasons for noncompliant work behaviour and the resulting differentiation of noncompliance forms based on the goods or services being purchased (chapters 6.1.2, 6.2.3, and 6.5), it seems that the organisational integration of the purchasing function might need to be differentiated accordingly. Although a classical

organisational set-up with an independent purchasing function might work well for easily described and specified goods or services such as B-parts or C-parts, a more cross-functionally oriented purchasing set-up might be necessary for more complex and harder to describe A-parts and services. This thesis makes no suggestions as to whether the purchasing department or the functional departments should lead such cross-functional teams. Rather, the important point is that a solution must be found that allows the purchasing knowledge and skill of a professional purchasing department to be combined with the functional knowledge and skill of the respective functional departments.

In addition, integrating the purchasing function with other departments might also foster the achievement of a greater level of alignment between the goals of the purchasing function and other departments. The secondary research (chapters 3.3 and 4.6.2) as well as the empirical evidence from the interviews (chapters 5.1.4, 5.3, 6.1.2, and 6.3) indicates that alignment issues are being among several core factors contributing to noncompliance in purchasing. The organisational integration of the purchasing function with other departments might contribute to the resolution of some of these alignment issues.

It is the author's belief that the practical implications of a rethinking of the organisational integration of the purchasing department for certain items or commodity groups may be difficult for many purchasing managers. The purchasing function has worked hard in recent decades to achieve equal standing with other corporate functions such as marketing and sales, engineering or research and development (also see chapter 2.1 for more information on this development). However, the empirical evidence (chapters 5 and 6), along the finding that upwards of 30-50% of total corporate purchasing volumes (Appendix II) are procured without the involvement of the purchasing department, and that these percentages have stayed largely constant over the past 30 years, seem to imply that current organisational structures and/or processes are far from optimal and that they seem to disregard the needs of many company-internal stakeholders. One may need to consider the possibility that corporate functions other than the purchasing department may at times be better suited than the purchasing department to determine the

most fitting supplier. In certain instances, and for the procurement of particular items of commodity groups, it may be necessary that the purchasing department takes a subordinate role to other corporate functions in order to ensure that purchasing specific know how, for example in the form of negotiation skills, is not overlooked in the purchasing process. Making this determination will require a re-thinking of the functional integration of the purchasing department based on commodity- or material groups and based on an A- B- and C- classification of these items.

7.2.2.4 Summary of Contributions to Practice

The three contributions to practice that were identified in the course of this dissertation are summarised in Table 32 below.

Table 32. Overview of contributions to practice

Contribution to practice 1	<ul style="list-style-type: none"> • Noncompliance in purchasing occurs for many underlying reasons. • The reasons for noncompliance differ based on what is being bought (A-, B-, or C- parts) by the purchasing department. • In trying to pro-actively address the phenomenon, one needs to take the above two points into consideration.
Contribution to practice 2	<ul style="list-style-type: none"> • Buyers or commodity managers might indeed be overburdened in determining the best price or supplier for complex bundles of goods and services. • Clear specifications may be difficult- or impossible to compile by the requestor of these items. • In order to ensure purchasing compliance, purchasing must work closely with other departments such as research and development or engineering. • It might be constructive to allow departments other than purchasing to take the lead of the purchasing process in certain situations.
Contribution to practice 3	<ul style="list-style-type: none"> • The organisational integration of the purchasing department in the overall structure of companies might have to be rethought. • Classical purchasing structures might be well suited for B- and C- parts; however, they might be less well suited for the purchase of A- parts. • The empirical evidence indicates that the purchase of A-parts by OEMs or suppliers of the 1st tier might necessitate different organisational set-ups. • Companies need to ensure that the purchasing knowledge of purchasing departments is effectively combined with the product- or service specific knowledge of research and development and engineering departments. • The integration of functional expertise will also contribute to a

	greater achievement of inter-departmental alignment, which was empirically identified to be a main contributor to noncompliance.
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7.2.3 Contributions to Methodology

Apart from contributing to theory and practice, making contributions to methodology is another major intention of business research. This thesis contributes to methodology in one key aspect. As detailed in chapter 1.7, phenomenological research is not popular in Germany; to date, no similar studies have examined the topic of noncompliance in purchasing in German companies. In that context, this dissertation presents a novel demonstration that a new research methodology in the form of a qualitative, phenomenological approach can yield valuable insights into existing behaviours in the area of purchasing. In this regard, the presented thesis is a first effort to show the value of phenomenological research for exploring and better understanding a topic that has been written about for a relatively long time. Using existing theoretical and qualitative research related to purchasing compliance enabled the author to identify key theoretic constructs and items that describe and explain the phenomenon of maverick buying. Using phenomenological research then allowed the author to further explore the area of interest and identify variables that contribute to and explain previously unidentified aspects of the phenomenon. It is the author's hope that this research will demonstrate the value of using a phenomenological approach in business management and particularly in purchasing research. Given that the dissertation was able to identify new perspectives on how to examine noncompliance in purchasing and that the phenomenological approach has not been widely used in Germany, this study shows the value of that methodology for exploring both new and existing purchasing phenomena.

The key contribution to methodology that was identified in the course of this dissertation is summarised in Table 33 below.

Table 33. Overview of contributions to methodology

Contribution to methodology	This study applied a new qualitative methodological approach to understanding maverick buying in Germany. The dissertation demonstrates that a phenomenological approach can yield new and valuable insights into a phenomenon that has been discussed for quite some time.
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7.3 Limitations

The presented research explored the underlying reasons, drivers, and motivations of maverick buying in Germany. At this point, several limitations must be discussed based on the applied phenomenological research methodology.

Transferability can be considered one of the core limitations of the research. Transferability refers to the extent to which research can be considered applicable to other businesses or situations (Hoepfl, 1997). Ensuring that the research setting is explicitly described and clearly identifiable can aid in making certain that the reader understands the possible limitations of the research results (Trochim, 2006). One must be aware of the following factors regarding the description of noncompliant work behaviour in purchasing presented in this work.

For one, all of the interviewees came from German manufacturing firms with over 10,000 employees. Based on this sample, the research cannot be considered generally applicable. The purchasing function is generally considered to play a very important role in the manufacturing industry because material costs are continuously increasing as a percentage of the overall value of the manufactured goods as companies transfer manufacturing activities to suppliers (Agrawal, 2014; Gabath, 2008; Liu & Yang, 2015; Stevenson, 2017; Tate, Ellram, Schoenherr & Petersen, 2014). Based on the heightened importance of purchasing activities in large manufacturing companies, one might obtain different interview results if the interviewees come from smaller companies or from the service sector, where the purchasing function is not quite as important. Further research is needed to test to what extent the results of this research can be transferred to other industries or smaller companies.

This research explored maverick buying in several companies in Germany. Although not all of the interviewees were from that country, they were all employed by German manufacturing firms, which might limit the transferability of the research results to other countries due to the specific cultural characteristics of German companies. Much has been written about different national cultures and cultural peculiarities (Hofstede, Hofstede, & Minkov, 2017). Among other

variations, cultures differ greatly in terms of adhering to rules and policies as well as power distance (Saadat Din, 2014). Although the impact of cultural peculiarities such as power distance on maverick buying was not the focus of the research, it is the author's assumption that this issue might have an impact on the relevance of noncompliance in a corporate setting. Thus, the findings might be more applicable to countries or regions where the business culture is similar to German business culture and approaches. Like the previously mentioned limitation, further research will be necessary to determine the extent to which the findings of this thesis can be transferred to other countries.

7.4 Further Research

Although this research has answered several interesting questions regarding maverick buying, it also has spurred many new questions and rewarding future research topics. Several potential future research projects can originate from this work. Seven questions that seem worthy of future attention are discussed below:

1. All of the statements made and resulting conclusions are based on a sample of only five interviewees who all worked in the same industry sector (manufacturing). Future research should investigate the extent to which the research findings are representative of the sampled industry (manufacturing) and to what degree they are transferable to other industries in Germany.
2. Ill-intentioned maverick buying should be researched in more detail. It is the authors assumption that personal interviews might not be the most appropriate method to investigate such behaviour. Although interviewees might not fear negative professional repercussions due to their answers, their embarrassment in front of the interviewer might prevent them from admitting that they have intentionally inflicted damage on their companies. An anonymous survey might be a more fitting research tool to learn about this form on noncompliance.
3. The interviews indicated that ex-ante noncompliance is a very common occurrence in many businesses. This form of noncompliance has not

previously been considered or described. Considering that noncompliance in purchasing is often quoted to affect 25%–50% or more of purchasing volume (chapter 5.2.3), it seems safe to assume that the real extent of the noncompliant purchasing volume is considerably higher. Future research should try to determine the true extent to which purchasing volumes are affected by process distortions in the form of maverick buying. It is the researcher's opinion that the level of spend that is procured in a completely compliant fashion—i.e., the purchasing department is 100% responsible for supplier selection and price negotiations—is most likely below the currently assumed rates of 50%- 75%.

4. Chapter 7.2 proposed that to maximise their benefits, companies might have to re-think the organisational set-up of purchasing departments in order to ensure that the specific knowledge and core competencies of the purchasing department are combined with the product or service-specific knowledge of functional specialists. The presented research only suggested to focus on the use of more cross-functional teams. Future research should try to determine how these teams should be organised and under the guidance of which department they should be positioned. Should purchasing people oversee these teams, should functional specialists from research and development or engineering oversee the teams, should the teams be integrated under the guidance of functional departments or remain under the supervision of the purchasing department? All these are worthwhile and important questions to answer.
5. The presented research found that noncompliance in purchasing is a very common occurrence in the interviewees' companies. The research also revealed the behaviour of ex-ante noncompliance whereby functional departments other than purchasing pre-select suppliers before the purchasing department negotiates a contract. This phenomenon increases the extent of noncompliant purchasing activities (ex-post) that have been described by previous authors. An interesting question arises from this finding. Is the current organisational and strategic importance that has

been assigned to the purchasing department in recent years truly warranted (e.g., Braun & Dietrich, 2007; Monczka & Markham, 2007; Scott et al., 2018)? Along with this thought goes the question of whether the purchasing department should continue to be on an equal organisational level with other departments such as research and development or marketing, or if it would be better suited to take the role of an operational-support function.

6. The findings presented in chapter 6.1 suggest that noncompliance in purchasing is common practice in many companies, at least in the Bavarian context, and there seems to be evidence that noncompliance in purchasing is generally accepted by purchasing and by other departments alike. Future research should investigate this issue further. Has it become a common and generally accepted practice that purchasing and other functional departments share the responsibility for supplier selection and evaluation? Such practice would conflict with the views of many authors that the purchasing department alone should be responsible for these processes (chapter 3).
7. Most publications that have examined noncompliance in purchasing have focussed on the negative impacts of this behaviour on companies (chapter 2.4.1). Very few publications have considered the potentially positive implications that might result from noncompliance in purchasing (chapter 2.4.2). The presented research seems to suggest that the negative implications might be overstated in some cases and might indeed sometimes be outweighed by the positive effects of noncompliance in purchasing. Future research should try to shed more light on this topic. A large-scale research survey to identify the positive effects of noncompliance in purchasing might be interesting and worthwhile, and such a study could also contribute to determining possible ways that corporations might want to address this phenomenon.

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Appendix I: Underlying reasons for noncompliant work behaviour

As stated in the text, appendix I gives a much lengthier overview of the reasoning for classifying the identified reasons into three main groups in order to establish a pragmatic classification of core underpinning constructs that explain the phenomenon of noncompliant work behaviour. In this expanded version of the table, the reasoning of why the causes of noncompliant work behaviour are classified into one of the three categories, i.e:

- (1) organisational factors and process maturity,
- (2) incentive and alignment issues and
- (3) information availability and information asymmetry,

is explained in much more detail.

<i>Cause</i>	<i>Category</i>	<i>Reasoning</i>
Causes of non-compliant behaviour and key authors	Classification into core categories	Reasoning supporting the classification into three main categories (author's determination—to be proven empirically later in the thesis)
<i>Managers and Leadership Style</i> Litzky et al. (2006)	(2) incentive and alignment issues	Litzky (2006) described five actions of managers that can encourage noncompliant work behaviour. a) a misaligned compensation and reward system are easily classified as an incentive and alignment issue. b) social pressure to conform indicates the existence of a departmental work culture that does not encourage compliance. In other words, there is no incentive system that would reward employees who act in accordance with rules, regulations or established processes. c) negative and untrusting attitudes can proliferate in a corporate atmosphere where employees know that they are not trusted, which in turn creates an environment where employees are not incentivised to comply with existing rules and regulations. Why should employees comply if they know their managers and supervisors are automatically going to assume that they are engaging in noncompliant work behaviour?

		<p>d) ambiguity about job performance occurs when employees are not informed of right and wrong behaviours, such that they do not know if they are acting according to expectations or if they are noncompliant, and when compliance and non-compliance are not incentivised. In either case, this type of management behaviour can lead to noncompliant work behaviour on part of the employees.</p> <p>e) treating staff unfairly or violating employee trust can also lead to noncompliant work behaviour. If an employee feels that he/she is being treated fairly, or that their trust and good intentions have been abused by management or the company in general, this can cause resentment and in turn lead them to act noncompliant. Treating employees unfairly and violating their trust creates an incentive system in which noncompliant conduct can be a means for employees to 'get back' at the company.</p>
<p>Demographic factors</p> <p>Karjalainen et al. (2009); Wimbush and Shepard (1994)</p>	<p>(2) incentive and alignment issues</p>	<p>Research indicates that certain demographic factors such as gender, tenure, education and age can have an influence on noncompliant work behaviour. Middle-aged men with around five years' company tenure particularly tend to engage in noncompliant behaviour, as societal pressure to excel in career advancement and job performance can lead to an attempt to bypass existing rules, regulations or policies.</p> <p>This author proposed that it should be up to management to be aware of the individual goals, challenges and life situation of each of their employees and incentivise them so that they do not engage in noncompliant conduct. Failing to do so will inevitably lead to noncompliant conduct.</p>
<p>Personality Traits</p> <p>Badenhorst (1994); Liao et al. (2001); Litzky et al. (2006); Trevino (1986)</p>	<p>(2) incentive and alignment issues</p>	<p>Different employees vary in terms of personality, likelihood to adhere to rules and regulations, and their propensity to be influenced by the behaviour of colleagues or managers. Nevertheless, much like the demographic factors, it should be up to management to be aware of the individual goals, challenges and life situation of each of his/her employees and incentivise them to prevent noncompliant conduct. Depending on personality type and background, managers must create a delicate structure of incentives, rewards and sanctions that ensure that employees do the 'right thing', i.e., act in compliance with existing rules and regulations.</p>

		Failing to do so will inevitably lead to noncompliant conduct.
<p>Organisational factors</p> <p>Badenhorst (1994); Karjalainen and Raaij (2011)</p>	<p>(1) Organisational factors and process maturity</p> <p>(3) information availability and information asymmetry</p>	<p>Organisational factors can include organisational culture and information-based issues.</p> <p>A key argument is that departmental subcultures can either encourage or discourage noncompliant behaviour. This can be partly based on the standing and strength of the department within the organisation, such that departments considered to be more important might be allowed to act differently from other, less important departments.</p> <p>Low process maturity, which can result in insufficient rules and regulations, might also be a supporting factor leading to noncompliant work conduct.</p> <p>Training (or a lack thereof) can serve to link organisational factors with factors relating to information asymmetry.</p> <p>An 'important' department might have adequate funds for training and would therefore be aware of all relevant rules and regulations about certain company processes, while an 'unimportant' department that lacks enough training might be unaware of those same regulations, which would create a situation of information asymmetry.</p>
<p>Organisational culture</p> <p>Vardi (2001)</p>	<p>(2) incentive and alignment issues</p>	<p>The impact of organisational culture is rather similar to that of management and leadership style. Company culture and climate—sometimes also referred to as company ethics or corporate code of conduct—might impact compliance by either incentivising or discouraging adherence to formal and informal rules, regulations, processes or norms; thus, these are key considerations when trying to understand why employees do or do not consider compliance to be an important aspect of their daily work life.</p>
<p>Ethical climate</p> <p>Ambrose et al. (2002); Peterson (2002); Robinson and Bennett (1995); Wimbush and Shepard (1994)</p>	<p>(2) incentive and alignment issues</p>	<p>The impact of the ethical climate is very closely related to that of the organisational culture and climate (Peterson, 2002; Vardi, 2001). Peterson defined ethical climate as 'shared perceptions of what is ethically correct behaviour and how ethical issues should be handled in organisations. If the company has a code of ethics that determines how certain situations should be handled, then they should also have incentives to encourage desirable conduct and a set of deterrents to discourage undesirable behaviour.</p>

<p><i>Information asymmetries</i></p> <p>Ates et al. (2014); Chavez et al. (2015); Gallino & Moreno (2014); Mikkelsen and Johnsen (2019)</p>	<p>(3) information availability and information asymmetry</p>	<p>There is less consensus regarding the role of information asymmetry as an underlying cause of non-compliant work behaviour. Some consider this to be a core cause of noncompliant work behaviour, while others suggest that information asymmetries are mostly problematic in case of inadequate company internal information systems along with poor interdepartmental transparency or customer orientation. Ates et al. (2014) considered compliance as deriving from the fit between structure and strategy. if the company's goal is to promote compliance, then the right systems to share information, goals and processes must be in place to facilitate this. If the systems are not adequate to share the right type of information when it is needed, then noncompliance will ensue.</p>
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Appendix II: Scope of maverick buying as a percentage of company purchases

Scope of maverick buying as a percentage of total company purchases (chronological depiction). Appendix III also details the monetary impact that maverick buying or noncompliant purchasing behaviour can have on purchase prices, as seen in column 4.

Author	Maverick buying as a % of purchasing volume	Material group (commodity) surveyed in the article	Results on prices
Scott et al. (2018)	24-50%	Total purchasing volume	+ 20%
Rothkopf and Pibernik (2016)	35-50%	Total purchasing volume	+ 20-30%
Moosmann & Fröhlich (2014)	30%	Total purchasing volume	+ 15%
Moosmann & Sarikaya (2014)	30%	Not named	+ 15%
IBM Corporation (2013)	70%	Total purchasing volume	+ 20%
Wannenwetsch (2012)	30%	Total purchasing volume	+ 15%
Institut für Transportwirtschaft und Logistik and Spring Procurement GMBH(2010)	24%	Total purchasing volume	+ 15%
Aichbauer & Seidel (2006)	30 %	C-parts	+ 15–20 %
Lonsdale & Watson (2006)	50 %	Total purchasing volume	No Information
Wannenwetsch (2005)	30 %	Indirect goods /MRO	+ 15 %
Zurlino and Jäger (2005)	30 %	Total purchasing volume	+ 10–20 %
Duffy (2003)	50 %	Indirect goods /MRO	No Information
Leenders & Johnson (2002)	59 %	Total purchasing volume	up to 20 %
Gebauer (2001)	66 %	Indirect goods & services	+ 12 %
Neef (2001)	30–84 %	Indirect goods	Price increases

Fearon and Bales (1995)	59 %	Total purchasing volume	No Information
Overall	24-84%		12-30%

Appendix III: Keywords for systematic literature search

Keywords for a database search about the topic of noncompliant work behaviour were generated based on an exploratory literature search. Foundation for the initial keywords were the search strings used by Karjalainen (2009) in her article about noncompliant work behaviour in public procurement. The keywords used by Karjalainen were: (1) Maverick (2) Byuing (3) Procurement (4) Spend (5) Purchasing (6) Off-Contract (7) Deviant (8) Behaviour (9) Noncompliant (10) Contract (11) Work (12) Complain (13) Counterproductive (14) Sabotage (15) Organizational (16) Incentive (17) Internal (18) Workplace.

These keywords were supplemented by additional keywords which were found in the exploratory literature search, as well as by the German translations of the original list. The German translations were included to ensure that relevant German literature was also identified. Additional keywords were: (19) Einkauf (20) Beschaffung (21) Ausgaben (22) Rahmenvertrag (23) Vertrag (24) Kontraproduktiv (25) Organisation (26) Verhalten (27) Unproduktiv (28) Anreiz (29) System (30) Unkontrolliert (31) Konform (32) Abweichend (33) Rogue (34) Compliant (35) Sourcing.

Appendix IV: Search strings for systematic literature search

The identified keywords were combined into several search strings. It is important to note that not all possible combinations of keywords were used for the literature search. Certain combinations would not have made much sense in the scope of the research, such as sourcing And purchasing or Beschaffung And Ausgaben. Only keyword combinations were chosen that realistically created the chance to identify articles that focused on noncompliant purchasing behaviour and maverick buying. The chosen keyword combinations were therefore: (1) rogue And purchasing (2) rogue And spend (3) rogue And procurement (4) rogue And buying (5) rogue And sourcing (6) maverick And purchasing (7) maverick And spend (8) maverick And procurement (9) maverick And buying (10) maverick And sourcing (11) compliant And purchasing (12) compliant And spend (13) compliant And procurement (14) compliant And buying (15) compliant And sourcing (16) deviant And purchasing (17) deviant And spend (18) deviant And procurement (19) deviant And buying (20) deviant And sourcing (21) conformant And purchasing (22) conformant And spend (23) conformant And procurement (24) conformant And buying (25) conformant And sourcing (26) correct And purchasing (27) correct And spend (28) correct And procurement (29) correct And buying (30) correct And sourcing (31) purchasing And compliance (32) spend And compliance (33) procurement And compliance (34) buying And compliance (35) sourcing And compliance (36) services And purchasing (37) services And spend (38) services And procurement (39) services And buying (40) services And sourcing (41) commodity And purchasing (42) commodity And spend (43) commodity And procurement (44) commodity And buying (45) commodity And sourcing (46) traditional And purchasing (47) traditional And spend (48) traditional And procurement (49) traditional And buying (50) traditional And sourcing (51) traditionell And Einkauf (52) traditionell And Materialgruppen (53) traditionell And Beschaffungsfelder (54) traditionell And Dienstleistungen (55) Dienstleistungseinkauf And Funktion (56) Dienstleistungseinkauf And Standardisierung (57) Dienstleistungseinkauf And Beschaffungsfelder (58) Dienstleistungseinkauf And Materialgruppen (59) Materialgruppen And Standardisierung (60) Materialgruppen And Beschaffungsfelder (61) Materialgruppen And Einkauf (62)

Materialgruppen And Beschaffung (63) Einkauf And Aufgaben (64) Einkauf And
Funktion (65) Einkauf And Standardisierung (66) Einkauf And Beschaffungsfelder
(67) Einkauf And Institution (68) Einkauf And Dienstleistungen

Appendix V: List and evaluation of analysed articles

Evaluation of Journal Articles to gain an understanding of the definition of noncompliant work behaviour and maverick buying (alphabetical depiction).

Author/Year	Topic of the journal article	Sample Size (Country or Company)
Aichbauer and Seidel (2006)	Maverick buying	theoretic/Lit. review
Angeles and Nath (2007)	E-procurement	USA, employees of ISM & Council of Log Mgmt
Attaran and Attaran (2002)	E-procurement	Mercedes Benz Spain
Bahri et al. (2013)	E-procurement	250 Malaysian suppliers
Biwer et al. (2003)	E-procurement	theoretic/Lit. review
Brandon-Jones and Carey (2011)	E-procurement, compliance	295 software companies
Brookes, Alinay, and Aktas (2015)	Opportunism in the hospitality industry and franchising	theoretic/Lit. review
Caplice and Sheffi (2003)	Procurement for transport	theoretic/Lit. review
Chan and Lee (2003)	E-procurement in SMEs	4 SMEs Hong Kong
Cox et al. (2005b)	Supply chain management in US health service	US Health Service
Cox et al. (2004)	Power in supply chains	12 companies
Cox et al. (2005a)	Procurement practices	124 US companies
Croom and Brandon Jones (2007)	Electronic procurement	UK, 14 city council workers
Cuganesan and Lee (2006)	Control of purchasing networks	MroNet, Australia
Davila et al. (2003)	Internet procurement	theoretic/Lit. review
De Boer, Harink, and Heijboer (2002)	E-procurement	Danish transport company
Dolmetsch (2000)	Maverick buying	theoretic/Lit. review
Eßig and Arnold (2001)	E-procurement	theoretic/Lit. review
Fearon and Bales (1995)	Noncompliant purchasing	USA, 158 companies
Feisel, Hartmann, and Giunipero (2011)	Human factors in supplier relationships	theoretic/Lit. review

Foroughi (2008)	E-procurement	US production companies
Gebauer (2001)	Maverick buying	1 German company
Gebauer and Segev (1998)	Internet procurement	US, 60 mixed companies
Gebauer and Segev (2008)	Internet procurement	Examples and case studies
Geldermann et al. (2006)	Lacking compliance in public procurement	147 employees of the Danish Ministry of Defense
Geldermann et al. (2008)	MRO supply procurement	180 users of NATO e-Procurement portals
Gunasekaran and Ngai (2008)	E-procurement adoption	76 Hong Kong and Chinese companies
Hallikas et al. (2011)	Supply chain management	theoretic/Lit. review
Handfield and Bechtel (2002)	Trust and Relationship structures in Supply-chain Management	10 US production companies
Handfield, Ragatz, Peterson, and Monczka (1999)	Supplier involvement in new product development	USA, Japan, 225 companies
Hayes (2002)	E-procurement	theoretic/Lit. review
Heijboer and Telgen (2002)	Electronic purchasing	theoretic/Lit. review
Herfuth and Weiß (2014)	Service procurement in collaborative networks	theoretic/Lit. review
Hess (2013)	University procurement	USA, Pennsylvania University
Höller and Lippmann (2009)	SME procurement	Austria 110 SMEs
Holma and Bask (2012)	Public procurement monitoring	Finland, 3 companies
Hoppen, Fricke, König, and Pfitzer (2002)	Purchasing in general	Central Europe
Howard, Vidgen, and Powell (2006)	Automotive e-hubs	4 international auto comp.
Huber, Sweeney, and Smyth (2004)	Purchasing consortia	theoretic/Lit. review
Hulpke and Lau (2008)	Business ethics in China	China
Ide (2009)	Avoidance of unfair trade practices	international SMEs
Jonsson and Mattson (2008)	Optimisation of materials planning	206 production and retail businesses
Karjalainen (2009)	Centralisation	Finnish Government, 57 respondents

Karjalainen and Raji (2008)	Maverick buying as agency problem	theoretic/Lit. review
Karjalainen and Raji (2011)	Framework contracts in public procurement	Finish government
Kauppi and Raaij (2014)	Maverick buying	Finish Government, 222 respondents
Kelle and Akbulut (2005)	ERP Systems and supplier collaboration	theoretic/Lit. review
Kothari et al. (2005)	E-procurement in Hotels	US Hotels
Kothari, Hu, and Roehl (2007)	Procurement in Hotels	Hotel industry
Kroese et al. (2008)	E-procurement model	Netherlands
Lawson, Cousins, Handfield, and Petersen (2009)	Strategic purchasing	111 UK production-oriented companies
Leenders and Johnson (2002)	Noncompliant purchasing	theoretic/Lit. review
Lempinen (2013)	Performance management systems	theoretic/Lit. review
Li, Ragu-Nathan, Ragu-Nathan, and Rao (2004)	Strategic Supply Chain Management	196 production companies
Liao, Hong, and Rao (2010)	Strategic Supply Chain Management	201 production-oriented companies
Lonsdale and Watson (2006)	Company internal client relationships	theoretic/Lit. review
Loukis, Spinellis, and Katsigiannis (2011)	Acceptance of B2B marketplaces in procurement	theoretic/Lit. review
McGrath and O'Toole (2013)	Corporate supply chains	Ireland, Brewery, SME
Moosmann and Sarikaya (2014)	Maverick buying	
Moosmann and Fröhlich (2014)	Maverick buying	
Neef (2001)	E-procurement	theoretic/Lit. review
Nijssen, Biemans, and De Kort (2002)	Supplier involvement in research and development	43 new product development Managers
Nissen and Mauß (2002)	E-procurement supplier relationship management	theoretic/Lit. review
Parida, Sophonthumpha and Parida (2008)	E-procurement	Qualitative, multiple case study
Pemer and Skjölvik (2012)	Purchasing Management: Customer supplier relationships	theoretic/Lit. review

Perner (2014)	Service procurement in B2B	Germany and Sweden
Pike (2002)	E-procurement	theoretic/Lit. review
Pohl and Försl (2011)	Purchasing evaluation	4 German companies
Puschmann and Alt (2004)	E-procurement	12 international companies
Raaji (2008)	Maverick buying	10 Dutch companies
Rahim (2008)	Acceptance of e-procurement	Australian city council
Ramsay and Croom (2008)	Criticism of strategic purchasing	theoretic/Lit. review
Rawlyer and Schubert (2003)	B2B trade platforms	theoretic/Lit. review
Richter (2003)	Centralised procurement mgmt	theoretic/Lit. review
Rigby, Day, Forrester, and Burnett (2000)	Agile supply chain	theoretic/Lit. review
Ronchi Brun, Golini, and Fan (2010)	IT e-procurement	IT companies
Rothkopf and Pibernik (2016)	Maverick buying	Germany, two reference cases
Roy, Sivakumar, and Wilkinson, (2004)	Innovation in supply chains	theoretic/Lit. review
Sánchez-Rodríguez and Martínez, (2004)	Quality management in Supply chain	302 Spanish production companies
Schild (2008)	Purchasing performance management	theoretic/Lit. review
Scott et al. (2018)	Maverick buying	278 US transit companies
Subramaniam and Shaw (2004)	B2B e-procurement	theoretic/Lit. review
Sheth and Sharma (1997)	Strategic Supply Chain Management	theoretic/Lit. review
Somasundaram and Damsgaard (2005)	E-proc. in public administration	theoretic/Lit. review
Su and Yang (2010)	ERP systems	138 Taiwanese companies
Subramaniam et al. (2003)	B2B e-procurement	410 US production companies
Tatham and Kovacs (2010)	Trust and relationship structures in SCM	theoretic/Lit. review
Tavi (2008)	Global e-procurement	Sweden
Tuteja (2003)	B2B e-procurement	theoretic/Lit. review

Poucke, Weele and Matthysens (2014)	Customer satisfaction and purchasing quality	theoretic/Lit. review
Walker and Brammer (2012)	e-procurement in public procurement	208 buyers in public procurement
Wannenwetsch (2005)	Purchasing in general	theoretic/Lit. review
Werner (2008)	Purchasing organisation	theoretic/Lit. review
Withers (2013)	Ethical conduct of companies	US and EU SMEs
Zurlino and Jäger (2005)	Maverick buying	131 companies

Research methodology of analysed publications that focus on noncompliant behaviour in business-to-business purchasing (alphabetical depiction).

Author/Year	Research Methodology
Aichbauer and Seidel (2006)	Literature review Theoretic research
Angeles and Nath (2007)	Quantitative Empirical research
Attaran and Attaran (2002)	Quantitative empirical research
Bahri et al. (2013)	Quantitative Empirical research
Biwer et al. (2003)	Literature review Theoretic research
Brandon-Jones and Carey (2011)	Quantitative Empirical research
Brookes et al. (2015)	Literature review Theoretic research
Caplice and Sheffi (2003)	Quantitative Theoretic research
Cox et al. (2005a)	Quantitative Empirical research
Cox et al. (2005b)	Quantitative Empirical research
Chan and Lee (2003)	Quantitative Empirical research
Cox et al. (2004)	Quantitative Empirical research
Croom and Brandon Jones (2007)	Interviews, Empirical research
Cuganesan and Lee (2006)	Quantitative Empirical research
Davila et al. (2003)	Literature review - Theoretic research
de Boer et al (2002)	Quantitative Empirical research
Dolmetsch (2000)	Literature review Theoretic research
Eßig and Arnold (2001)	Literature review Theoretic research
Fearon and Bales (1995)	Empirical research
Feisel et al. (2011)	Quantitative Empirical research
Foroughi (2008)	Empirical research, case study and examples

Gebauer and Segev (1998)	Quantitative Empirical research
Gebauer and Segev (2008)	Literature review Theoretic research
Gebauer (2001)	Quantitative empirical research
Geldermann et al. (2006)	Quantitative empirical research
Geldermann et al. (2008)	Quantitative empirical research
Gunasekaran and Ngai (2008)	Quantitative empirical research
Hallikas et al. (2011)	Literature review, theoretic research
Handfield and Bechtel (2002)	Quantitative empirical research
Handfield et al. (1999)	Quantitative empirical research
Hayes (2002)	Literature review, theoretic research
Heijboer and Telgen (2002)	Literature review, theoretic research
Herfuth and Weiß (2014)	Literature review, theoretic research
Hess (2013)	Quantitative empirical research
Höller and Lippmann (2009)	Quantitative empirical research
Holma and Bask (2012)	Empirical research, case study & interview
Hoppen et al. (2002)	Empirical research
Howard et al. (2006)	Quantitative empirical research
Huber et al. (2004)	Literature review, theoretic research
Hulpke and Lau (2008)	Literature review, theoretic research
Ide (2009)	Empirical research
Jonsson and Mattson (2008)	Empirical research
Kauppi and Raaij (2014)	Quantitative empirical research
Karjalainen (2009)	Quantitative empirical research
Karjalainen and Raij (2011)	Quantitative empirical research
Karjalainen and Raij (2009)	Quantitative empirical research
Karjalainen, et al. (2009)	Literature review, theoretic research
Karjalainen and Kemppainen (2008)	Quantitative empirical research
Kelle and Akbulut (2005)	Literature review, theoretic research
Kothari et al. (2005)	Empirical research, qualitative interviews
Kothari et al. (2007)	Quantitative empirical research
Kroese et al. (2008)	Quantitative empirical research
Lawson et al. (2009)	Quantitative empirical research
Leenders and Johnson (2002)	Literature review, theoretic research
Lempinen (2013)	Literature review, theoretic research
Li et al. (2004)	Quantitative empirical research

Liao et al. (2010)	Quantitative empirical research
Lonsdale and Watson (2006)	Quantitative empirical research
Loukis (2011)	Literature review, theoretic research
McGrath and O'Toole (2013)	Empirical research, qualitative interviews
Moosmann and Fröhlich (2014)	Literature review, theoretic research
Moosmann and Sarikaya (2014)	Literature review, theoretic research
Neef (2001)	Literature review, theoretic research
Nijssen et al. (2002)	Empirical research, qualitative interviews
Nissen and Mauß (2002)	Literature review, theoretic research
Parida et al. (2008)	Empirical research, qualitative interviews
Pemer and Skjölsvik (2012)	Literature review, theoretic research
Perner (2014)	Quantitative empirical research
Pike (2002)	Literature review, theoretic research
Pohl and Försl (2011)	Quantitative empirical research
Puschmann and Alt (2004)	Quantitative empirical research
Raaji (2008)	Empirical research, qualitative interviews
Rahim (2008)	Quantitative empirical research
Ramsay and Croom (2008)	Literature review, theoretic research
Rawlyer and Schubert (2003)	Literature review, theoretic research
Richter (2003)	Literature review, theoretic research
Rigby et al. (2000)	Literature review, theoretic research
Ronchi et al. (2010)	Quantitative empirical research
Rothkopf and Pibernik (2016)	Empirical research, qualitative interviews/cases
Roy et al. (2004)	Literature review, theoretic research
Sánchez-Rodriguez and Martinez, (2004)	Quantitative empirical research
Schild (2008)	Literature review, theoretic research
Scott et al. (2018)	Quantitative empirical research
Shaw and Subramaniam (2004)	Quantitative empirical research
Sheth and Sharma (1997)	Literature review, theoretic research
Somasundaram and Damsgaard (2005)	Literature review, theoretic research
Su and Yang (2010)	Quantitative empirical research
Subramaniam et al. (2003)	Quantitative empirical research
Tatham and Kovacs (2010)	Literature review, theoretic research
Tavi (2008)	Literature review, theoretic research
Tuteja (2003)	Literature review, theoretic research

Poucke et al. (2014)	Quantitative empirical research
Walker and Brammer (2012)	Quantitative empirical research
Wannenwetsch (2005)	Literature review, theoretic research
Werner (2008)	Literature review, theoretic research
Withers (2013)	Quantitative empirical research
Zurlino and Jäger (2005)	Quantitative empirical research

Appendix VI: Classification of approaches to address maverick buying

Approaches to address maverick buying and noncompliant work behaviour in business-to-business purchasing grouped and classified according to the three core underlying reasons for the existence of maverick buying.

Approaches to deal with maverick buying	Exemplary studies	Type/Form of noncompliant behaviour addressable with the presented approach to deal with maverick buying Exemplary reasons for this type of noncompliance	Core category of reasons applicable to the presented approaches to deal with maverick buying
4.1 e-Procurement	(Angeles & Nath, 2005; Cuganesan & Lee, 2006; De Boer et al., 2002; Geldermann et al., 2006; Hartmann & Petschke, 1999; Karjalainen et al., 2009; Kulp et al., 2006; Melzer-Ridinger, 2007; Michaelides et al., 2003; Nenninger, 1999)	Unintentional noncompliance Casual noncompliance Employee does not know about or ignores existing agreements. e-procurement tools that are easily accessible via desktop programs might help to eliminate information asymmetries and simplify the ordering process. Best suited for C-parts, MRO, office equipment, etc.	(2) Incentive Alignment (3) Information Asymmetry
4.2 Purchasing cards and petty cash	(BME, 2007; Cox et al., 2005; Karjalainen et al., 2009; Moosmann & Sarikaya, 2014; Palmer, 1996;	Unintentional noncompliance Casual noncompliance Employee wants to order certain parts in the easiest and quickest way possible. Employee does not know about or ignores existing agreements. Purchasing card and petty cash	(2) Incentive Alignment (3) Information Asymmetry

	<p>Poucke, et al., 2014; Wannenwetsch, 2013; Werner, 2010; Wild, 2002; Wisner, et al., 2008)</p>	<p>enable direct purchasing activities without the interference of the purchasing department. Increases convenience for user; fast and un-bureaucratic purchasing.</p> <p>Best suited for C-parts, MRO, office equipment.</p>	
<p>4.3 Elimination of information asymmetries</p>	<p>(Chitale and Gupta, 2007; Karjalainen et al., 2009; Kauppi & Raaij, 2014; Kulp et al., 2006; Monczka, et al. 2008; Moosmann & Sarikaya, 2014; Pooler et al., 2004 Rutherford, et al., 2007; Scott et al., 2018)</p>	<p>Well-Intentioned noncompliance Ill-Intentioned noncompliance</p> <p>Employees from both the purchasing department and users/requestors from outside the department can lack a whole range of information.</p> <p>Users/requestors might not know about purchasing initiatives like greening the supply chain and reducing carbon emissions or increasing corporate social responsibility. Users might assume that purchasing employees are not knowledgeable about their product or item and might also be ignorant of existing processes or policies. Can also be influenced by assumptions of own superior buying skill or that they are being or discriminated against.</p> <p>Purchasing department employees might not know what objectives are most important to the requestor. Wrong assumptions about ordering speed, importance- or relationship between price and quality, or the need to work with long term- and known suppliers of certain items might also cause noncompliant purchasing behaviour. Purchasing employees or the purchasing department might be unqualified to objectively evaluate supplier offers.</p> <p>Best suited to purchases of A and B parts and items necessary to produce goods and services.</p>	<p>(1) Organisation and Process Maturity (2) Incentive Alignment (3) Information Asymmetry</p>

<p>4.4 Centralised purchasing department</p>	<p>(Dubois & Wynstra, 2005; Gadde et al., 2010; Karjalainen, 2008; Karjalainen & Kemppainen, 2008; Karjalainen et al., 2009; Karjalainen & Raaij, 2009; Karjalainen & Raaij, 2011; Kulp et al. 2006; Wannensch, 2013)</p>	<p>Unintentional noncompliance Casual noncompliance Well-Intentioned noncompliance Ill-Intentioned noncompliance Forced noncompliance</p> <p>The centralisation of the purchasing department is a proactive way to reduce all kinds of forms of non-compliant work behaviour in Business-to-Business purchasing.</p> <p>Many of the positive effects of centralising are also listed as separate remedies, such as standardisation, training, improving alignment and potentially in improving the compliance climate in the company.</p> <p>Best suited to purchases of A, B and C-parts.</p>	<p>(1) Organisation and Process Maturity (2) Incentive Alignment (3) Information Asymmetry</p>
<p>4.5 Alignment of incentive system</p>	<p>(Cox et al., 2005a; Eisenhardt, 1989; Frese, 1980; Heide et al., 2007; Karjalainen et al., 2009; Karjalainen & Raaij, 2010; Kulp et al., 2006)</p>	<p>Unintentional noncompliance Casual noncompliance Well-Intentioned noncompliance Ill-Intentioned noncompliance Forced noncompliance</p> <p>Users/requestors of goods or services are not incentivised to comply with existing purchasing rules and regulations. Creating a fitting incentive system will support purchasing efforts to control noncompliant work behaviour. A fitting incentive system and aligned goals between purchasing and its partner functions will ensure compliance from users/ requestors in collaborating with the purchasing department in the acquisition of goods or services. They might be willing to put in extra effort to inquire if a good or service is already covered by an existing agreement.</p> <p>Alignment of incentive systems will effectively deal with principal agent problems in purchasing.</p>	<p>(1) Organisation and Process Maturity (2) Incentive Alignment (3) Information Asymmetry</p>

		Aligning the incentive system will work equally well for A, B and C-parts	
4.6 Standardisation	(Gabath, 2010; Hendry, 2002; Höveler & Nold, 2008; Karjalainen & Raaij, 2009; Karjalainen & Raaij, 2011; Kulp et al., 2006; Narasimhan & Das, 2001; Wannewetsch, 2013)	<p>Unintentional noncompliance Casual noncompliance Well-Intentioned noncompliance</p> <p>Standardised rules, regulations and processes for ordering make it easier for employees to know what they are expected to do. Standardisation also helps to increase transparency.</p> <p>This remedy is especially suited to deal with unintentional- and casual noncompliance. Well intentioned noncompliance may also be addressed with this remedy, but most likely to a lesser extent.</p> <p>Best suited to the procurement of C- and B parts. Possibly helpful in streamlining A-parts procurement.</p>	(1) Organisation and Process Maturity (2) Incentive Alignment (3) Information Asymmetry
4.7 Employee training	(Croom & Brandon-Jones, 2007; De Boer et al., 2002; Hendry, 2002; Karjalainen & Raaij, 2010; Werner, 2010)	<p>Unintentional noncompliance Casual noncompliance Well-Intentioned noncompliance Ill-Intentioned noncompliance</p> <p>Training employees from purchasing and other functional departments will have a positive effect on all kinds of noncompliant work behaviour in Business-to-Business purchasing, except forced noncompliance.</p> <p>Employees are informed of approved processes, rules, and regulations. They learn about the competencies of other departments, incentive systems and business, as well as departmental goals (their own as well as those of other departments). They learn about the importance and role of all involved parties in the purchasing process and why certain procedures and rules exist.</p>	(2) Incentive Alignment (3) Information Asymmetry

		Will work equally well for A, B and C-parts.	
4.8 Company internal customer management	(Chavez et al., 2015; Monczka et al., 2008; Pooler et al., 2004; Zenz, 1994)	<p>Unintentional noncompliance Casual noncompliance Well-Intentioned noncompliance Ill-Intentioned noncompliance</p> <p>Company internal customer management helps in understanding and aligning the goals and goal structures of the parties involved in noncompliant purchasing. Being responsive to the needs and concerns of internal customers helps to control not only casual and well-intentioned maverick buying but can also help in controlling unintentional and most importantly ill-intentioned maverick buying.</p> <p>Will work equally well for A, B and C-parts.</p>	(2) Incentive Alignment (3) Information Asymmetry
4.9 Corporate climate	(Aulakh and Gencturk, 2000; Eisenhardt's, 1989; Karjalainen & Raaij, 2010; Wimbush and Shephard, 1994)	<p>Unintentional noncompliance Casual noncompliance Well-Intentioned noncompliance</p> <p>Creating a corporate climate that fosters compliance is an important aspect in trying to control noncompliant work behaviour in Business-to-Business purchasing. Creating a compliance climate begins with top management and must be lived by departmental heads as well as functional managers. If employees have the feeling that compliance is important and strongly encouraged by top management, then they will follow suit in most cases.</p> <p>Well suited to be used in managing non-compliant purchasing behaviour for A, B and C-parts.</p>	(2) Incentive Alignment

Appendix VII: Survey questions of the 2012 IPS survey

‘The International Purchasing Survey (IPS)’ was ‘designed to explore and identify purchasing strategies, purchasing practices, and purchasing performance around the world. The objective of the survey’ was ‘to set up a ‘long-term’ data collection program in different countries to establish a common database regarding the purchasing function’. (taken from www.ipsurvey.org, 2012) Only the questions asked, are listed in the appendix, because they inform about the items and constructs. The scaling (Likert, etc.) do not add anything in terms of content and are therefore omitted here.

Firm descriptives

Which of the following most closely describes your official job title? (categories based on Paulson & Morris, JPSM2008)

How long have you been in your current position? _____ years

Which of the following ISIC codes best describes the sector your company/business unit operates in?

Who are your main customers of your company/business unit?

Which of the following best describes the type of organization you currently work for?

For your company/business unit, what are the approximate annual sales in the last fiscal year?

How many full-time equivalents are there approximately in your company/business unit?

What is approximately the total purchasing spend of your company /business unit as a percentage of sales?

Of the total purchasing spend, what percentage is spent on:

- Direct materials and services: _____% (all inputs which end up as part of the product or service offered to the customer):
- Indirect materials and services: _____ % (all inputs which are consumed internally)
- Capital expenditure: _____ % (all investments in infrastructure and assets, which are normally depreciated over a number of years)

Please indicate the rate of decline or growth in your main market.

What main type of production (goods or services) does your company /business unit carry on?

What is the level of customization of your product/service offering?

In relation to the following indicators, please describe the main market that you operate in.

Business Objectives

Below follows a list of competitive priorities in your main market to win orders from customers. Please indicate how important or unimportant each of these priorities is for you (Likert scale from not important at all to critical)

a. Ability to offer low unit prices
b. Ability to reduce internal process costs and use of resources
c. Ability to offer products/services that meet precise performance specifications
d. Ability to offer product/services with zero defects
e. Ability to offer excellent customer after-sales service
f. Ability to offer minimal time between order taking and customer delivery
g. Ability to exactly meet delivery dates and quantities
h. Ability to handle changes in delivery time, volumes and/or specifications
i. Ability to easily accommodate product/service mix changes
j. Ability to provide innovative product designs and/or service solutions
k. Ability to rapidly introduce new and/or improved products/services
l. Ability to offer products/services with less impact on the ecological environment
m. Ability to offer products/services which comply with social norms on safety, child labor, bonded labor, etc.

Purchasing Strategy

To what extent has your company pursued the following programs in the past 2 years? Please answer on a scale from 1 (not at all) to 6 (completely).

a. Centralization of supplier selection and negotiation, purchasing approvals, etc.
b. Supply base optimization i.e., leveraging the sourcing strategy, such as single or multiple sourcing
c. Developing a portfolio approach (different strategies/processes/structures for different categories)

d1. Outsourcing (within the same region)
d2. Offshore outsourcing (not in the same region)
e. Internationalization of the supply base
f. Cooperative purchasing (e.g., purchasing consortium)
g. Technological collaboration with suppliers: supplier involvement into, Early Supplier Involvement, Co-design, etc.
h. Operational collaboration with suppliers: information sharing, shared production planning, etc.
i. Supplier development. 'Any effort of a firm to increase performance and/or capabilities to meet the firm's short- and/or long-term supply needs'.
j. Electronic procurement: automation of the supply process, enabled by the use of electronic tools (eOrdering, Purchasing workflow automation, System Integration, Electronic Invoicing)
k. Electronic sourcing: automation of the sourcing process, enabled by the use of electronic tools (eRfX, eAuctions, eTenders, etc.)
l. Electronic collaboration: collaborative demand and production planning and forecasting through the use of electronic tools (EDI, Virtual design environment, etc.)
m. Environmental sustainability programs involving purchasing
n. Social sustainability programs involving purchasing

Purchasing Organization

Which level has the authority to make decisions in each of the following areas?

	Above chief executive (e.g., board of directors, owners)	Chief executive (e.g., CPO)	Divisional manager or Director (e.g., Purchasing Director)	Functional manager (e.g., Purchasing Manager)	First-level supervisor (e.g., Senior Buyer)	Individual below first-level supervisor (e.g., Buyer)
a. Formulation of purchasing strategy	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b. Formulation of category (article group) strategy	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c. Make or buy decisions	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Please indicate the job title of highest-ranking member of purchasing. (OPEN QUESTION TO BE CODED BY RESEARCH TEAM) _____

For the final questions of part A, please state the extent to which you agree or disagree with the statements.

Status of the purchasing function within your organization (Likert scale from totally disagree to totally agree)

- | |
|---|
| a. Top management is supportive of our efforts to improve the purchasing department |
| b. Purchasing's views are considered important by most top managers |
| c. Purchasing is recognized as an equal partner with other functions of the top management team |

Internal integration of the purchasing function within your organization (Likert scale from totally disagree to totally agree)

- | |
|--|
| a. Purchasing recommends and initiates changes in products based on supply market analysis |
| b. Purchasing actively participates in new product / service design |
| c. Purchasing actively participates in organization-wide process improvement |

Purchasing function's level of involvement in strategic planning with your organization (Likert scale from totally disagree to totally agree)

- | |
|--|
| a. Purchasing is included in the firm's strategic planning process |
| b. Purchasing performance is measured in terms of its contributions to firm's strategic objectives |
| c. Purchasing professionals' development focuses on elements of the competitive strategy |
| d. Purchasing's focus is on longer term issues that involve risk and uncertainty |

Purchasing Capabilities

Items adapted (response scale has been changed) from Tu et al , 2006 JOM

Skills of purchasing officers within your organization (Likert scale from totally disagree to totally agree)

- | |
|---|
| a. The general knowledge level of our purchasing officers is high |
| b. The general education level of our purchasing officers is high |
| c. The overall job competence of our purchasing officers is high |

Skills of purchasing managers within your organization (Likert scale from totally disagree to totally agree)

- | |
|--|
| a. The knowledge of our purchasing manager(s) is adequate when making business decisions |
|--|

- | |
|--|
| b. The knowledge of our purchasing manager(s) is adequate when dealing with new technologies |
| c. The knowledge of our purchasing manager(s) is adequate when solving technical problems |

Level of communication within your organization (Likert scale from totally disagree to totally agree)

- | |
|--|
| a. The communication between purchasing supervisors and subordinates is extensive |
| b. The communication of new ideas from the purchasing department to other departments is extensive |

Communications climate within your organization (Likert scale from totally disagree to totally agree)

- | |
|---|
| a. Our employees are supportive of each other |
| b. Our employees have a strong sense of belonging to our organization |
| c. Our employees share ideas freely with each other |
| d. Our employees are willing to accept changes |

Knowledge scanning within your purchasing organization (Likert scale from totally disagree to totally agree)

- | |
|---|
| We seek to learn from tracking new market trends in our supply industry |
| We seek to learn from benchmarking best practices in purchasing |
| We seek to learn from trying out new technologies |
| We seek to learn from our suppliers |

Category Selection

Please select a group of purchased items which are similar. This may be in terms of technical content (e.g. mechanical components), similarity in suppliers or similarity in terms of the purchasing tools and techniques applied. Such a group of items may be referred to in your organization as ‘article group’, ‘spend category’ etc.

All the questions in this part of the questionnaire will refer to the category you have chosen. The majority of questions will ask about how the category was managed over the past two years. Therefore, you would need to be knowledgeable about this specific category. Other than that, you can pick any category you like, regardless of whether it is strategic or routine.

Please name the category: _____

Please describe the category and provide some examples of products in this category (please note that we use the term ‘product’ to denote both physical goods and services):

If possible, please provide the product code for this category from the UNSPSC, eCl@ss or eOTD classification (drop-down box with these three classifications followed by a text box for the appropriate code; also provide hyperlinks to online versions of these classifications)

To which spend group does this category belong?

- Direct spend
- Indirect spend
- Capital expenditure

What was last year's spend on this category? _____ (please specify currency)

What is the category spend as a percentage of total purchasing spend?
_____ %

What is the number of active suppliers for this category?

How many years of experience do you have in managing this category?
_____ years

Please tick all geographical areas from which a substantial part (>10%) of spend on this category is sourced.

<input type="checkbox"/> Home country	<input type="checkbox"/> Western-Europe
<input type="checkbox"/> Eastern-Europe	<input type="checkbox"/> North-America
<input type="checkbox"/> Latin-America	<input type="checkbox"/> Japan, South-Korea, Taiwan/Chinese Taipei
<input type="checkbox"/> China (incl. Hong-Kong, Macau)	<input type="checkbox"/> India, Pakistan, Bangladesh
<input type="checkbox"/> Russia	<input type="checkbox"/> South-East Asia (incl. Philippines, Indonesia)
<input type="checkbox"/> Rest of the world	

Category Environment

Please rate the following indicators related to your chosen category, on a scale from 1 (extremely low) to 6 (extremely high).

a. Category's impact on perceived quality of your end products in the eyes of your customers
b. Category's impact on the cost price of your products
c. Category's impact the quality or continuity of your internal processes
d. Level of concentration of the supply market (the extent to which the supply market is dominated by a small number of large suppliers)

e. The cost for you to switch suppliers
f. The threat of a supplier buying your company
g. Entry barriers for new suppliers to enter the supply market
h. The extent to which suppliers know each other and share information
i. The extent to which suppliers provide access to unique assets or resources
j. The extent to which products are customized for your organization

Please indicate what your organization’s size is relative to your suppliers

Please tick the box that best indicates the ratio of total supply capacity versus total customer demand (of you and your competitors) in your supply market:

- Total customer demand is much higher than total supply capacity
- Total customer demand is higher than total supply capacity
- Total supply capacity equals total customer demand
- Total supply capacity is higher than total customer demand
- Total supply capacity is much higher than total customer demand

Please provide information regarding the supply market of your chosen category. (Likert scale from extremely low to extremely high)

a. The volatility of prices
b. The volatility of volumes
c. The length of supplier relationships
d. The supplier turnover rate (the rate with which you change suppliers for this category)
e. The level of experience of your purchasing function with this supply market
f. The extent to which technologies in this category are new to your firm
g. The extent to which technologies change in this category
h. The extent to which products/services are new to your firm
i. The extent to which products/services can be specified unambiguously
j. The extent to which demand can be accurately forecast for this category

Improvement Programs

The objectives for the category may have been different from those emphasized for the purchasing function as a whole. For each of the following category improvement programs, please indicate to what extent these programs have been emphasized or have not been emphasized by management for the chosen category over the past 2 years. Please answer on a scale from 1 (not at all) to 6 (completely).

a. Reducing product unit prices
b. Reducing total cost of ownership of purchased inputs
c. Reducing (internal) purchasing process cost (e.g., e-procurement)
d. Reducing asset utilization for this category (e.g., headcount, inventory reduction)
e. Improving conformance quality of purchased inputs

f. Improving specifications and functionality of purchased inputs (e.g., customization, standardization, redesign)
g. Improving supplier lead-time (time between order taking and customer delivery)
h. Improving supplier accuracy in delivery dates and quantities
k. Improving time-to-market with suppliers
l. Improving introduction rates of new/improved products
m. Reducing ecological footprint for this category in the supply chain
n. Improving compliance with social and ethical guidelines in the supply chain

Purchasing Process

Below, we have listed 12 purchasing and supply management processes. For each of these processes, we will ask you a number of questions, regarding the level of proficiency, the level of formalization, the level of cross-functionality, and the degree of centralization of the process.

Make or Buy. The process of reviewing and deciding on insourcing or outsourcing, for the chosen category.

Please indicate the level of proficiency, defined as the level of quality with which this process is executed for the chosen category. (Likert scale from extremely poor to world class)

Please indicate the level of formalization, defined as the degree to which the execution of this process is guided by written rules and procedures. (Likert scale from not formalized at all to completely formalized)

Please indicate the level of cross-functionality, defined as the degree to which this process is executed with input and participation of other functions in the organization. (Likert scale from purely a purchasing responsibility to executed without purchasing involvement)

Please indicate the role of centralization of this process, defined as the extent to which processes are managed centrally rather than locally. (Likert scale from fully decentralized to fully centralized)

Does your organization have the capability to produce the products/services in this category in-house?

If so, how would you rate your production capability relative to the best external supplier? (Likert scale from excellent to very poor)

If external sourcing in this category is combined with in-house production, what percentage is sourced externally?

Supply market analysis. The process of analyzing the supply market for the chosen category (e.g., searching for new suppliers, supply market structure, technological developments, price developments)

Please indicate the level of proficiency, defined as the level of quality with which this process is executed for the chosen category. (Likert scale from extremely poor to world class excellence)

Please indicate the level of formalization, defined as the degree to which the execution of this process is guided by written rules and procedures. (Likert scale from not formalized at all to completely formalized)

Please indicate the level of cross-functionality, defined as the degree to which this process is executed with input and participation of other functions in the organization. (Likert scale from purely a purchasing responsibility to executed without purchasing involvement)

Please indicate the role of centralization of this process, defined as the extent to which processes are managed centrally rather than locally. (Likert scale from fully decentralized to fully centralized)

Do you use scenario analysis to model possible developments in the supply market?

Do you use forecasting techniques for this category?

Spend analysis. The process of analyzing the purchasing spend of the chosen category (e.g., current spend, spend developments, contract compliance)

Please indicate the level of proficiency, defined as the level of quality with which this process is executed for the chosen category. (Likert scale from extremely poor to world class excellence)

Please indicate the level of formalization, defined as the degree to which the execution of this process is guided by written rules and procedures. (Likert scale from not formalized at all to completely formalized)

Please indicate the level of cross-functionality, defined as the degree to which this process is executed with input and participation of other functions in the organization. (Likert scale from purely a purchasing responsibility to executed without purchasing involvement)

Please indicate the role of centralization of this process, defined as the extent to which processes are managed centrally rather than locally. (Likert scale from fully decentralized to fully centralized)

Do you use purchasing intelligence software which can provide day-to-day insight in spend data?

Do you use Pareto analysis?

Do you measure contract coverage for this category?

Do you measure contract compliance rates?

Sourcing strategy. The process of formulating a sourcing strategy for the chosen category.

Please indicate the level of proficiency, defined as the level of quality with which this process is executed for the chosen category. (Likert scale from extremely poor to world class excellence)

Please indicate the level of formalization, defined as the degree to which the execution of this process is guided by written rules and procedures. (Likert scale from not formalized at all to completely formalized)

Please indicate the level of cross-functionality, defined as the degree to which this process is executed with input and participation of other functions in the organization. (Likert scale from purely a purchasing responsibility to executed without purchasing involvement)

Please indicate the role of centralization of this process, defined as the extent to which processes are managed centrally rather than locally. (Likert scale from fully decentralized to fully centralized)

Do you actively use a portfolio analysis (such as the Kraljic matrix) for sourcing strategy development?

Specs definition. The process of analyzing the needs of internal customers, formulating functional and/or technical specifications.

Please indicate the level of proficiency, defined as the level of quality with which this process is executed for the chosen category. (Likert scale from extremely poor to world class excellence)

Please indicate the level of formalization, defined as the degree to which the execution of this process is guided by written rules and procedures. (Likert scale from not formalized at all to completely formalized)

Please indicate the level of cross-functionality, defined as the degree to which this process is executed with input and participation of other functions in the organization. (Likert scale from purely a purchasing responsibility to executed without the involvement of purchasing)

Please indicate the role of centralization of this process, defined as the extent to which processes are managed centrally rather than locally. (Likert scale from fully decentralized to fully centralized)

How are responsibilities for definition of specs for this category divided between end users and purchasing?

Do you actively try to align specifications with industry standards?

Do you use VA/VE techniques with your suppliers?

Do you use target costing?

Supplier selection. The process of sending out request for quotations, tendering/negotiating, and selecting suppliers for the chosen category.

Please indicate the level of proficiency, defined as the level of quality with which this process is executed for the chosen category. (Likert scale)

Please indicate the level of formalization, defined as the degree to which the execution of this process is guided by written rules and procedures. (Likert scale)

Please indicate the level of cross-functionality, defined as the degree to which this process is executed with input and participation of other functions in the organization. (Likert scale)

Please indicate the role of centralization of this process, defined as the extent to which processes are managed centrally rather than locally. (Likert scale)

Which of the following are your main supplier selection criteria for this category? Which are qualifiers and which are order winners?

Do you include social responsibility criteria in supplier selection?

Do you use third-party certifications (quality, sustainability) in supplier selection?

Do you use e-sourcing, e-tendering, e-auction tools?

Supplier selection via extensive supplier review or via bid-and-buy?

Contracting. The process of contractually specifying the obligations of both parties, defining compensation schemes including provisions on incentives and penalties.

Please indicate the level of proficiency, defined as the level of quality with which this process is executed for the chosen category. (Likert scale)

Please indicate the level of formalization, defined as the degree to which the execution of this process is guided by written rules and procedures. (Likert scale)

Please indicate the level of cross-functionality, defined as the degree to which this process is executed with input and participation of other functions in the organization. (Likert scale)

Please indicate the role of centralization of this process, defined as the extent to which processes are managed centrally rather than locally. (Likert scale)

Do you use risk sharing agreements?

Do you use penalties and incentives in your supplier contracts?

Problems with supplier (such as quality problems) solved by referring to contract and its clauses or via supplier development?

Contracts are usually short-term or long-term?

Use of risk-sharing agreements for this category?

Supplier development. The process of selecting suppliers for the chosen category as candidates for supplier development, and assisting suppliers in quality and cost improvement projects.

Please indicate the level of proficiency, defined as the level of quality with which this process is executed for the chosen category. (Likert scale)

Please indicate the level of formalization, defined as the degree to which the execution of this process is guided by written rules and procedures. (Likert scale)

Please indicate the level of cross-functionality, defined as the degree to which this process is executed with input and participation of other functions in the organization. (Likert scale)

Please indicate the role of centralization of this process, defined as the extent to which processes are managed centrally rather than locally. (Likert scale)

Do you use quality circles with suppliers?

- on-site assistance by supplier to aid in problem solving buyer
- site visits to increase awareness of product use by the buyer
- education and training of supplier personnel
- frequent face-to-face meetings

Management of the order cycle. The process of processing purchase orders for the chosen category, checking order status, and expediting late orders and rush orders.

Please indicate the level of proficiency, defined as the level of quality with which this process is executed for the chosen category. (Likert scale)

Please indicate the level of formalization, defined as the degree to which the execution of this process is guided by written rules and procedures. (Likert scale)

Please indicate the level of cross-functionality, defined as the degree to which this process is executed with input and participation of other functions in the organization. (Likert scale)

Please indicate the role of centralization of this process, defined as the extent to which processes are managed centrally rather than locally. (Likert scale)

Do you use EOQ. inventory management systems to manage the ordering timing and frequency?

Supplier involvement into NPD. The process of managing the involvement of suppliers in the development of (new) products / processes / technologies for the chosen category.

Please indicate the level of proficiency, defined as the level of quality with which this process is executed for the chosen category. (Likert scale)

Please indicate the level of formalization, defined as the degree to which the execution of this process is guided by written rules and procedures. (Likert scale)

Please indicate the level of cross-functionality, defined as the degree to which this process is executed with input and participation of other functions in the organization. (Likert scale)

Please indicate the role of centralization of this process, defined as the extent to which processes are managed centrally rather than locally. (Likert scale)

Suppliers produce as 'build-to-specification' or are involved in collaborative design?

How do you organize supplier involvement in product/technology development?

Supplier integration in order fulfillment. The process of integrating suppliers for the chosen category in operations and/or in the order fulfillment process (e.g., vendor-managed inventory, just-in-time delivery, supplier integration at the assembly line).

Please indicate the level of proficiency, defined as the level of quality with which this process is executed for the chosen category. (Likert scale)

Please indicate the level of formalization, defined as the degree to which the execution of this process is guided by written rules and procedures. (Likert scale)

Please indicate the level of cross-functionality, defined as the degree to which this process is executed with input and participation of other functions in the organization. (Likert scale)

Please indicate the role of centralization of this process, defined as the extent to which processes are managed centrally rather than locally. (Likert scale)

Do you use VMI / consignment stock for this category?

Do you use JIT for this category?

Do you integrate suppliers electronically in the P2P process?

Supplier evaluation. The process of measuring supplier performance for the chosen category and the overall relation, and evaluating this performance against performance targets and/or benchmarks.

Please indicate the level of proficiency, defined as the level of quality with which this process is executed for the chosen category. (Likert scale)

Please indicate the level of formalization, defined as the degree to which the execution of this process is guided by written rules and procedures. (Likert scale)

Please indicate the level of cross-functionality, defined as the degree to which this process is executed with input and participation of other functions in the organization. (Likert scale)

Please indicate the role of centralization of this process, defined as the extent to which processes are managed centrally rather than locally. (Likert scale)

Do you include non-quantifiable criteria in supplier evaluation?

Do you use supplier audits? Third-party supplier audits?

Do you explicitly consider criteria related to environmental and social responsibility?

Supplier evaluation based on vendor rating with penalties and incentives or based on continuous supplier development?

Do you use benchmarking tools?

Do you use a balanced scorecard?

Do you include non-quantifiable measures in your evaluation?

Category performance

Please consider past and current category performance for the following different objectives. (two scales, one looking at the change over the past two years from significant decline to significant improvement and the second scale looks at current performance compared to targets from much worse to much better)

The cost of purchasing goods and services
The cost of managing the procurement process
The level of supplier conformance to specs
The level of supplier product or service quality
The level of end user contract compliance
The level of compliance with internal purchasing processes
The level of user satisfaction with the purchasing function
The time-to-market for products
The speed of product delivery
The reliability of product delivery
The level of innovation in products from suppliers
The level of social compliance from suppliers
The level of environmental compliance from suppliers

Business Performance

What percentage of profits is generated from products/services that have been in your product lineup for less than three years (new products)? _____%

In relation to the following indicators, please rate your company in comparison to your management targets (Likert scale from far worse to far better)

New product performance
ROI
Net profit
Sales growth

In relation to the following indicators, please rate your company in comparison to your competitors (Likert scale from far worse to far better)

New product performance
ROI
Net profit
Sales growth

Appendix VIII: Survey questions of Karjalainen et al. (2009)

Appendix IX lists the questions which were used by Karjalainen et al. (2009) in their survey of purchasing habits in the Finnish government.

- (1) Please indicate the number of years you have been employed by the Finnish Government.
- (2) Please indicate the number of years you have been employed in your current unit.
- (3) Please indicate the postcode of the address where your office is located.

Please indicate the degree to which you agree with the following statements (Likert scale from strongly agree to strongly disagree)

- (4) Our unit has very modern working facilities
- (5) Our unit has excellent catering facilities
- (6) Our unit has a high level of specialized knowledge that other units in the Finnish government do not have
- (7) We execute our tasks relatively autonomously from the other units in the Finnish government
- (8) We have very few lateral linkages with other units in the Finnish government
- (9) Our unit is very different and unique compared to other units in the Finnish government
- (10) My unit strictly enforces rules and procedures
- (11) My unit actively supports rules imposed by the central government
- (12) Top management in my unit has made it absolutely clear that deviation from rules and procedures will not be tolerated
- (13) There is strong emphasis in this unit to play by the rules

Do you feel that the information you have received about the following programs has been sufficient?

- (14) Information related to the Finnish workplace development program Tykes
- (15) Information related to the state treasury's development program Kieku
- (16) Information related to ergonomics of the workplace

Please indicate the degree to which you agree with the following statements

- (17) I am willing to put a great deal of effort beyond that normally expected in order to help this unit to be successful

- (18) I find that my values and the values of the Finnish government are very similar
- (19) I am proud to tell others that I am part of this unit
- (20) I really care about the fate of this unit
- (21) How interested are you in the topic of centralized frame agreements in general?
- (22) How interested are you in the topic of purchasing in general?

Please indicate the degree to which you agree with the following statements?

- (23) The business practices and operational mechanisms of Hansel are very similar to ours
- (24) The corporate culture of Hansel is very similar to ours
- (25) The management of Hansel is very similar to ours
- (26) Our unit and Hansel make it a point to keep each other well informed
- (27) We are quite involved in the frame agreement tendering efforts of Hansel
- (28) Hansel seeks our advice and counsel concerning their tendering efforts
- (29) Hansel is available when I have questions about purchasing policies and frame agreements
- (30) Hansel makes an effort to keep me informed about purchasing policies and frame agreements
- (31) During the past six months, how frequently have you communicated or been in contact with employees of Hansel?

Specify during the past six months, how frequently have you and Hansel been in touch through each of the following ways?

- (32) Through written letters, memos or reports of any kind
- (33) Through personal face-to-face discussions
- (34) Through group or committee meetings between three or more people from your unit and Hansel

Do you feel that the training you have received in the following areas has been sufficient?

- (35) Training related to purchasing in general
- (36) Training related to law on public procurement
- (37) Training related to the public tendering process
- (38) Training related to purchasing policies and objectives regarding xxx
- (39) Training related to contracts in use

(40) Training related to purchasing procedures

(41) Training related to purchasing systems

Please indicate the degree to which you agree with the following statements

(42) Standard operating procedures have been established for ordering

(43) Our unit has documented work processes for ordering

(44) My responsibility with respect to ordering are clearly defined

(45) I am given little freedom to decide how and where I order products and services within this category

(46) I know how to accomplish the ordering tasks I normally encounter

(47) I am intimately familiar with the day-to-day decisions related to ordering

(48) I have developed an excellent working knowledge of ordering tasks

(49) I have intimate understanding of the purchasing strategies of the Finnish government

(50) I have intimate knowledge of the frame agreements for this category and its clauses

(51) I have intimate knowledge of the procedures for ordering

(52) I have intimate understanding of the reasons behind centralized frame agreements

(53) We use an electronic procurement system in this category with pre-specified procedures in place

(54) Category specific questions

(55) When it comes to purchasing (category), various elements determine which product from which supplier best suits your needs. Please indicate the relative importance of each of the following elements (category). Please distribute 100 points over the following five elements.

Please indicate the degree to which you agree with the following statements

(56) The frame agreement for (category) is completely in line with our local needs

(57) Our goals with respect to ordering (category) are aligned with the goals of those who established the frame agreement

(58) Everything I need with respect to (category) I can find in the frame agreement

(59) The conditions of the frame agreement for (category) are a good match with what I need

(60) The products and services offered through the frame agreement for (category) serve my needs well

Please indicate to which degree you agree with the following statements

- (61) Prices negotiated by our unit are lower than prices in centrally negotiated contracts
- (62) Delivery times of suppliers we have selected ourselves are better than delivery times of suppliers in the centrally negotiated contracts
- (63) Product/service specifications determined in our unit are better for our needs than specifications in the centrally negotiated contracts
- (64) Service of the suppliers we have found ourselves is better than service from centrally contracted suppliers
- (65) Ordering from local suppliers is more socially responsible than ordering from centrally contracted suppliers
- (66) Ordering through centrally negotiated frame agreements is more time consuming than ordering directly from non-contracted suppliers
- (67) Using frame agreements is unfair to non-contracted suppliers
- (68) Ordering from suppliers we have selected ourselves brings more personal benefits than ordering from centrally contracted suppliers

Please indicate the degree to which you agree with the following statements

- (69) Documents exist to measure the extent to which frame agreements are used
- (70) MO2 My use and non-use of frame agreements can be adequately assessed using existing documents and reports
- (71) Specific performance goals for the use of frame agreements are established for the purchasing of (category)
- (72) Management monitors the extent to which I have used frame agreements when purchasing
- (73) If my goals for the use of frame agreements in purchasing (category) were not met, I would be required to explain why
- (74) I receive feedback from management concerning how I have purchased
- (75) Management monitors the extent to which I follow established purchasing procedures
- (76) Management evaluates the purchasing procedures I use to accomplish a given task in purchasing
- (77) Management modifies my purchasing procedures in (category) when desired results are not obtained
- (78) I believe the risk of not using centrally negotiated frame agreements being detected is large
- (79) Not using centrally negotiated frame agreements is something which could negatively influence my performance evaluation
- (80) I believe my organization would discipline me for not using centrally

negotiated frame agreements

- (81) If I was caught buying outside frame agreements, I think I would not be reimbursed for the invoice
- (82) If I was caught buying outside frame agreements, I think I would be given a verbal warning
- (83) Using centrally negotiated frame agreements is something which could positively influence my performance evaluation
- (84) How many times have you purchased (category) over the past 12 months?
- (85) Of all those purchases in (category) over the past 12 months, what (approximate) percentage of those was done within the frame agreements tendered by Hansel for that category

In case you have purchased outside of Hansel tendered frame agreements, please indicate for each of the following reasons whether they played a part in your decision

- (86) I was able to get a lower price
- (87) I preferred another supplier because I already had a good relationship with that supplier
- (88) I was able to get better delivery times
- (89) I was able to get better quality
- (90) I was able to get better service
- (91) I was able to get better terms and conditions
- (92) I was able to get a product or service which was more customized to our needs
- (93) The required product/service was not contracted by Hansel
- (94) I was not aware of frame agreements in this category

Please indicate the degree to which you agree with the following statements

- (95) When I have to purchase (category), I prefer to use Hansel frame agreements
- (96) When I have to purchase (category), I make an effort to use Hansel frame agreements
- (97) It is easy to purchase (category) outside of Hansel
- (98) In this unit, it is common to purchase outside of Hansel contracts
- (99) When I buy something, I have never bought before, I always check whether a frame agreement is in place
- (100) Whatever good or service I buy, I always shop around for the best deal
- (101) I use centralized frame agreements only when I cannot find a better deal myself

I see myself as someone who

(102) Tends to be disorganized

(103) Has an active imagination

(104) Perseveres until the task is finished

(105) Does things efficiently

(106) Makes plans and follows through with them

(107) Is inventive

(108) Likes to reflect, play with ideas

(109) On visas, ajattelee syvällisiä

(110) On omaperäinen ja idearikas

(111) Eksyy helposti asiasta

Appendix IX: Exemplary interview transcript

Statements made by the interviewer, Michael Ruediger are in italics and dark blue in colour, statements made by the interviewee are in regular type and black.

Question & Key Points/Links	Statements made in Chapter 5 and 6	Interview Transcript
		<p><i>Hello, it is great to see you, it's been a while.</i></p> <p>Yes, I am also happy to be here.</p> <p><i>As I told you in my email I am working on my doctoral dissertation and part of the dissertation our interviews about the topic of noncompliant work behaviour noncompliant work behaviour is when individuals in a company do things that are not supposed to do war things that go against institutional rules and regulations.</i></p> <p>Yes, I remember you had written that in your email.</p> <p><i>So, tell me again where do you work now and how has life treated you in the last four years?</i></p> <p>Ah, you know Life has been good I've gotten married and I am expecting our first baby, at work things are also well.</p> <p>I am currently in charge of an engineering team that works closely with one of our customers, company X (anonymized by the author), in the development of new displays for the dashboard of a certain car model for company X (anonymized by the author).</p> <p><i>Wow, you are going to have a baby that's so great. When is the due date?</i></p> <p>I still have some time left, I am X months pregnant now and the due date is X (<i>exact dates were retained to ensure the</i></p>

	<p><i>anonymity of the interviewee</i>). We are so excited, I hope it's going to be a girl, but my husband hopes for a boy. We are really excited to buy all the things for the baby's room, like the bed, the changing table and little stuffed animals.</p> <p><i>I am so happy for you, becoming a parent is great. You will see, once you have a child, your life changes, all a sudden things become important that you never really thought about a lot before.</i></p> <p><i>I almost feel guilty coming back to this purchasing stuff now. But anyway, let's get these questions done and then we can talk some more.</i></p> <p><i>About the questions, like I had told you in the e-mail, the reason why I contacted you is because you might be in a position where you make purchasing decisions. Like I mentioned before, the intent of this interview, and the other interviews that I am going to make, is to find out who makes purchasing decisions and why they make purchasing decisions. I also intend to explore, or determine if these purchases that are conducted by people who do not work for the purchasing department are advantageous or disadvantageous for the company. I would therefore ask you to please answer all the questions as honestly and openly as possible. There is absolutely no right or wrong answer, just tell me how you feel about these issues and what is on your mind. As I had also written in the e-mail, all the results of the interviews will be anonymized, and there will be no way that anyone finds out who the interviewees were. I will also anonymize all names of individuals or companies in case you mention them during the interview. No copy of this will be sent by me to your company, but of course it will also not have a non-disclosure agreement on it, so it will be available for download at the University of Gloucestershire and a copy of the thesis</i></p>
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		<p><i>will also be available in their library, so people can gain access to it, if they are interested. Do you have any questions about any of this, or do you feel comfortable to get started with the questions?</i></p> <p>No, no questions, I think I am fine and I feel comfortable. I do not think that any of the things we will talk about are really critical where I, or anybody else would have to worry.</p>
<p>(Q1) Please describe instances where you have bought, or made procurement decisions that were outside of generally approved processes.</p> <p>Key Points:</p> <ul style="list-style-type: none"> • Frequent Purchasing decisions • Uses desktop purchasing • Purchasing is too slow • Sometimes makes supplier decisions in the development process • Suppliers selected before final specs exist 	<p>The responses of interviewees four and five were very similar to that of interviewee two: supplier selection happened as part of the engineering process, and product development teams worked very closely with suppliers in the research and development phase. Development partners from the research and development phase were nearly guaranteed to receive the contract once a product moved closer to serial production. Both interviewees mentioned that they had on occasion overseen the identification of development partners based on technological knowhow and development capabilities.</p>	<p><i>Let's start with question number one: 'Please describe instances where you have bought, or made procurement decisions that were outside of generally approved processes'.</i></p> <p>Yeah I guess I have to admit that that happens quite frequently even though I have to tell you I normally don't directly buy items, but that supplier selection is part of product development, we tend to be fairly active in suppliers selection.</p> <p>I mean let me ask you again do you mean buy items or make procurement decisions for parts that then end up in our product, or are you referring to parts or items or things that I might buy for the office?</p> <p><i>Really what interests me is all of it. So, it could be items for the products that you're working on but also if buy something like a computer or a printer or anything that you might need where the rules and regulations of your company state that you should get the procurement department involved.</i></p> <p>Okay then I guess we will have to focus on production parts or components that end up in our final product.</p> <p>Because all the office parts or office supplies that I'm buying, I buy with the use of a purchasing card or online via a desktop purchasing catalogue. On that card I have a limit of €1,250. All office supplies or computer items that are below that value</p>

<ul style="list-style-type: none"> • Distin- guishes be- tween be- fore and af- ter contract signature 		<p>do not have to be approved by anyone in the company it is at my discretion to buy them when I feel that they are need here.</p> <p>Things look differently when I get involved in procurement decisions for components or production parts. When we need these things we're supposed to get them through the procurement department sometimes I do but often I don't.</p> <p><i>Would you mind explaining this to me in a bit more detail?</i></p> <p>The reason is simple if we need something quickly, going through procurement is simply to slow in addition when we are in the development process it is often very difficult to precisely describe or specify what we want. Often times we might not even know ourselves what exactly we need. We therefore work very closely with our first-tier suppliers or any suppliers to get these parts. Suppliers that are involved in new product development, like first tier suppliers are chosen by the engineering department, purchasing will normally get involved at a later stage to sign the contract for parts and negotiate the price, as far as that is possible.</p> <p>Is that enough as an answer?</p> <p><i>You know I think for right now it is, we have many more questions to talk about and we will revisit the precise reasons and motivations for you to purchase items or services later on.</i></p>
<p>(Q2) What goods or services have you purchased, or in what cases have you made the purchasing decision?</p> <p>Key Points:</p>	<p>Interviewees four and five focussed their answers on suppliers who acted as partners in the new product development process or suppliers who supplied complex bundles of</p>	<p><i>Let's go to question number two 'what goods or services have you purchased, or in what cases have you made the purchasing decision?'</i></p> <p>Well like I told you before for production or development items that I need as part of my regular daily work I don't purchase them myself, but I decide what has to be purchased.</p>

<ul style="list-style-type: none"> • Often decides suppliers and has purchasing buy them • Makes supplier decision and purchasing negotiates prices and/or terms and conditions • Little service procurement, but selects suppliers based on R&D support • Has never had a problem because of decision to select suppliers 	<p>products and services as part of the research and development process.</p>	<p>In other words, I have purchased pretty much everything or I have made the purchasing decision for pretty much everything from screens to cables and connectors, CPUs and plastic parts to hold subassemblies in modules.</p> <p><i>What about services, have you also bought them or made the procurement decision?</i></p> <p>In terms of services that's a little bit harder to say. Service procurements in our company is not really as clearly regulated and structure as procurement of parts and components. You might be saying that's by selecting a supplier to participate in the research and development process I have made the purchase of research and development services. Once in a while, I have also contacted for consulting services, but this is the exception.</p> <p>Travel services are also purchased by me but that's in line with our policies.</p> <p><i>Thank you that's very interesting. So, you are saying that you pretty much are responsible for supplier selection as it relates to engineering or research and development work, right?</i></p> <p>Yes that's right. We, or I select that supplier, and purchasing only gets involved in formalizing the agreement via a contract.</p> <p><i>It sounds, like this is the norm in your company, right? Is this in line with the policies and guidelines of your company, or should the purchasing department be more involved in supplier selection?</i></p> <p>Well, I am not so sure. Officially, it is of course the purchasing department that select suppliers and negotiates contracts, but no one has ever told me to do it any other way. I think it is generally accepted that we select the suppliers.</p> <p><i>O.k., thank you, let's go to the next question.</i></p>
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<p>(Q3) How often do you make purchasing decisions?</p> <p>Key Points:</p> <ul style="list-style-type: none"> • Frequent and regular purchasing decisions • 30-40 per year 	<p>Interviewee four reported participating in the selection of suppliers a few times a month.</p>	<p><i>Question number three. 'How often do you make purchasing decisions?'</i></p> <p>I guess I don't really know exactly how often definitely on a monthly basis I mean it really depends on the phase of the project that we in. You know during the planning phase there really isn't the need for me to buy anything or to make any purchasing decisions. But when they are in the middle of a development project, I might be making purchasing decisions almost on a daily basis. It's really hard to say, it really depends. But overall, I would say that I make purchasing decisions quite frequently on a monthly basis. Averaged out over a whole year, maybe about 30 to 40 purchasing decisions for important components, so a few every month.</p> <p><i>Okay now that's good thank you very much this really helps I mean you know I'm trying to understand this behaviour and so you know any of your thoughts really are interesting, any of your motivations are important to me. This is really good thank you.</i></p>
<p>(Q4) Please describe your motivation to participate in purchasing processes.</p> <p>Key Points:</p> <ul style="list-style-type: none"> • Purchasing is perceived to be unqualified for A-parts supplier selection • Makes a difference if they get involved 	<p>Interviewee four reported that the processes that she followed had been established even before she joined the engineering team as a team lead. According to her, this was the way things were done in the company, and she did not want to change it. In addition, she firmly believed that purchasing would not possess the</p>	<p><i>Let's get to question number four please describe your motivation to participate in purchasing processes period</i></p> <p>Okay so you mean participate in in regular purchasing processes with the purchasing department right.</p> <p><i>Not so much, the focus of this question is more, what motivates you to participate in purchasing processes that bypass the purchasing department? Why do you make purchasing decisions or make purchases, why do you not simply tell the purchasing department what you want?</i></p> <p>Well you know I think in general I mean purchasing isn't really our enemy or anything. So I try to cooperate with them whenever I can. It's just that sometimes it doesn't make sense from my perspective.</p>

<p>before the contract is signed (A-parts) or after the contract is signed (B- and C- parts)</p>	<p>knowledge to be responsible for supplier selection at this stage in the process, because they lacked the knowledge and experience.</p>	<p>Often times if I need something quickly, traditional purchasing processes might be to slow.</p> <p>On the other hand, when we are in the development process sometimes when are unsure ourselves how exactly a component is supposed to look or what exactly the specifications are. We often determine these in close corporation with our suppliers. Our A-parts suppliers are considered strategic partners we cooperate with them in the development process. Getting purchasing involved in the early-stage would not make a lot of sense in my opinion. They simply do not have the knowledge or qualifications to negotiate with a supplier at this early stage.</p> <p>Like I think I said this before, not even we really have any clear specifications yet, all of this is still developing so I really wouldn't be able to tell them what I want to buy.</p> <p>You know as far as I know, it has always been like this in our company, even before I joined. It always seemed to be the norm that engineering or product development was in charge of A-parts supplier selection and purchasing got involved later on in the process.</p> <p>To get back to your original question though when do we participate in the purchasing process. I think it is really when a development project comes to a conclusion. Specifications are set, oftentimes the supplier has been selected and then this information can be given to the purchasing department to negotiate a price based on forecasts and quantities from marketing and sales. The purchasing department is also free to determine delivery schedules or anything like that.</p> <p><i>O.k., super that's good. Thank you, let's move on to question number 5.</i></p>
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<p>(Q5) Please describe your company's response when employees other than purchasing employees make purchasing decisions.</p> <p>Key Points:</p> <ul style="list-style-type: none"> • No company response • Maybe because purchasing gets involved after supplier selection i.e., price negotiation (sometimes) 	<p>Interviewee four reported that the selection of suppliers had never been an issue since she had joined the engineering team as a team lead. She pointed out that her department did not buy many items, but rather selected the suppliers for important A-parts, whereas negotiating the contracts and setting prices was the responsibility of the purchasing department. She reported that the process worked well and stated that she valued the support of the purchasing department.</p>	<p><i>Please describe your company's response when employees other than purchasing employees make purchasing decisions.</i></p> <p>I really don't know what to tell you I have never been in trouble because of this. To my knowledge, purchasing or a corporate leadership know what I'm doing and I think that they don't care. Maybe it is because I only select the suppliers and then turn over responsibility to the purchasing department for final negotiations about prices but from what I have experienced, I think it is considered to o.k.</p> <p><i>So, you have never been told that you should not select suppliers, or that you should get the purchasing department involved?</i></p> <p>No, not really. I do like the people in purchasing, it is good to know that they will do the final round of price negotiations. I think we work together fairly well. Sometimes there is a bit of conflict, but I think that is normal when you deal with other departments, not only purchasing.</p> <p><i>Would you like to add anything or should we go to the next question?</i></p> <p>Let's do the next question.</p>
<p>(Q6) Oftentimes we hear that there are different motivations for people outside of the purchasing department to engage in purchasing activities.</p> <p>These motivations might be based in the</p>	<p>Unintentional</p> <p>Interviewee four believed that she really did not have much opportunity to engage in unintentional noncompliance because she selected suppliers based on corporate- or product needs. Purchasing had provided her with a list with preferred suppliers who were</p>	<p><i>So, this is a long question, number six</i></p> <p><i>Oftentimes we hear that there are different motivations for people outside of the purchasing department to engage in purchasing activities. This is pretty much what current literature on noncompliant work behaviour tells us the motivations described in literature are:</i></p> <p><i>People are unaware of existing processes or framework contracts, there might be an unavailability of parts in existing agreements. People might hope to benefit their company by circumventing the purchasing department, people might be aware of an existing agreement but might ignore it for no particular reason or</i></p>

<p>fact that people:</p> <ul style="list-style-type: none"> • Are not aware of existing processes or framework contracts (un-intentional) • Unavailability of parts in an existing agreement (forced) • Hope to do something good for the company (well-intentioned) • Are aware of an existing agreement but might ignore it for no particular reason, or out of self-interest (casual), or • Try to harm the company (ill-intentioned). <p>Would you support the claim that these are the main motivations for people to engage in purchasing activities?</p>	<p>supposed to receive preferential treatment in the development and engineering process, and if she could not find a suitable supplier, then she would select a different one.</p> <p>CASUAL</p> <p>The responses of interviewees three, four and five were pretty much in line with the responses of the first and second interviewees. They admitted to having engaged in this form of non-compliance but did not consider it to be damaging to the organisation's interests. They also believed that 'everyone' engages in this type of behaviour from time to time. All employees at their company's had access to use a purchasing card. Officially there were rules and regulations as to what could be purchased from whom with this card; however, according to them, no one really monitored adherence</p>	<p><i>out of self interest because it's more convenient quicker than to follow an existing regulation. Finally, literature describes that sometimes people choose to not follow rules and regulations because they want to harm the company. If you look at these five reasons would you support the claim let these are the main motivations for people to engage in purchasing activities?</i></p> <p>Okay, yes okay can you give me the list again because the first one you said was what?</p> <p><i>People are unaware of existing processes or framework contracts, this is sometimes called un-intentional maverick buying.</i></p> <p>Yes, I think this is a valid reason to purchase something. I don't think that it happens a lot but from time to time it does. I think that our purchasing department is pretty good at informing the other departments of existing contracts or preferred suppliers. From my own experience I can tell you that personally this has happened to me a few times not a lot but a few times I know in one case I was looking for a certain type of connector for one of the products I was working. I was under pressure, did not have the time to check the database and ordered a part where I later found out that he would have had an agreement for. So yes I can see that this happens a few a few times a year.</p> <p>We also have a preferred supplier guide from the purchasing department which we are supposed to use during the engineering and product development process. So yes, unintentional maverick buying does happen, I have done it, but very seldomly.</p> <p>What was the second motivation that you mentioned before?</p> <p><i>The second motivation that I had mentioned was the unavailability of parts in</i></p>
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<p>Key Points:</p> <ul style="list-style-type: none"> • Un-intentional -yes, timepressure can be reason • Forced – yes hints at alignment issues (too cost focused, too slow, etc.) also not qualified – link to maturity issue • Well-intentioned – yes can be very close to forced because of different priorities and the belief to help the company, i.e., cost issues or qualification issues, just like forced, can be maturity link because of qualification • Casual – yes because it is easy, because no one care – also link to alignment because it 	<p>to these guidelines except to ensure that items purchased related to work and remained below a certain purchasing limit. Occasionally, purchasing card expenses were reviewed either by the purchasing department or immediate superiors, but no one had ever complained thus far</p> <p>FORCED</p> <p>Interviewee four reported that there had been instances when purchasing was unable to support them in buying a patent as part of new product development efforts, as no contract existed in relation to the patent. In the described instances, the engineering and product development teams went ahead and purchased the patents with the support of the legal team.</p> <p>WELL-INTENTIONED</p> <p>Interviewee four assumed that her behaviour was in the best interest of</p>	<p><i>an existing agreement, this is sometimes also called forced maverick buying.</i></p> <p>Yes, this happens I would say quite frequently I'm in the development process I need parts quickly and so I buy them. Waiting for purchasing will simply take too long.</p> <p>A few months ago, we also needed to buy a patent which was necessary for a new product we are working on. Naturally, the purchasing department does not have any patents. We teamed with the legal department and purchased the patent. So I would call that forced, we had to buy it, otherwise we would not have gotten it.</p> <p>You know, often I also buy parts, or select suppliers, because I know it is the best for the company, the purchasing department is either too slow, or too cost focused, and if I want the product to be perfect, then I am forced to select the supplier and decide on the parts that we need. I think that is also forced, isn't it?</p> <p><i>Well, in a way it is forced, but I would rather put that in the category of well-intentioned maverick buying which we can discuss now if you would like to.</i></p> <p>Yes, let us talk about that.</p> <p><i>O.k., so the third motivation that has been described in literature is well-intentioned noncompliance or maverick buying. People hope to do something good for the company. How do you feel about that?</i></p> <p>I think in a way, this is like the previous question that you had asked me before. I do feel that I am doing something good for the company when I select suppliers or when I buy parts. I make sure that our objectives are met, high quality with good prices and good delivery reliability so that manufacturing is also happy. I think that purchasing is way too cost focused and often they do not know what it</p>
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<p>can happen out of self-interest</p> <ul style="list-style-type: none"> • Ill-intentioned, no • Ex-ante and Ex-post idea 	<p>the company because everyone in her department and company acted noncompliant in terms of supplier selection during the new product development process and in research and development generally. She asked the rhetorical question, 'if it would not be well-intentioned and in the best interest of the company, then why does no one do anything about it?' She asserted that almost all her noncompliant purchasing decisions were in the best interest of the company and questioned the appropriateness of the term 'noncompliant' as a description of her behaviour.</p> <p>Ill-Intentioned</p> <p>Interviewee four stated that she could theoretically envision that some people might act based on ill-intentioned motivations; however, she denied ever having engaged in this form of</p>	<p>means for the company or the customer if they select a low-cost supplier. I know that they are pressured to always go for the lowest cost, but that is not good for us as a company. You know, if it would not be well-intentioned and in the best interest of the company, then why does no-one do anything about it? Everyone in my department selects suppliers, or makes purchasing decisions, it is just the way we do things. Well maybe not everyone, but all the ones that are in a position to select suppliers do it. You know, I actually do not like the term noncompliant, because I feel that it is more or less compliant behaviour. It is true that we often do not involve the purchasing department from the very beginning of a development project, but this is only because they cannot add value at this stage in the process, because they are not engineers, they do not know the product like we do. It's a qualification issue. I really do not feel that the behaviour is noncompliant, it is the way we do things. I know the purchasing department is important, but they should not be involved in supplier selection, at least not the selection of important development partners that should be engineering's responsibility.</p> <p><i>O.k. very good, thank you for the insight.</i></p> <p>Yes, you know, not only do people believe they do something good for the company but they actually do see it. We develop components in cooperation with our suppliers, like I had previously stated, how would a purchasing department be able to procure these items for us, when specifications are unclear and often only one non-supplier exists for this part. The value that purchasing could provide in such a situation is small, so I honestly believe that we do something good for the company by preselecting supplier or by buying apart from a certain supplier.</p>
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	<p>noncompliance and suggested that it would be time to leave the company before doing something that would be ill-intentioned. She noted the potential for ill-intentioned actions to lead to legal repercussions.</p>	<p>The suppliers that I predominantly work with are module or subsystem suppliers. These suppliers get lifetime contracts from us for the duration that we build a certain model. You know I don't have the exact numbers but a very high percentage of product costs this by design, selecting the right supplier to cooperate with us in the development process probably yields a larger impact on total cost then being able to negotiate a price down later on in the process in a regular negotiation. So absolutely, if I think of myself and have a think of my colleagues, we truly believe that what we do all benefits the company.</p> <p><i>Very good, thank you for your honesty and frankness. After all, I want to understand your motivations and I want to understand how the purchasing process in your company works. The more you tell me the better. Like I said in the beginning. I do not have any opinion if noncompliance in the area of purchasing is good or bad, I just want to understand it. The more open you tell me these things, the better.</i></p> <p><i>So, the next core motivation that literature talks about is an awareness of the existing agreements but the conscious choice to ignore them for no particular reason or out of self-interest. This can also be called casual maverick buying.</i></p> <p>Well, yes, this can happen, and it actually does happen sometimes. Like I had said before, the most common type of maverick buying, or noncompliance is what I just spoke about, you called it well-intentioned, but this form also happens.</p> <p>I think the first thing that you have to realize, is that I do not damage the company when I do this, and actually all of us in the team do this once in a while.</p> <p><i>So when does it happen? Could you tell me?</i></p>
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		<p>O.k., there are a couple of different times when this happens. I had previously mentioned that I do have a purchasing card. I do have an official limit on this card, and there are also rules and regulations about what I can buy with this card. Sometimes I choose to ignore these rules, or I buy more than I should, because I need something. I know that it does not match what I am supposed to do, but I still do it. Normally I have good reasons for this, I need parts quickly, or I have certain pressures from my boss about something that causes me to use the card. Maybe the part I want is different from the one that we have an agreement for, or the delivery times are different and things like this.</p> <p>You had also mentioned self interest, yes?</p> <p><i>Yes, casual noncompliance might also happen out of self interest. Have you done that before as well?</i></p> <p>I think it is normal, we all do that once in a while, not often, but once in a while. Well actually some of the things I told you right before were in this regard. If I need something quickly, and I know that a part that is on contract will be too slow, then I might order it from someone where I know that they will be able to deliver more quickly. I think this is o.k., because if I don't, then the project might lose schedule. I might also know that a contracted part does not have the quality that I require. If this happens, then I might also order it from someone else. But this is o.k. because it helps the company if I ensure that the quality of parts of high. I really do not feel bad about that.</p> <p>Like I had said before, no-one ever criticized me for that. I think if my boss or purchasing thought that I did something bad, then they would for sure let me know, either formally or informally. If it</p>
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		<p>would hurt the company, I might even get officially told to not do that any more, but no-one has done that. In my opinion this tells me that what I do is o.k.</p> <p><i>Very good, thank you so much. Let's go the last form of noncompliance. The final point that was identified in literature was that people consciously try to harm their company by ignoring existing purchasing processes or agreements. Oftentimes this form of noncompliance is referred to as ill-intentioned noncompliance. Have you maybe even done this yourself?</i></p> <p>Hmm, well I can only speak for myself but I have no reason to try to hurt the company. I like working for company X (company name anonymized by the author). I have been with them for many years and they have treated me well. I cannot even think of someone who might do this to the company, at least not in our department. I guess, there are always people who are not happy, and they might do something like that, but personally I would not know anyone who has done that.</p> <p>You know, if you would do something like that, it could also get you in trouble with company leadership or you might lose your job. Harming the company is not worth it. If I would be so unhappy, then I would look for another job. Times are good, it is not difficult to find a new job. If I would be unhappy, then I would leave.</p>
<p>(Q7) Do you think that there are enough people working in the purchasing department to complete all the tasks assigned to them?</p>	<p>Interviewee four also felt that the purchasing function would benefit from more people and agreed with the first two interviewed that inflexibility and long response times by purchasing were</p>	<p><i>Good answer, thank you. Okay let's go to question number seven, do you think that there are enough people working in the purchasing department to complete all the tasks assigned to them?</i></p> <p>Well that's hard to say overall, I believe that they don't have enough people to complete everything assigned to them. Time is the biggest problem for me, I think that they really don't have enough people to react to demands from other</p>

<p>Key Points:</p> <ul style="list-style-type: none"> • Thinks not enough people • Issue is time • Prioritisation can be issue – link to alignment again (maybe maturity) 	<p>caused by the available people being overburdened.</p>	<p>departments quickly. So maybe they have enough people to complete all tasks, but they do not have enough people to react quickly when I or other departments need something. I know that many people feel like that.</p> <p>To me personally that's the biggest problem. Sometimes I have things that I need to get done quickly and purchasing isn't able to respond to me in the timely manner that I would like.</p> <p>You know if you're asking me that because of your overall topic in noncompliant work behaviour then I do believe that not having adequate resources or enough people can sometimes be one of the factors that cause people to act noncompliant to buy things themselves or to circumvent processes. I simply do not have time to wait around for purchasing to finally get to my request. If it takes too long, I do it myself, so maybe yes, from my perspective they do not have enough people, or the people that they do have are too slow.</p> <p>I guess it comes down to you know what do we want to achieve, they have adequate people to do the top project yes, they have adequate people to be quick in responding to demands of other departments then the answer has to be no.</p> <p>In addition, I think it's a problem that they really don't know how to prioritise requests from other departments or other people if you approach them with something that you would need done quickly. I assume the way they do it, it just becomes a new bullet point in the list of to dos and you know if there are 10 things that were on the list before, then you just have to wait. There is no process that I'm aware of how we could get things done in a more quick way. Yes, I think those are the main points.</p>
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		<p><i>Thank you for your answer, all this this is really interesting to me and it helps me to understand better. Thank you.</i></p>
<p>(Q8) Do you think that the skillset of the people working in the purchasing department is adequate to be able to complete all the tasks assigned to them? Are they professionals?</p> <p>Key Points:</p> <ul style="list-style-type: none"> • Question is hard to answer • Assumes qualification are o.k. • At the same time not enough engineering or product know-how in purchasing • Link maturity and purchasing qualification • Seen as professional in the area of purchasing 	<p>Interviewee four stated that the purchasing people in her company were well qualified professionals with a generally good skillset.</p>	<p><i>Okay now to question number eight. Do you think that the skill set of the people working in the purchasing department is adequate to be able to complete all the tasks assigned to them? In other words, are they professionals?</i></p> <p>Okay, ahmm, you know that's a question I feel is this hard to answer for somebody from the outside. On the one hand I do believe that they have the skill-set to complete the tasks assigned to them.</p> <p>I assume they all went through a formal recruiting process, I also assume that they go to regular trainings and workshops to improve their skills, so yes, they do have the skills to be good purchasing people, I think.</p> <p>On the other hand, I do feel that to be a good purchasing agent or buyer or commodity manager whatever you would like to call it, needs unique skills that go beyond simple purchasing skills. I do believe you need some engineering skills and oftentimes I feel that people working in the purchasing department do not really understand the product and I feel that sometimes they don't really understand the customer either.</p> <p>They know how to negotiate a contract they know how to compare products if they have clear specifications, but in order to select the right supplier you need to combine those skills with product and process-centric skills and that's where I do see room for improvement.</p> <p><i>O.k., good. The last part of the question was do you see them as professionals?</i></p> <p>Yes absolutely, I do see them as professionals. We have all room for improvement, but yes, they are professionals in my opinion.</p>

<p>(Q9) In your opinion, what percentage of spend is really managed by the purchasing department (i.e., they make the supply decision)?</p> <p>Key Points:</p> <ul style="list-style-type: none"> • Distinguishes between managed spend and supplier selection • Involved in 90% of purchasing volume • But low number for supplier selection (A-parts) 65% of suppliers for A-parts not selected by purchasing • Clear distinction between A-, B- and C- parts 	<p>None of the interviewees felt qualified to provide a precise figure to answer this question; however, they all provided estimates. Interviewee four's guess was 65% of (A-parts) suppliers are pre-selected by engineering.</p>	<p><i>Now on to question number nine, in your opinion what percentage of spend is really managed by the purchasing department in other words they make the decision from home to buy and at what price?</i></p> <p>Hmm, I don't know, really. Let me ask you just for clarification when you say managed do you mean they select the supplier, they negotiate the price, they signed the contract, and they manage the contract? Because for me the big question is supplier selection or if you put it differently supplier preselection.</p> <p><i>Now, the question when I ask you on what percentage of spend this managed by the purchasing department means that other departments determine the specifications for components or parts that need to be bought, and it really is the purchasing department that does market analysis that looks at what suppliers qualify to enter a contract on into and then do the negotiations sign the contract, manage the contract and so on. So yes, it does include supplier selection.</i></p> <p>Okay because in my opinion there are two answers to your question if we exclude supplier selection then I believe that the vast majority of purchasing volume really is managed by the purchasing department meaning they negotiate the contracts they administer the contract and once the contract is signed, they are the core point of contact between our company and the supplier so if that's the focus then I do believe that probably 90% of spend managed by the purchasing department.</p> <p>On the other hand if you talk about supplier selection or pre selection then the percentage would be much smaller I can only talk for myself. But if I look at my commodity group I would say that I have selected preselected at least 60 or 70% of the suppliers. In other words I determine</p>
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		<p>who is a fitting supplier for our needs, and then the purchasing department negotiates prices talks about delivery options and manages the contract. That's for A-parts suppliers, B- and C-parts, I don't get involved in.</p> <p><i>Super thank you that's what I was interested in.</i></p>
<p>(Q10) Purchasing is recognised as an equal with other corporate functions</p> <p>Key Points:</p> <ul style="list-style-type: none"> • Recognized as an equal and important function, but wrong assignment of tasks, organisational issue 	<p>Interviewee four shared the opinion of the other respondents that the purchasing function was on eye-level with the other corporate function.</p>	<p><i>Okay question number 10 centers on the topic whether purchasing is recognised as an equal with other corporate functions. In other word do you think that purchasing is on eye to eye level with marketing sales and other functions like that or the think that there is still in all subordinate and the like as service function company internally that completes talks that others tell them they have to do?</i></p> <p>No, I believe in our company purchasing is seen as an equal, absolutely. There is a vice president of strategic sourcing on the same corporate level as all the other vice presidents like manufacturing, research and development, marketing and sales. So, from where I stand at least organisationally they are seen as absolutely equal. It might be different if you talk to the other functions out in the field if this standing is deserved, but organisationally they are recognised as an equal.</p> <p><i>What you mean when you say if you talk to other functions, they might not feel like that standing is deserve?</i></p> <p>Well I do have the impression that while we all recognise and value the contributions that purchasing is making for our company a lot of us maybe including me feel like the purchasing department really is not as strategic in the focus as we are. They are not a lot involved in new product development, and it does seem like they have a very one minded focus on cost reductions. So, giving them the same standing like engineering or research and</p>

		development does feel undeserved by some of us here.
<p>(Q11) Do you feel that the level of cross-functional cooperation and integration between the purchasing department and other functional departments is adequate?</p> <p>Key Points:</p> <ul style="list-style-type: none"> • Not enough cooperation and integration • No clear structures and processes • Cooperation is mandated but not managed • Better is purchasing leaves them alone • 	<p>Interviewee four reported having worked on a few different engineering and new product development teams and stated that the level of cooperation often depended on what was being bought. As she asserted:</p> <p>You cannot compare the cooperation level when I need support in sourcing computer parts or integrated circuits to the cooperation level when I am looking for a joint product development partner for an environmentally sealed analysis toolset. For the first one, the cooperation is easy and straight forward, for the second it is next to impossible.</p>	<p><i>Okay interesting thanks. I think that leads us actually well into question number 11 you feel that the level of cross functional cooperation and integration between the purchasing department and other functional departments is adequate?</i></p> <p>(Quite a long pause by the interviewee) No, I definitely don't think so. There are quite a few occasions where we work with the purchasing department like product development teams the phase-in phase out team that's the team where we decide how we should handle individual components or suppliers that are no longer commercially available. This happens most frequently with our electronic components. We have fairly long product life cycles, and lifecycles in the electronics world are rather short oftentimes, only a few months or a few years at max. We therefore have to come up with a strategy to determine how we will ensure that these components are available either for our own manufacturing operations or how we can ensure that these parts or components are available for our customers years after they have bought the systems. So, in these occasions there is quite high level of cooperation between purchasing and thus and meetings are frequent.</p> <p>But when it comes to supplier selection regardless of whether the selection of suppliers is initiated by us or whether it is initiated by the purchasing department there seems to be an inadequate level of cooperation.</p> <p>You cannot compare the cooperation level when I need support in sourcing computer parts or integrated circuits to the cooperation level when I am looking for a joint product development partner for an environmentally sealed analysis</p>

		<p>toolset. For the first one, the cooperation is easy and straight forward, for the second it is next to impossible.</p> <p>I do believe that it would be beneficial for both our departments to talk almost on a daily basis. This doesn't happen unless it is mandated by top management or because we initiate a new product development team but this is not enough. In the end I believe that we do not really know the purchasing department well enough and they don't really know us well enough to truly be able to cooperate effectively.</p> <p>This might also be owed to the fact that in general we are happy if the purchasing department leaves us alone. Oftentimes it feels like we can do our job better if we are not bothered by purchasing. So, in my opinion the level of cooperation is not really good if you look at it from an institutional level and it can be improved upon quite considerably.</p> <p>The only cases of really great cooperation that I can think of are based on personal relationships that we might have with people in the purchasing department. In other words, if you know each other and you get along you will look for opportunities to help each other and to cooperate voluntarily and in those cases this cross functional cooperation really does work extremely well.</p> <p>However, if we look at the mandated cooperation between us and purchasing, I think it does not work well at all.</p> <p><i>Thank you very much I think that's enough for right now. In case I have any more questions about this, then let's get back to this question maybe later today. Thank you.</i></p>
(Q12) Purchasing processes are well	Interviewee four: 'I think the processes are known,	<i>Question number 12 tries to look at purchasing processes and asks if these are</i>

<p>established and known the other departments</p> <p>Key Points:</p> <ul style="list-style-type: none"> • Purchasing processes are known, for the most part • Processes are documented in the intranet, but often not lived in that way • Maybe link to incentives and maturity • If processes are not known, then they are not well established • If they are not known, but could be checked on the internet, then maybe also an incentive issue • Information asymmetry is also a topic 	<p>and if they are not, you can go on the intranet and find out. Claiming ignorance of processes is no excuse for not working together’.</p>	<p><i>well-established and if they are known by the other departments.</i></p> <p>You know to be honest this question is hard for me to answer. I think I know the main purchasing processes. Or at least, I do know some purchasing processes, for example I know at what point in time we are supposed to get purchasing involved you know in supplier selection or supplier preselection processes.</p> <p>I know at which point purchasing are supposed to be involved in our new product development initiatives, but other than that I really don’t know the process use of the purchasing department.</p> <p>So, I am not sure how well they are known the ones I do know I think they are well-established and obviously another but I have no idea of how complete my picture or my knowledge of purchasing processes really is.</p> <p>In order to be able to answer this question I guess I would have to go on some training.</p> <p>On the other hand, there is the Intranet, and from what I know, there are process charts online, so I could look at them if I wanted to, but the ones I need to know, I do know.</p> <p>You know, I think the processes are known, and if they are not, you can go on the intranet and find out. Claiming ignorance of processes is no excuse for not working together</p> <p><i>Thank you.</i></p> <p>No problem, but I have to tell you, these questions are not easy to answer, and this seems to be a quite lengthy interview. What did you say, how many questions are there?</p> <p><i>It’s 4 in total.</i></p> <p>Wow, and what number are we on now?</p>
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		<p><i>13, sorry to not be further.</i></p> <p>Don't worry, I am just giving you a hard time (laughing).</p>
<p>(Q13) Purchasing is seen as a value-added function by other departments</p> <p>Key Points:</p> <ul style="list-style-type: none"> • Purchasing value -YES • Qualifications of purchasing sometimes one-sided (maturity issue) • BUT purchasing sometimes overrated • Sees purchasing more in a support role, help them • Alignment again, what do they try to accomplish 	<p>Interviewee four recognised the value that purchasing provided for the company and for her personally in supporting her in market analysis negotiations and supplier management.</p> <p>At the same time, interviewee four felt that purchasing's importance was sometimes overrated.</p>	<p><i>Okay, so question number 13 tries to explore your opinion on whether you see purchasing as a value-added function and also in your opinion, do other departments see purchasing as value-added?</i></p> <p>Difficult to say, I do believe purchasing adds value, I am not quite sure however, if it is as much value as many others believe. I believe that most people in my department would support this view.</p> <p>In many ways I believe that the importance of the purchasing department is overrated. If you look at the selection of suppliers for a part in the product development process, purchasing is simply not in a position to decide which supplier is the best for our company. There are too many variables that you have to be aware of, and that you have to evaluate. Most people that I have come across from the purchasing department have a business background, they are good at comparing prices or specifications. They are very well qualified to evaluate the financials' or the financial viability of a supplier to look at exchange rates and political considerations when sourcing internationally but they are not well equipped to determine how well a supplier might participate in new product development or if a supplier's technical capabilities are in line with the development goals or the technology goals of our company.</p> <p>I think purchasing the most value when they support us in price negotiations when they help us with the contract specifications when they manage the logistics or when they do market analysis for us but not in supplier selection.</p> <p>To reiterate what I said before I think that purchasing adds a lot of value but looking</p>

		<p>at much of the discussion in our company, I think the biggest value-added is an area's that are underestimated by our leadership. I believe that I am not alone with this opinion. Purchasing adds value but nowadays sometimes it's value adding potential is overrated by corporate leadership.</p> <p><i>O.k., good, thank you.</i></p>
<p>(Q14) Purchasing processes are transparent and known by other departments</p> <p>Key Points:</p> <ul style="list-style-type: none"> • Purchasing processes are known, for the most part – link to question 12 • Transparency yes • Issue – is it wanted • Maturity issue, purchasing focuses only on cost, not total cost 	<p>Interviewees three and four agreed that most processes in their company were transparent and known, not only those from purchasing, and Interviewee four specifically commented that she had nothing to complain in terms of process transparency.</p>	<p><i>Question number 14. Are purchasing processes transparent and known by other departments?</i></p> <p>Overall, I think they are. I actually think, we already spoke about this one, didn't we?</p> <p>The processes I need to be aware of are transparent to me, at least that's what I think. Overall, I think that our company is pretty good in terms of process structure and transparency. Maybe there are processes that I'm not aware of and so obviously they are not transparent to me but then I wouldn't be able to talk about.</p> <p>But maybe not now that I think about it. Supplier selection, which is an incredibly important process, does not seem to be very transparent to me. Well, no, maybe I am wrong, the process is transparent, I am just not happy with the approach that purchasing has. In my opinion supplier selection if conducted by the purchasing department is always price driven. Purchasing talks a lot about value, they talk a lot about how suppliers must fit strategically with our company but if I am honest with you when I think of what the purchasing department does, I think there are only driven by price. If they are driven by anything else than that is not transparent to me.</p> <p><i>Great, thank you, very interesting. Actually, we will talk more about supplier selection and the goals of the purchasing department later as well, so keep your</i></p>

		<i>thoughts and we will talk about it again. Let's go to the next question, number 15.</i>
<p>(Q15) Is the structure of your company's purchasing department more centralised or more decentralised?</p> <p>Key Points:</p> <ul style="list-style-type: none"> • Mix with focus on centralistaion 	<p>Interviewee four: 'I think it is a mix of centralised and decentralised, but I really do not know that much about the structure of the purchasing department to be honest'</p>	<p><i>Is the structure of your purchasing department more centralised or decentralised?</i></p> <p>I think it is more centralised, however, as far as I know we also have some decent procurement units in other parts of the world. Nevertheless, the focus is on a more centralised structure because this allows us to realise their economies of scale. Yes, I think it is a mix of centralised and decentralised, but I really do not know that much about the structure of the purchasing department to be honest.</p> <p><i>Perfect that's exactly what I am interested in, as with all the questions, it is always about what you think and how you feel about these issues. If you are not 100% sure, then you can always give me your opinion.</i></p>
<p>(Q16) If you think of the work of the purchasing department, is it more strategic, or clerical/tactical in nature?</p> <p>Key Points:</p> <ul style="list-style-type: none"> • Some very strategic activities • Also some tactical • Mix 	<p>All the interviewees agreed that the purchasing function was continuously becoming more strategic to the point of exceeding the amount of clerical work. Interviewees one, three and four reported that their purchasing departments were divided between commodity management, which has an entirely strategic focus, and procurement, which is concerned with the day to day management and</p>	<p><i>If you think of the work of the purchasing department would you characterise it as more strategic or clerical and technical in nature?</i></p> <p>I think that there are definitely some very strategic activities that the purchasing department has to take care of such as price negotiations and the negotiation of strategic logistics and replenishment agreements.</p> <p>However, there are also a number of tactical or as you called it clerical activities that purchasing is responsible for. This might be the ordering of office supplies expediting off certain parts if engineering research and development or the manufacturing department tells them to do that. Also, I would consider data entry in our ERP system to be tactical in nature so it's both.</p> <p><i>Okay great but if you had to decide or if you have two make up your mind, do they</i></p>

	<p>execution of purchasing activities.</p>	<p><i>do more strategic work or more clerical/tactical work?</i></p> <p>If you ask me like that then I think they do more strategic work, oh, I almost forgot, purchasing also has commodity managers who are supposed to do market analysis, supplier selection and supplier management. I would consider commodity management to be a strategic activity, I think.</p>
<p>(Q17) To the best of your knowledge, is the purchasing department involved in the corporate strategic planning process?</p> <p>Key Points:</p> <ul style="list-style-type: none"> • No exact knowledge • Mainly assumptions • Assumes yes 	<p>Interviewee two and four agreed that purchasing is involved in the strategic planning process but expressed uncertainty as to what functions and with what responsibilities.</p>	<p><i>To the best of your knowledge, is the purchasing department involved in the strategic planning process of your company?</i></p> <p>Well, I think that the vice president of purchasing is probably involved in some instance in this planning process. However, I have to be quite honest with you I'm not really at the level in my company where I would know how this works or how goals and setting at this top level really works. I suspect that some of the other departments like marketing and sales as well as research and development probably play a bigger role in the strategic planning process than the purchasing department, but that's more a guess of mine than really knowing it.</p> <p><i>O.k. thank you, I think this is enough for this question. Let's move on to question 18.</i></p>
<p>(Q18) Do you feel that the tools and systems used by the purchasing department are modern, up-to-date, and adequate to complete all the tasks assigned to the purchasing department?</p>	<p>Interviewee four believed that her company's tools and systems used were up-to-date, reflected the current state of technology, and very well suited to meet its needs. She reported liking the e-procurement and desktop purchasing systems</p>	<p><i>Do you feel that the tools and systems used by the purchasing Department are modern up-to-date and adequate to complete all the tasks assigned to the purchasing department?</i></p> <p>Hard to say from where I stand, they seem to be adequate. But I have to admit that I really don't know what tools and systems they are using. I guess I could ask them but so far there was never the need to do that and there is no process or training where we in engineering get informed about things like that.</p>

<p>Key Points:</p> <ul style="list-style-type: none"> • Like previous question • No exact knowledge • Beliefs they are o.k. 	<p>and e-catalogues and declared that tools that might be used for e-tender, e-rfq and so on should be more than appropriate to complete all tasks assigned to the purchasing department.</p>	<p>I like the desktop purchasing tools that purchasing makes available for us, like e-catalogues, but other than that.</p> <p>I know that they use things like electronic requests for quotation and electronic tendering programs or systems, but please do not ask me how these systems work. I would assume that they are fine and up-to-date.</p> <p><i>You very much let's move onto the next question.</i></p>
<p>(Q19) Do you have access to purchase certain items through electronic systems in the form of e-procurement, desktop purchasing tools or online catalogues?</p> <p>Key Points:</p> <ul style="list-style-type: none"> • YES • Very positive opinion • Likes purchasing card and desktop purchasing • Quick simple and gets the choice • 	<p>All the interviewees reported that they could use desktop purchasing systems, online catalogues and e-procurement tools for the purchase of office materials, and standardized b- and c-parts. These tools are widely accepted, and all the interviewees stated that this makes life much easier for them. Interviewees two, three and four also reported having an electronic business travel system that allowed them to book their own flights and hotel stays for business trips.</p>	<p><i>Do you have access to purchase certain items through electronic systems in the form of a procurement desktop purchasing tools or online catalogues?</i></p> <p>Yes, I do, I just told you, remember, (smiling).</p> <p>Pretty much everything I need in the office, from printer cartridges to writing utensils to software I can order electronically. I have a limit of €1250. As long as my orders for each individual item are not higher than that amount of money, I can buy from the provided online catalogues. In fact, the laptop I have with me right now was purchased via one of those desktop purchasing systems. I have to admit that this is really convenient, and compared to the way that we still procured items 6, 7 or eight years ago the improvement is incredible.</p> <p>However, it has to be said that the items which I can buy electronically have been preselected and the prices have been pre-negotiated by the purchasing department. For items that are not listed I have to get in contact with purchasing.</p> <p>We also have an electronic travel management system, in the form of a platform, where I can book my own flights and hotel rooms. I think this is also a pre-negotiated contract that purchasing has made with a travel agency.</p>

		<i>Great, thank you.</i>
<p>(Q20) Do you feel that the purchasing department uses a total cost approach when selecting suppliers?</p> <p>Key Points:</p> <ul style="list-style-type: none"> • Strong feeling – NO • Cost driven • Talk about total cost, but do not consider it • Causes non-compliance • Key issue when purchasing A-parts • Distinction between A-, B-, and C-parts • Selecting A-parts purely on a cost basis can lead to big problems • Cost focus leads to non-compliance • Alignment, goal setting issue • Maturity issue properly 	<p>Interviewee four stated that she had worked well with the purchasing department in the past. She had tried to explain why focussing too much purely on price might actually be hurtful for the company and claimed that the purchasing people had listened to her. Nonetheless, she stated that most purchasing decisions were driven by 'lowest cost – technically compliant' and claimed that she could not think of a time when purchasing had knowingly selected a higher priced supplier in order to get better quality, delivery times or better cooperation agreements beyond what was acceptable as the absolute minimum.</p>	<p><i>Do you feel that the purchasing department uses a total cost approach when selecting suppliers?</i></p> <p>To be honest I really don't. My personal and maybe subjective opinion is that purchasing predominantly focuses on price.</p> <p>We had an initiative a few years ago where a total cost of ownership calculation tool was presented to us from our company's IT department which was supposed to enable the purchasing department to look at the total cost when selecting a supplier. However, this tool is no longer used for a number of reasons, for one, departments like engineering, research and development and manufacturing felt that certain important aspects or perspectives of total cost were not included in this tool, such as the ability to support us in the development process. In addition, completing a calculation was way too lengthy and cumbersome and the outcome of the calculations caused heated discussions within our company. It was therefore decided that it was not practical to use this tool.</p> <p>Like I have mentioned before supplier selection, or preselection, at least for A-parts, is largely done by engineering as well as research and development. The B-parts, and C-parts, where it is truly the purchasing department that select these suppliers based on specifications set by R and D as well as engineering seem to be predominantly selected based on price comparisons.</p> <p>I hope that this does not sound like we exclude or ignore purchasing but I really believe that for A-parts it is virtually impossible to write specifications in such a way that somebody who has no engineering knowledge or who is not involved in the</p>

<p>too</p>		<p>engineering process is able to select adequately suitable supplier.</p> <p>If we do get purchasing involved in the selection process for A-parts, then trying to work with them on an individual level seems to work fine, we can try to convince them to focus on items other than cost, but it is a hard fight. To me they seem to be in the lowest price, technically compliant mindset. I have personally not seen a single instance where they selected a higher cost supplier for reasons of better quality, delivery, or things like that, when they had a lower cost alternative available that met the specifications. In the end that is also the reason why we at engineering try to keep purchasing out of the supplier selection process. Once the supplier is selected, then they can try to negotiate the price down, but this happens at a point in the process when the supplier is already selected, and the specifications have been set.</p> <p><i>Thank you very much for your answer I really value your honesty with me it is really important for me to hear these kinds of things because I am truly trying to understand how supplier selection works and why there seems to be a high degree of noncompliant behaviour in the area of purchasing. Just to reassure you, there are no right or wrong answers to give, I am just trying to understand.</i></p>
<p>(Q21) Do you feel that the reward system of the purchasing department is aligned with the competitive goals of the company?</p> <p>Key Points:</p> <ul style="list-style-type: none"> • Strong 	<p>Interviewee four felt that the reward system of the purchasing department was properly in line with goals of the company, but not so much with the goals of the other departments. If corporate leadership placed high emphasis on</p>	<p><i>Now on to question number 21 do you feel that the reward system of the purchasing department is aligned with the competitive goals of the company?</i></p> <p>No, I don't. Like I had previously stated, it seems like the purchasing department predominantly selects suppliers based on price. I would assume that they do that because this is what they are asked to do. In other words, purchasing is supposed to reduce prices, of course price reductions are important for the competitive</p>

<p>Feeling – NO</p> <ul style="list-style-type: none"> • Purchasing has too big a focus on cost • Feels goal setting creates friction • Creates Animosity between departments • Maybe purchasing goals are aligned with corporate goals, but not from her perspective • Feels strongly that there are major alignment issues, this seems to really bother her 	<p>cost reductions, then the purchasing department was most certainly aligned with their goals; however, the priorities of other departments—such as quality, flexibility and speed—were being neglected. The problem was that these criteria were also part of the company’s goal system; however, they were not aligned with the reward systems of these other departments, which suggested that there was also room for improving the alignment with the overall company goals.</p>	<p>position of the product that you are offering to our customers, however it is only one of the aspects that is important.</p> <p>So, in a way the reward system of the purchasing department is supporting the competitive goal of price leadership, but it ignores the other competitive goals of the company -like technology leadership or product quality. In my opinion supporting only one competitive goal of the company can put the achievement of other competitive goals at risk. For this reason, I, and other people from the engineering department sometimes feel that purchasing is doing us a disservice by focusing so heavily on prices.</p> <p>I mean it is tough, maybe purchasing goals are aligned with the one top goal of cost reduction or price leadership, but not with the other goals. They are certainly not aligned with the goals of other departments. I am not sure, maybe it is a strategy by top management to set departmental goals that are not aligned. Maybe that is a strategy, create friction and competition, but it really hurts cooperation within our company and it is bad when trying to work with the purchasing department. Sorry, but that is the way I feel.</p> <p>I mean, you know, this is my opinion. It is kind of hard to see it any other way when you come from the engineering or research and development side, but hey, look at some of the issues that we have had as a company in recent years, it always came down to the need to focus too much on cost and neglect other issues and it hurts the company, sorry, but this is a big issue for me.</p> <p><i>No need to be sorry, if that’s your feeling, then I need to hear about it, after all that’s what the interview is all about. And hey, we are half way though the interview</i></p>
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<p>(Q22) Is the training you have received in terms of purchasing processes and rules adequate</p> <p>Key Points:</p> <ul style="list-style-type: none"> • No – on to, most training is informal • Only formal part is a book of rules and guidelines • No real training • Would be helpful • Existing online training too long, not outcome focused • Waste of time • Not a good approach at the moment 	<p>Interviewee four stated that as a new hire, she had received a printed handbook regarding rules and regulations within the company, which also covered purchasing rules and processes.</p> <p>She cautioned that the rules described in the booklet could sometimes be very different from those that were lived in the day-to-day operations of the company.</p> <p>She reported that online training seminars were available that covered many different types of rules and regulations, as well as items for continuing education in order to improve the skillsets of employees in their departments. Such online trainings generally lasted from half a day to two days, and employees needed to apply to participate in them and obtain approval to do so from their direct</p>	<p><i>Is the training you have received in terms of purchasing processes and rules adequate?</i></p> <p>Personally, to be honest I feel that the training I have received really is not adequate. I really don't think that I have received any face to face purchasing training.</p> <p><i>If you have not received any training, how do you know how you are supposed to interact with the purchasing department?</i></p> <p>Well, we have policies and guidelines with points in the engineering or the research process where we are supposed to get the purchasing department involved. These guidelines are available to us in a policy booklet that is issued by our department as well as on the intranet. I think I was actually handed one of these booklets when I first started with the company, but I doubt that everybody reads them, or that they read all of it. Of course, we also know from amongst ourselves and with our colleagues from purchasing about purchasing rules and regulations.</p> <p><i>So, what you're telling me is that you have not received any training in terms of purchasing processes and rules, but that you know about them from talking to your colleagues and colleagues from purchasing?</i></p> <p>Mhm, correct, we also have online training seminars that we could sign up for, but to tell you honestly, I feel that they are a waste of time. These seminars last from half a day, to two days, and seriously, when do you ever have time to sit in a seminar for 2 days? Maybe it would be different if it would be in-person, face to face seminars, but like this, I really do not see how it adds value. Maybe if it</p>

	<p>supervisor. Although she was a team lead in the engineering department and had some responsibility for personnel, she reported being undecided on whether she wanted to attend these online training seminars.</p>	<p>would be 2-hour seminary, yes, but 2 days, no. On top, these seminars have to be approved by your boss, and I know that no supervisor wants their workers to be off the job for 2 days. There are mandatory trainings in the area of engineering that we have to attend, but no-one would like to send their people to a purchasing training.</p> <p>I could actually sign myself up in the position that I am in, but I don't do that because I question the usefulness.</p> <p>I mean, come on, you have properly been to lots of trainings that you went out of after a day or two and where you felt that you could have gotten as much out of it, if it had only lasted a few hours.</p> <p><i>I have to admit, I have been at trainings like that before, absolutely, but there are also a lot of trainings where I felt that they actually really helped me. In the end, you are best to judge how good or bad the trainings in your company are.</i></p> <p>Well, I know it is bad to say that, but our trainings generally are not very good.</p>
<p>(Q23) Is the training purchasing employees receive, regarding your department's goals and initiatives adequate?</p> <p>Key Points:</p> <ul style="list-style-type: none"> • Hard to say • No • Causes conflict • Hurts the co-operation 	<p>All the other interviewees maintained that purchasing employees in their organisations did not receive any formal training to familiarise them with the goals and initiatives of other departments. Much like the situation in Interviewee one's company, they might get some informal insight in other departments' goals; however, no formal</p>	<p><i>No problem, but let's now change perspectives, question 23 asks if the training that purchasing employees have received regarding your departments goals and initiatives are adequate.</i></p> <p>Hard for me to say. I do not know if they have received any training. However, to me personally it feels like they have not received any training. And if they have, then my personal opinion is that it would not be adequate to really support us in our daily job. Like I have mentioned before it feels like at times, we are working against each other or that our goals and objectives don't match. I like my colleagues from the purchasing department but oftentimes I am at odds with them. I wish they would better understand what we are trying to do.</p>

<ul style="list-style-type: none"> • Don't know enough about each other 	<p>institutionalised efforts were being undertaken to educate them about the goals of other departments.</p>	<p><i>O.k. thank you.</i></p>
<p>(Q24) Do you feel that the purchasing department is adequately balancing short- and long-term goals of the company</p> <p>Key Points:</p> <ul style="list-style-type: none"> • Strong feeling -NO • Maturity issue • Purchasing is too short term oriented • Beliefs most other departments feel that way • Causes quality issues • Causes friction • Causes non-compliance 	<p>Interviewee four suggested that purchasing is more short-term oriented than most other corporate functions due to the nature of the job, and that the easiest way to determine purchasing performance would be to compare purchasing prices over several years. She reported that the purchasing department had established a year over year cost reduction goal of 5 percent ever since she joined the company a few years ago. She felt that this goal was completely unrealistic and caused the purchasing department to only look at one-year time periods in order to be able to meet the goals set for them. Thus, long-term considerations like quality, delivery flexibility</p>	<p><i>Question number 24, do you feel that the purchasing department is adequately balancing short- and long-term goals of the company?</i></p> <p>I like that question, because to me it feels like they are not. Like I had stated in the previous question I feel like they don't really know or understand what we are trying to do. In my opinion research and development as well as engineering are more long-term oriented, while most purchasing decisions appear to be rather short term in orientation. To me it seems like the main goal of purchasing is reduced purchasing prices from year to year.</p> <p>I actually know that purchasing has the goal of achieving 5% cost reductions year over year. I also know that they have had this goal ever since I joined the company. I mean, come on, how realistic is it to achieve 5% reductions every year, for many years in a row. That's simply not realistic. In that sense I actually feel bad for purchasing, because they are given goals that are nearly impossible to achieve. It also makes them unbeliebt (not well liked – the author), how do you say that in English? Less liked be other departments.</p> <p>I believe that most of my colleagues would agree with me on this one. Purchasing is rather short-term oriented while most other departments in the company are at least medium to long-term oriented. This is one of the core problems. It is rather easy to reduce costs if you are willing to sacrifice quality and durability of a product, or if you ignore issues like</p>

	<p>or long-term partnerships with suppliers were largely ignored.</p>	<p>delivery flexibility or service quality, but to purchasing that does not seem to matter because their time horizon is focused on annual cost reductions.</p> <p>I mean, hey, we spoke about the reasons why I often select suppliers, well, here is one of them. It's often bad enough if I select a supplier and have purchasing negotiate prices. You know, they often cause quality issues because of the excessive price pressure that they put on the supplier. Honestly, in the past, German products were bought because of their superior quality, do you really think we are better in terms of quality, today than anybody else. It's just the good name that we are living off at the moment. We could still be great, but we are not, because we focus too much on price.</p> <p>I see the same at company X, our customer, they have a good product, but the time when it was better than the competition is long gone. The same thing that is happening with us and our purchasing department is happening with them and their purchasing department.</p> <p>Wait a few years, the lead that we used to have is already gone and if we do not watch it, then our reputation will be gone sooner, or later, too. This can end up being a real major issue for us, and in fact for Germany as a manufacturing location. Sometimes I get really emotional and worried about this.</p> <p><i>It sounds like you really feel strongly about this. Thanks for sharing this with me. So would I be correct in assuming that you feel that purchasing is not doing a good job of balancing the short and long term goals of the company?</i></p> <p>Absolutely that's how I feel.</p> <p><i>O.k., very good that is a very clear opinion, super. Let's go to the next question.</i></p>
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<p>(Q25) Do you feel that corporate strategy and purchasing strategy are aligned?</p> <p>Key Points:</p> <ul style="list-style-type: none"> • Unsure • Communication issues (information asymmetry between purchasing, engineering and corporate departments) • Does not worry too much, because it is beyond her decision-making level • Less problems between purchasing and corporate, but more between departments • Maturity issue and process management issue on the corporate level • Strong link between alignment 	<p>‘You know that is something that I cannot answer. I do not even know all the details about our corporate strategy, so I do know it is aligned with the strategy of the purchasing department. I wish our corporate strategy would get communicated to us. All I know is the strategy and the resulting goals for our own department’.</p>	<p><i>Do you feel that corporate strategy and purchasing strategy are aligned?</i></p> <p>Didn’t you ask that before? You know that is something that I cannot really answer. I do not even know all the details of our corporate strategy, so I do not know if it is aligned with the strategy of the purchasing department. I wish our corporate strategy would get communicated to us better. All I know the strategy and resulting goals for our own department. And if you would ask my opinion I will tell you that I feel that I don’t even know that well enough.</p> <p><i>But I am sure you do have an opinion, don’t you?</i></p> <p>Well you know it is something that I really don’t think about too much.</p> <p>To an extent I would assume that they are aligned, I mean they should be that the job of management, right? Being a cost leader is one of our corporate goals, so the fact that purchasing is trying to reduce prices is in line with this goal. But we also have the goal of having high quality, being innovative and flexible, and these things do not seem to be considered by purchasing in my opinion.</p> <p>I think that there is probably less of an issue between purchasing strategy and corporate strategy, rather than there is an issue between purchasing strategy and other departmental strategies. Purchasing strategy is in conflict with the strategies of other departments and that creates a lot of problems for everybody.</p> <p><i>Super that’s exactly the kind of information I am looking for, your opinion, your feelings and your perception of the business environment that you work in.</i></p> <p><i>Thank you this leads perfectly to question number 26.</i></p>
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and maturity		
<p>(Q26) Do you feel that the goals of your department are in line with the goals of the purchasing department?</p> <p>Key Points:</p> <ul style="list-style-type: none"> • Clear that she does not know purchasing goals and strategies well. • Knows about cost savings goals, but not much more • Conflicting goals • Cooperation issues • Alignment issues • Maturity issues 	<p>Interviewee four stated a belief that most departments did not know the goals of the other departments, but rather made assumptions about their strategies. In her view, the strategy of her department did not seem to be perfectly aligned with the strategy of the purchasing department, but they could work together.</p>	<p><i>Question number 26 asks if you feel that the goals of your department are in line with the goals of the purchasing department?</i></p> <p>Like I had mentioned before, my knowledge of the strategies of my own department are o.k., not perfect, but o.k., but my knowledge of the strategies of other departments is pretty limited.</p> <p>From what I see happening on a daily basis in our business, I would say that there are some major issues in terms of alignment. We are incentivised to focus on quality and innovation, which are rather long term in perspective.</p> <p>In my opinion the purchasing department is mainly focused on the short-term goal of cost reductions.</p> <p>We therefore have conflicting strategies or not strategies we have conflicting goals. And if we have conflicting goals obviously then our strategies don't match each other.</p> <p>We try to handle this on an individual level, it works, but its is tough and annoying.</p> <p><i>Yup, you are right, it is pretty much the same question like the one before, but thanks for saying it again. You know, in the end, quite a few questions will be looking at the same issue, but from different angles, so some repetition is actually intended. I hope you don't mind.</i></p> <p>No, I don't mind at all. It is actually fun being here at MBS again. It has been a few years since I have been back. Last time I was here, this whole part of the second floor was still not part of MBS, now you have a lounge, coffee machine,</p>

		<p>oven, I wish we would have had that when I was a student here.</p> <p><i>Yes, we've grown quite a bit in the last few years, and there have been some big changes to the programs as well. The full-time MBAs and the part time MBAs now have quite a few classes together. But anyways, lets move on. If you want to, we can take a little tour later.</i></p>
<p>(Q27) Is Purchasing responsive to my needs and concerns as an internal customer?</p> <p>Key Points:</p> <ul style="list-style-type: none"> • Purchasing tries • But is handicapped by own goals • Alignment issues 	<p>Interviewee four maintained that purchasing people tried to be responsive once you had built a good relationship with them, and they knew you as an internal customer; however, she thought they were handicapped by their department's internal processes.</p>	<p><i>Question 27 asks if purchasing is responsive to your needs and concerns as an internal customer?</i></p> <p>Well personally I do believe that they try to be responsive. Especially you know, once a relationship has been established with the people from purchasing. They do try to be helpful absolutely. I am not sure if they really see me as an internal customer, but they try to help and support me.</p> <p>However, I also feel that to some extent or maybe even to a large extent they are handicapped by their internal processes or you know their departmental goals. If they have to look for cost reductions and I look for quality, or speed, then this is hard to make work.</p> <p>They have to do whatever they can to meet their goals and for most of their work those goals are cost savings goals. So, if I need something quickly and it comes as at the cost of you know of paying elevated prices then there is someone in a bind. I would not mind the extra cost, but that won't work for them.</p> <p>They have to decide do they want to make me happy and possibly lose out on savings to meet their own goals or are they willing to not give me what I want but maybe make their boss happy because they meet their own goals.</p> <p>Like I told you before the best way to manoeuvre around this issue is by building a relationship and so sometimes, I am</p>

		<p>willing to change from my goals is to make them happy and sometimes they're willing to change from their goals to make me happy it really is a relationship and the sad thing is that it seems that we cannot be happy together enough. So, God that's bad English isn't it?</p> <p><i>It's perfect, I know what you mean and that's all that matters.</i></p>
<p>(Q28) Do you try to use existing purchasing agreements?</p> <p>Key Points:</p> <ul style="list-style-type: none"> • YES • Difference between A-, B- and C-parts • A-parts are the issue • Not B- or C-parts 	<p>All the interviewees claimed that they truly made an effort to use existing purchasing agreements. The only reasons not to use existing purchasing agreement was when the use of an agreement put their own goal attainment at risk, or if they felt that the part contracted supplier did not meet the needs of the product or customers, or if the agreement was putting the long-term survival of the company at risk</p>	<p><i>We are already on question number 28; do you try to use existing purchasing agreements?</i></p> <p>Absolutely. Once something is on contract, I try to buy by using the existing contract. I mean, I don't buy, but I tell the buyers to buy it for me. In the end, I think that engineering in general makes an effort to use existing contracts. Like I had mentioned before, many of the A-parts suppliers are selected by us anyways, so there is no reason to not use the contract.</p> <p>B- and C-parts are normally not important enough for me to worry about them, so I also use the contacts for them.</p> <p>It is only, if there is a system or part on contract, where I or we in engineering did not select the supplier and where we feel that using this supplier could really cause issues in quality or delivery that's when I do not use the contracts that purchasing has put up in the system.</p>
<p>(Q29) It is common to make purchases without the involvement of the purchasing department</p> <p>Key Points:</p> <ul style="list-style-type: none"> • Not so much purchases 	<p>All interviewees agreed that it was common practice to make purchases or select suppliers without the involvement of the purchasing department. In the case of supplier selection, functional departments</p>	<p><i>It is common to make purchases without the involvement of the purchasing department?</i></p> <p>Personally, I really don't make purchases, but like we had spoken about before, it is very common to select suppliers. Particularly for A-parts, I make supplier selection decisions on a very regular basis.</p> <p>It also depends what you mean by saying without the purchasing department. Could you explain that?</p>

<p>are the issue, but purchasing decisions</p>	<p>selected the suppliers, and then left it up to the purchasing department to negotiate prices, agree on the terms and conditions of the contract, and ultimately sign a framework agreement.</p>	<p><i>Yes, of course. It means that you decide on a supplier, negotiate the price and then buy the part or service.</i></p> <p>O.k., because if that's what you mean, then I do not really make any purchases without the purchasing department. The purchasing department is always involved in some aspect of the purchasing process. It might be that I select the supplier, maybe I even negotiate the price and the delivery terms, but I have the purchasing department place the order and arrange the payment. Based on our processes, the purchasing department has to be involved in the placement of the order and initiate the payment process, it does not work any other way. But from what I have said, it is easy to see that the purchasing department is not involved in quite a few important aspects of the purchasing process.</p> <p><i>O.k. very interesting. Thank you for your answer.</i></p>
<p>(Q30) It is easy to make purchases without the involvement of the purchasing department</p> <p>Key Points:</p> <ul style="list-style-type: none"> • Almost impossible • Purchasing will get involved 	<p>Similarly, Interviewee four claimed that it was difficult to completely omit the purchasing department in the purchasing process; however, very few purchasing events complied 100% with the set rules and guidelines, and supplier selection for A-parts without the involvement of the purchasing department occurred very frequently.</p>	<p><i>Question 30, is it easy to make purchases without the involvement of the purchasing department?</i></p> <p>I kind of answered this just right now. It is pretty much impossible to completely omit the purchasing department in the purchasing process, but it is very easy to keep them out of very important aspects of the purchasing process.</p> <p>Personally, I do not involve them in the supplier selection process, even though I might have gotten them involved in the market analysis part.</p> <p>From time to time I might negotiate a price, but that happens not too often.</p>
<p>(Q31) Does management</p>	<p>Interviewee four was also not aware</p>	<p><i>O.k., the next question builds on the previous one. Does management monitor the</i></p>

<p>monitor the extent to which you comply with existing purchasing processes or contracts?</p> <p>Key Points:</p> <ul style="list-style-type: none"> • Management does not care 	<p>of any particular monitoring tools, though she maintained that management was keen to ensure that existing contracts were used and no parts were being bought from unapproved suppliers.</p>	<p><i>extent to which you comply with existing purchasing processes or contracts?</i></p> <p>That one is easy for me to answer. No, according to what I know, they really do not monitor it.</p> <p>I mean, we do have processes which we are supposed to follow. We are not supposed to ignore existing contracts, or buy from unapproved suppliers, but I don't think that they really monitor anything, or that they have monitoring tools.</p> <p><i>O.k., good.</i></p>
<p>(Q32) Does management make it absolutely clear that deviation from rules and procedures is not tolerated</p> <p>Key Points:</p> <ul style="list-style-type: none"> • Yes • Not when it comes to purchasing • Not a top management issue 	<p>Interviewee four similarly maintained that rules and regulations regarding extreme behaviours such as mobbing, sexual harassment, or racism were very strictly enforced with no deviations accepted.</p> <p>In contrast, when it came to departmental policies, although compliance was encouraged, she was not aware of a single case when an employee feared repercussions due to deviation from existing rules and regulations.</p>	<p><i>Does management make it absolutely clear that deviation from rules and procedures is not tolerated.</i></p> <p>Hmmm, you have to differentiate here. We have a very strict code of conduct that we are expected to follow. This relates to how employees are supposed to treat each other, it also includes issues relating to sexual harassment and gender equality. Our company tries to be fairly proactive with these things.</p> <p>If you want me to focus on purchasing aspects with your question, then things look quite different. Departmental policies are the responsibility of department heads, like the VP or Research and Development or the VP of Purchasing. But in this regard, I am not really aware of any issues or problems. I think no-one has ever been punished because of violating purchasing rules or regulations. I think it is kind of accepted to work the way we do. I think it is o.k. for everyone. After all, we don't do any damage.</p> <p><i>O.k. very interesting, so you have very different corporate and departmental approaches to compliance, at least this is what it seems like.</i></p>

<p>(Q33) Do you receive regular feedback about your performance in relation to working with the purchasing department, or your departments compliance with existing rules and regulations?</p> <p>Key Points:</p> <ul style="list-style-type: none"> • Little feedback • If feedback, then not about purchasing or purchasing compliance 	<p>Interviewee three and four actually used the same phrase to describe the feedback in regard to purchasing compliance in their department: ‘no feedback is good feedback’. They reported having regular performance reviews with their direct superiors, which focussed on achievement of task- and project-related goals, job satisfaction and short- mid and long-term goals of the individual employee. Cooperation with the purchasing department had not been raised as an issue in their performance reviews</p>	<p><i>Do you receive regular feedback about your performance in relation to working with the purchasing department, or your departments compliance with existing rules and regulations?</i></p> <p>You know in Germany we have a phrase: ‘no feedback is good feedback’, I would say that this pretty much reflects the type of feedback I get.</p> <p>So, no, I do not receive regular feedback about my performance in terms of working with the purchasing department. We do have regular performance reviews with our direct supervisors in regard to our departmental goals and in terms of the goals that we get assigned or set ourselves at the beginning of the year, but so far, I have never had any conversations about my cooperation with the purchasing department. There is nothing that I can really tell you about this, sorry.</p> <p><i>No problem, no need to feel sorry, in the end, not having an answer, or not being able to describe any feedback mechanisms is also an answer. Thank you. Let’s go to the next question.</i></p>
<p>(Q34) Are you aware that, depending on the phase of the purchasing process, it is sometimes you, and other times the purchasing department that is the better-informed party?</p> <p>Key Points:</p> <ul style="list-style-type: none"> • Awareness 	<p>There was wide agreement among all interviewees that information asymmetries exist in the purchasing process and in relation to the procurement of goods and services. All interviewees believed that they had better product and service knowledge, whereas the purchasing department had better</p>	<p><i>Are you aware that, depending on the phase of the purchasing process, it is sometimes you, and other times the purchasing department that is the better-informed party?</i></p> <p>Well that’s only natural. Like I had told you before, I believe that the purchasing department is not really qualified to decide on suppliers in many cases. This is, because the point in the new product development process that we select A-part suppliers at, is often times so early that we do not even have exact specifications or the exact knowledge what the part is supposed to do. So absolutely,</p>

<p>of information asymmetries</p> <ul style="list-style-type: none"> • Awareness of the need to work together • Often handicapped by goals and alignment issues • Some topics important to her, market analysis 	<p>knowledge of purchasing tools and systems. The interviewees also admitted that the purchasing department might have better market knowledge in terms of being aware of international suppliers and opportunities</p>	<p>engineering has the better knowledge at that stage.</p> <p>But it's also clear that the purchasing department has properly better negotiation skills, as long as they know exactly what to purchase.</p> <p>They properly also have better knowledge of what good payment terms should be, or how you set-up an agreement with suppliers about Kanban systems or re-stocking agreements.</p> <p>I also often get them involved in market analysis activities, so often they have better knowledge of international suppliers or challenges in getting an international supplier certified. Things like exchange rate issues or import-export stuff is something that I would not know, so purchasing is good for that.</p> <p><i>O.k. super, good.</i></p>
<p>(Q35) Do you have intimate knowledge and understanding of purchasing strategies and goals of your company?</p> <p>Key Points:</p> <ul style="list-style-type: none"> • Generally NO • Knowledge of some goals • Issue information asymmetry and no incentive to know 	<p>While there was some variance in terms of how much the interviewees knew about purchasing strategies and goals, all of the respondents agreed that only the purchasing department had intimate knowledge of purchasing strategies and goals, and none of the interviewees had been briefed on these issues by the purchasing department.</p>	<p><i>Do you have intimate knowledge and understanding of purchasing strategies and goals of your company?</i></p> <p>Well, if you ask me if I have intimate knowledge of purchasing strategies and goals, then the answer is a simple NO.</p> <p>Do I have some knowledge of purchasing goals, yes absolutely. For example, I know that the purchasing department has a 5% savings goal.</p> <p>I also know that purchasing is working on issues of supply chain transparency, and we have a company wide effort to try to reduce our CO2 footprint. I know, or I assume that these things are also goals for the purchasing department. Do I exactly know what they try to accomplish, no really, do I know how certain things like CO2 footprint are measured, no. So I do have some limited knowledge that you pick up on when you work here, but that's it.</p> <p><i>Thank you.</i></p>

<p>(Q36) Are you aware that the purchasing department might have more knowledge about certain aspects of the purchasing process than you do?</p> <p>Key Points:</p> <ul style="list-style-type: none"> • YES 	<p>Similar to their responses to the previous question and question one of the information asymmetry section, all of the interviewees acknowledged that the purchasing department had more knowledge of certain aspects of the purchasing process than they did.</p>	<p><i>O.k., we are slowly coming to an end, we are now on question 36 out of 41, so we have 6 more questions to go.</i></p> <p><i>Are you aware that the purchasing department might have more knowledge about certain aspects of the purchasing process than you do?</i></p> <p>Isn't that like the one that we just spoke about one or two questions ago?</p> <p><i>It's very close, you are right. Question 34 asked about the phases of the purchasing process, this one is more in general terms, but yes, you are right, they are very closely related.</i></p> <p>Yes, for sure, they have more knowledge of certain aspects of the purchasing process, like negotiations, market analysis, terms and conditions of the contract, but I don't need to go into more detail, do I?</p> <p><i>No, absolutely that's fine like this, thank you.</i></p>
<p>(Q37) Are you aware that, depending on the phase of the purchasing process, it is sometimes you who delegates work to purchasing, and sometimes purchasing that delegates work to you?</p> <p>Key Points:</p> <ul style="list-style-type: none"> • Focus again on distinguishing A-, B- and C- 	<p>Interviewee four suggested that the accuracy of this statement depended on the items or services that the company was trying to acquire. According to her, standard goods and services were easy to specify; thus, this was the responsibility of the users. With simple and easy specifications, it was possible for purchasing to be in charge of the entire purchasing</p>	<p><i>Question 37 asks, are you aware that, depending on the phase of the purchasing process, it is sometimes you who delegates work to purchasing, and sometimes purchasing that delegates work to you?</i></p> <p>Kind of, yes and no. I think it really depends on what you buy. If you look at B- and C-parts, any maybe some A-parts, then these are simple and easy to describe. So, we can set the specifications and then the purchasing department will get put in charge of the entire purchasing process, all the way to signing a contract and starting to buy the parts. Purchasing has all the information that they need, and because negotiations and contracting are more important for these parts, purchasing can really be seen as in charge and better qualified to do the job. So, its us who delegate all the work to</p>

<p>parts</p> <ul style="list-style-type: none"> • Purchasing does not want to delegate • Little delegation for B- and C- parts • Some resentment towards purchasing evident • Solution given, purchasing short-lists suppliers and engineering makes final selection 	<p>process as the better-informed party because they have received the information from the users, which they can now use in combination with their specific purchasing knowledge to make a perfect buy. When it comes to complex and hard to specify goods and services or packages, then the combination of the knowledge of purchasing and users should allow for a perfect buying process. In her view, problems ensued when purchasing ignored the likelihood that the user might be better qualified to determine what good or service should be bought and attempted to make a purchase solely based on their goals and incentives.</p>	<p>purchasing. Purchasing just receives specifications from us.</p> <p>When it comes to A-parts, then things look different. In the end we have to work together in the purchasing process, like I said, maybe its us, or me who selects the supplier, then purchasing is in charge of the negotiation, we are in charge of managing the development cooperation and so on. So yes, in this case, sometimes it is purchasing wo delegates, and sometimes it is us who delegates. This is on a case by case basis.</p> <p>You know, the only time it really gets complicated is when purchasing does not recognize that we are better at certain things and they do not want to delegate the responsibility for these processes to us. That’s one of the reasons why we sometimes try to ignore them and circumvent the purchasing department. They want to be in charge of everything. They think we can just give them specifications, and then they can be in charge, but that is not how it works. They could select a number of fitting suppliers, leave it up to us to select the best supplier out of 3 or 4 possibilities. Once we select the supplier, they could be in charge of negotiating a contract, and then turn it over to us again to management the development cooperation or how we work together in the engineering, research and development, or production or manufacturing process.</p> <p>So, I think I am aware of the delegation of different process steps, but I think that purchasing is bad at it.</p> <p><i>O.k. very interesting insight here, thank you, this is great.</i></p>
<p>(Q38) Is purchasing available when you have questions or</p>	<p>One aspect that was mentioned a number of times (Interviewees three, four and</p>	<p><i>Is purchasing available when you have questions or concerns about purchasing processes?</i></p>

<p>concerns about purchasing processes?</p> <p>Key Points:</p> <ul style="list-style-type: none"> • Depends on purchasing unit and personal relationship • Unclear responsibilities • Information asymmetry an issue • Unclear processes might also be a purchasing maturity issue • Problems often solved informally • Looks bad • Incentive problem for purchasing, do they even want others to know who is responsible for what • Turnover is also a problem 	<p>five) was that some interviewees were not sure who to ask in the purchasing department when they had questions about particular items or services. Interviewees three, four and five mentioned that their purchasing department was divided by commodity- or material group, and different commodity managers were responsible for different materials. For example, there might be one commodity manager responsible for electronic components, another for injection moulded plastics, and yet another for integrated circuits. However, the responsibilities in the engineering departments or in customer service were not divided by commodity group, which meant that one engineer might have ten or fifteen different contact people in the purchasing department, depending on their question.</p>	<p>Well, hmm that's actually a big topic. Often we are not sure about who to ask from the purchasing department.</p> <p>You know, purchasing is divided into a number of different units. We have commodity managers who are responsible for price negotiations, market analysis and things like that. Often one commodity manager is responsible for a number of different commodities. Then we have buyers, buyers might be grouped by product groups, by suppliers or by commodity group. I think, I am not 100% sure, but I think that some buyers are even divided into different groups. This means that for product X, this person might be responsible for certain items, they might at the same time part of the commodity buying team for a certain commodity and the lead buyer for a certain supplier. And on top of it, we have supplier development people responsible for working with certain important A-suppliers when we have problems in terms of quality, delivery or flexibility. Those people also work for the purchasing department, and are, I think, grouped by products and technological expertise.</p> <p>In the end, if I have a problem, I often do not know who I am supposed to talk to. I do know a few commodity managers because I have worked with them before, but I am not sure if I am supposed to talk to a commodity manager, a buyer or a supplier development person.</p> <p>You end up calling the purchasing department and hope that someone can help you, or you call the people you know and you hope that they can help you or tell you who to call.</p> <p>It works somehow, but it is very uncomfortable, it takes a long time and it's often pointless. I wish we had people from purchasing assigned as interface people for us from the engineering or product development and research and development</p>
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	<p>Often, the same situation applied to other departments.</p>	<p>departments. The other problem is that especially the younger people often do not stay in one department long enough to really get to know anyone or know who to ask for help. This is a real problem.</p> <p><i>Wow, long answer. I can see that this seems to be a real challenge for you, right?</i></p> <p>Yes, absolutely, this makes working with the purchasing department very difficult.</p> <p><i>O.k. thank you for being so open.</i></p>
<p>(Q39) Does purchasing try to keep everyone informed of purchasing goals, processes and initiatives?</p> <p>Key Points:</p> <ul style="list-style-type: none"> • No • Information Asymmetry • Alignment and Incentives are an issue • Clear link of information and incentives 	<p>Interviewee four also had not seen any efforts by purchasing to communicate their goals, beyond their annual cost savings goals or the fact that everyone knew that they aimed to consolidate the supply base.</p>	<p><i>We are almost done, we are on the 39th, out of 41 questions. Does purchasing try to keep everyone informed of purchasing goals, processes and initiatives?</i></p> <p>No, not really, it kind of goes with the things that we spoke about previously. Everyone in the company knows that purchasing has certain savings goals. Like I had told you before, I, and many others in engineering see that very critical. We think the savings goals are too high and too unrealistic. If they have goals beyond that, I really don't know. Well, I know that they try to consolidate the supply base that's predominantly for C-parts suppliers as far as I know, but I really do not know much about anything else. I would assume that they have goals in terms of CO2 emissions, but items like that are more of a guess than me knowing. Purchasing does not keep us informed of their goals and objectives, but neither do we.</p> <p><i>O.k. perfect, because that takes us to the next question.</i></p>
<p>(Q40) Do you try to keep purchasing informed of your goals and strategies?</p>	<p>Interviewee four stated that she tried to provide good reports to the purchasing departments;</p>	<p><i>Do you try to keep purchasing informed of your goals and strategies?</i></p> <p>No, we don't, not really. I would assume that purchasing knows that we have goals in terms of quality, development timelines and responsiveness to customer</p>

<p>Key Points:</p> <ul style="list-style-type: none"> • No • Link information and incentives evident again • Lots based on informal relationship and processes 	<p>however, this was done on her own initiative and there were no formal processes for sharing departmental strategies. But yes, she was trying to keep purchasing informed.</p>	<p>needs, but we do not tell these goals to purchasing.</p> <p>I mean, I try to keep purchasing informed of what I am doing. I also tend to tell them why I do it, and I have established the practice of putting together a short report once a month that tells my partner functions of what's going on in engineering and what we are working on, but these reports are not formalized or institutionalized and I do that on my own free will. I also do not include precise or detailed information about my department's goals.</p> <p><i>Thank you, perfect.</i></p>
<p>(Q41) Does purchasing keep you informed about your performance with regard to working with the purchasing department to use existing contracts and getting them involved early on in the process when the needs for goods and services are developed?</p> <p>Key Points:</p> <ul style="list-style-type: none"> • Formally NO • Informally Yes • She assumes that no complaints means that everyone is 	<p>Interviewee four stated that she felt that her performance in this regard was fairly good, as she kept purchasing regularly updated and informed and had never heard any complaints from anyone in this regard. She claimed that purchasing was often invited to product development team meetings but often chose not to attend, particularly when the meetings were held very early in the new product development process</p>	<p><i>O.k., on to the last question! Does purchasing keep you informed about your performance with regard to working with the purchasing department to use existing contracts and getting them involved early on in the process when the needs for goods and services are developed?</i></p> <p>Do they keep me informed of my performance? They kind of do, informally. Like I told you before, overall, I think that I have a fairly good working relationship with the people from purchasing, or at least with some of them.</p> <p>I also think that I do try to get them involved early on in the development process, when it makes sense.</p> <p>Personally, no-one has ever complained to me or to my supervisors. I do invite them to new product development meetings, but often they choose not to who up, when we are still in the concept development phase. They might show up later, when we talk about specifications and things like that, but like I had also mentioned before, purchasing often lacks the knowledge to really participate in these meetings. I guess to them it does not make much sense to just sit and listen</p>

<p>happy</p>	<p>to us talking about specifications and requirements.</p> <p>So, do they keep me informed? I think they would, if they would not be happy, but because I do not hear any complaints, or at least no major complaints, you know there is always some interdepartmental fighting going on, I assume that they are happy with my performance. I think I am doing pretty good, I am a nice person, would you not agree?</p> <p><i>Of course, you are (laughing). I think that brings us to the end of the questions. Thank you so much for all your insight, your openness and for all the great information that you shared with me. I cannot tell you how much I value your willingness to help me with this interview. It is really great that you were willing to meet with me and share your knowledge and insight with me.</i></p> <p>Sure, jederzeit gerne wieder.</p> <p><i>So, the way that this is going to continue is that I have – ah, eigentlich können wir das jetzt auch auf Deutsch besprechen. Also, wie geht's jetzt weiter. Ich habe noch ein Interview das ich führen muß. Dann werde ich alle Interviews auswerten und dann die Schlußfolgerungen daraus ziehen. Danach wir es alles aufgeschrieben und ausformuliert.</i></p> <p><i>Wenn ich Dein Interview analysiert habe, dann werde ich mich, wie ich ja auch schon in der E-Mail geschrieben hatte, nochmals bei Dir melden damit wir meine Schlußfolgerungen zu den Ergebnissen Deines Interviews nochmals besprechen können. Dies ist im Rahmen meiner Doktorarbeit in sofern wichtig, da ich sicherstellen will, daß ich auch alles richtig verstanden habe. Du wirst also nochmals die Möglichkeit haben mich zu korrigieren, falls ich einen Fehler beim Verständnis oder der Interpretation Deiner Antworten habe.</i></p>
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