

Travel Management in Global Corporation

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Bachelor's Thesis
Degree Programme in International
Business
2012



Degree programme in International Business

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<p>Title of report Travel Management in Global Corporation</p>	<p>Number of report pages and attachment pages 43 + 9</p>
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<p>This Bachelor's thesis forms a view of the current situation and a recommendation of development actions for improving the Travel Management of a globally operating company.</p> <p>The author worked in the case company as Executive Assistant and Travel Manager during the time the study was initiated. The corporate management showed concern for not having a comprehensive view of travelling on different company sites. The author took the case under study and formed a questionnaire with help from company HR and management team members. The main research problem was: How is travel managed today in the case company and how could it be improved? The question was divided into five investigative questions. On top of these investigative questions, the questionnaire also included some background questions.</p> <p>The theory part of this thesis was formed around international human resource management (IHRM), the travel process, the role of travel policy and cultural and international aspects. The research was done by phone interviews during the summer and fall of 2011. The respondents replied verbally to the open ended questions in the questionnaire that was sent to them at least a week earlier for them to prepare for the interview. The author recorded the interviews and a simplified transcript of these interview answers was formed.</p> <p>The interviews showed that the reasons for travelling were mostly the same on all of the sites, but the means of travel varied by the geographic location of the site. Most of the sites had a travel policy, but on some sites they relied on common un-written practices. On all the sites, there was some control of travel spending and especially in Asia the travel process was a clearly defined step-by-step process with several control points before and after travel. Some clear differences could be found in the company credit card policy and how the employees purchased the travel on different sites. Travel security and traveller well-being were also some of the topics that were examined to a lesser degree on all of the sites.</p> <p>Author recommends that the case company would take the already existing common travel policy in use. Further study about the reporting tools as well as global TMC should be done and the company credit card policy needs to be clarified as soon as possible.</p>	
<p>Keywords travel management, business travel, travel process, International Human Resource Management (IHRM), payment methods, international corporation</p>	

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1 Introduction

According to a valid decision of the Finland National Board of Taxes (Record no: 816/32/2011) business trip means: "... any short-term trip by an employee in performing his duties to a place where he temporarily performs working tasks or conducts business, distinct from his regular place of work." This thesis is about travelling in business, with special interest in travelling internationally.

Global travel is something that is necessary in any international company. The bigger the company – the more travelling is happening. There are differences that are due to the way a company works or due to the industry it is in. And though it seems simple; book travel, go and claim/pay expenses, there are many issues for the company to take in to consideration. Things like how the cost of travel is calculated and measured, who and how the follow-up is conducted, travel security and people management.

In many global large companies the management of travel has been taken seriously and there are multiple follow-up tools included in the process. Some of the tools are in-house and some of them are outsourced, but in the end is the responsibility of the management to have the rules and the process in place. The reason for pushing travel process from manual to tool(s) is about the top management increasingly focusing on opportunities to reduce manual transactions in different functions, due to the high cost of labour. In addition, the employees normally find their work more meaningful without unnecessary and complicated paper work.

Travel management solutions are available through multiple ERP (Enterprise Resource Planning) solutions as well as independent internet based solutions. Most of the Travel Management Companies (TMCs) are also more than happy to sell their on-line or in-house solutions. But the issues working against a common tool in a fragmented global corporation are many; starting from the infrastructure to the different legal systems and labour law. In order for the company to have a tool to manage their travelling process the company needs to have common travel guidelines in place that is the basis for all business travel.

1.1 Background for the study

The case company where the author worked for from September 2009 to December 2011 as Executive Assistant and Travel Manager is a global company having operations on all continents, except North-America. It is a chemical company selling wide range of resins, adhesives and hardeners for business clients. The company also provides its customers technical service, testing and advice. Most of the products are engineered together with the customer to be used in their particular environment, optimised accordingly.

The current strategy of the case company at the time stated that the company should be managed as one company, but in reality in many parts of the support functions, all sites work in their own way and make their own decision. This is possibly not a bad situation, but it may bring a feeling of unequal treatment in some cases and distort the view the head office has on things. The company has a common brand and look, they have installed an ERP system to follow-up the production and sales to most of the sites and there are strict guidelines on some parts of the operations, for instance manufacturing. And there are particularly clear health and safety guidelines and regulations for manufacturing and operating in the company sites and factories that are being inspected regularly by ISO (International Organisation for Standardisation) standards. Following-up on travel in a detailed level is not included to any of the ERP tools.

During the authors' employment in the company, one of her own responsibility areas was Travel Management, mainly in Finland office, but also communicating best practices to all the sites globally. This inspired to look closer to the processes and causes and effects of different travel processes in different sites and countries. Also the company CFO (Chief Financial Officer) had been worried about the very narrow view the corporation had on travel cost and how the travel process had been taken care of in the sites.

The author had worked previously in another global corporation that had extremely developed common processes. The lack of these processes in the case company made

the whole issue of travel management seem chaotic. Several people before the author had tried to create some cohesion to the situation, without completely succeeding in it. The author wanted to find out what was happening at the sites to make some sense in what could be done – or even, if anything should be done at all.

1.2 Background of the author

The author of this thesis has been involved in business travel for over ten years. She has looked at business travel from her position as Assistant and Travel Manager in international companies; the longest experience coming from Nokia Corporation and for a shorter period in the case company. She has been involved in booking the travel, making and checking the expense claims, negotiating contracts with travel providers, giving advice for best practices and training the staff to use the travel management tools as well as writing travel related articles to company internal publications. The author was the representative of the case company in the Finnish Business Travel Association (FBTA) and actively took part to their meetings and trainings. She has done a little bit of travelling in business as well.

1.3 Research problem and investigative questions

The research problem of the Thesis is: How is the travel managed today in case company globally, and how could it be improved?

This question can be divided into more comprehensive investigative questions: How and why are people travelling? These questions under this IQ aim to find out the reasons and methods for travelling as they may vary and therefore the travel process and the management may have different needs. What kind of existing instructions there are in place? There was a need to find out the current situation with travel policy and instructions in different sites of the company. This information is also valuable when thinking about the global instructions needed. What kind of existing control points are there? These questions were aimed for finding out the current level of control in travel issues and how they were arranged. The information would be also useful when considering the global instructions – whether more detailed instructions were

needed about the control points. How is the money transfers handled? It was important to find out the different ways of transferring money. This information is also useful when thinking about common tools for example for travel expenses reporting. Is travel security of any concern? This IQ was to find out how carefully the different sites had considered the travel security and how this side could be improved. On top of the IQ:s there were the background questions that give perspective to the answers received to the actual IQ's. The IQ*s are presented in the overlay matrix below.

Table 1: Overlay matrix

IQ	Theory	Research Question	Results
1. How and why are people traveling?	Ch. 2	Q8, Q10,	4.1
2. What kind of existing instructions there are in place?	Ch. 2.1, 2.3	Q3, Q4, Q12	4.2
3. What kind of existing control points are there?	Ch. 2.3	Q2, Q11, Q12	4.3
4. How is the money transfers handled?	Ch. 2.2	Q1 b, Q2, Q5,	4.5
5. Is travel security of any concern?	Ch. 2.1	Q3, Q13, Q14	4.6

1.4 Key concepts

Six key concepts have been defined for this thesis: Travel Management, Business Travel/Corporate Travel, International Human Resource Management (IHRM), Travel process and Travel Policy.

Travel management is a specialised business function that balances employee needs with corporate goals, financial and otherwise" (Douglas & Lubbe, 2006, 1132.)"Corporate travel management can be concisely defined as the maximisations of travel services by a corporation to its employees and the minimisation of the cost of providing those services.. According to FBTA, Travel Management covers making the strategy and policies, purchasing contracts, defining the process, reporting and follow-up, as well as communications, training and networking tasks. In the Table below you can see the FBTA view on what areas travel management covers and what kind of tasks these different areas include. The picture is taken from the public internet site of the FBTA (www.fbta.net) in August 2012. This Thesis will not go into all of these tasks in detail.

Table 2. Travel Management: Sectors of responsibility and related tasks (www.fbta.net)

A R E A	Strategy and Policies	Purchasing Contracts	Process	Reporting Follow-up
T A S K S	<ul style="list-style-type: none"> •Collective bargaining • Travel Policy • Instructions and legal regulations (taxation, VAT) •Service Concept •Risk Management 	<ul style="list-style-type: none"> • Designated suppliers • Concept of contract negotiations • Contract models 	<ul style="list-style-type: none"> • Means of payment • Integration (direct/intermediaries) • Service Quality Management 	<ul style="list-style-type: none"> • Levels • Analyses • Conclusions • Advising/Consulting • Budgeting
Communications Training Networking Information Technology				

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Travel Management -toimikunta

Business Travel / Corporate Travel; what is business travel and how it separates from leisure travel. "Business travel can be broadly defined as all travel undertaken for the purpose of conducting business by an individual on his own behalf or on behalf of an organization" (Douglas & Lubbe, 2006, 1131.). In the framework of this thesis the

business travel is the travel conducted to attend to the business matters of the case company – the need comes from the case company, not from the individual.

International Human Resource Management (IHRM): “International human resource management is the process of managing people across international boundaries by multinational companies. It involves the worldwide management of people, not just expatriates.” (Armstrong 2012, 69.) The Thesis does not involve IHRM in so much detail, but as an underlying current, that is involved in all people management issues.

Travel process; corporate travel in a process perspective – from decision to travel to receiving the compensation for travel cost. The process has been defined in the FBTA internet site in Finnish. The author will concentrate on the parts of the process that are on the buyer organisations side; planning, booking, payment and reporting. Holma describes the travel process in clear five sentences: "An established practice is to describe the **travel management process** with the tasks carried out before, during and after the business trip. Before the business trip, contracts are negotiated, and travel policy and strategies are created and implemented. Practical travel arrangements are taken care of by the business travel agency or by the corporate buyer directly with the service suppliers. During the business trip, the traveller consumes the prearranged services, He/she may also arrange on the spot. After the business trip, payments are settled." (Holma 2009, 102.)

Travel Policy; guidelines and policies that company would expect their employees to follow when going to a business trip. It is usually a written document should not leave anything to the imagination. There are rules and regulations according to local laws, for example about the daily allowances and issues relating employment and employer benefits and rights that over-rule any company rules and they need to be taken into account when defining the company travel policy. The policy can be global in parts and local in parts – in a way it describes the company values and strategy for the whole company and it follows the local law for the unit or site in question.

1.5 Report structure

The thesis is based on a research done on a real life global corporation, with head offices in Finland. The Thesis is studying one case and applying the results of that case to international business environment in general. It has been divided in to five chapters which will be described below.

In the first chapter the author will give general and comprehensive details of the reason and background of the study. In this chapter the reader will learn the basics of the topic to be able to understand the research problem. In the chapter two the author has gathered some of the key theories to back her study. This chapter includes also a lot of knowledge from the author as a practitioner, as the theories needed for this study were not clearly or readily available. However, the author has a long background in business travel and she has had a large amount of data – discussions, trainings, hands-on work – available during her time as a practitioner that she is now putting into action and words for this study.

The research methology will be explained in chapter three. The chapter will answer questions like, what was the study method, why was it chosen and how was the research conducted. Then the results of the study will be discussed in chapter four. The chapter has been divided in five sub-headings, according to the investigative questions. In chapter five the author will continue to discuss the study results and make conclusions from these results. In this chapter she will also assess the process and the validity of the study and conclude the report.

1.6 International aspect

The case company is a globally operating company and the interviews were conducted by telephone conference with the local personnel working on each site. For any globally operating company that is thinking about their travel management, this thesis may give some ideas of how to manage travel and what aspects the company should take into consideration.

As part of the research the author contacted people from twelve different countries with one set of questions. The questions were sent to the participants beforehand and they also sometimes wanted to send their answers also in writing. This was because of the participants' confidence in their English skills and also to make sure there were not too many misunderstandings, mainly in names and numbers. The author had to carefully think about the background of these people to avoid conflicts in communications and also evaluate the cultural differences when finding the correct person to answer the questionnaire. In Asia the persons who answered the questionnaire were mainly Management level because of authority. In Europe though, if the person answering the questionnaire was a member of the management, was this mainly because of necessity – no administrative staff existed on the smaller sites. If administrative staff existed, they were then answering the questionnaire on behalf of their organisation.

The international aspect needed to be included also when making the conclusions and recommendations. There are several processes that might work in Europe, but taking them to most parts of Asia would make no sense. Also the differences in social background of people working in different types of jobs as well as the infrastructure in some parts of the company will be considered.

1.7 Demarcation

This study does not discuss the incentive travelling side, but is strictly limited to the travel that is demanded by the business. The study is concentrating on the process and management of travel and the ways the process is structured in different sites of the case company. The employee security and well-being will also be touched. The actual being on a journey, travelling part is only touched in parts like travel security. This report is also not about how the employees are feeling about travelling on business, although there are some small issues that reflect these feelings. In the study the author tried to take the view of the company in question and reflect the company responsibilities that may need improving.

1.8 Case company

The case company is a globally operating company, selling and manufacturing chemicals, mainly for the industrial wood product manufacturing. The case company is majorly owned by an investment bank. The corporation has been formed from several companies that have merged and companies that have been bought and remain relatively independent as daughter companies. On top of this the company has several international joint ventures. It is a relatively fragmented company when looking at the company culture and processes outside the basic manufacturing, code of conduct and security proceedings that are crucial for a chemical company.

The sales of the case company in 2011 was almost €830 million, growing almost €100 million from previous year, but the case company was not doing particularly well. The operating profit was 0 and the parent company loss was nearly €16 million. The company was struggling to make profit even after the major restructuring project. The average number of personnel during 2011 in the case company and its subsidiaries was a bit under 2100. The indirect employee costs were €10 million [that also include travel cost]. This information is for background only. It information was taken from the annual report 2011 on the public internet site of the case company. Since the research was done, the company has sold a lot of its operations all over the world and currently only owns operations in Europe.

The author worked for the company for 28 months in 2009 – 2011. When starting the project author had knowledge of the travelling process and management closest to her own responsibility area, that was the top management and the head office personnel, and the information of the travel purchase reports from the other Finnish offices.

What was known before the interviews about the travel process and management at the sites outside Finland was the rough number of the cost that travel created within the corporation during each year and some bits and pieces about contract hotels and what systems some sites were using to make travel expense claims. Any numbers were not reported detailed or separately anywhere nor were they particularly followed, because the data was not reliable or comparable. The concern with the CFO and the General Management was mainly the aspect of cost. The author was also interested to

bring the employee well-being and security issues to the discussion of travel management in the company.

2 Corporate travel management theory

"Optimizing travel comes down to making decisions about nine things: the corporate travel policy; the manager of the program; the type of travel agency that will serve as your intermediary to suppliers; the airlines, hotels, car-rental, charge-card and online travel-booking companies with whom you will partner; and the system you will use for tracking and reporting spending data." (Salcito, 2004)

On AmEx (American Express Company) report on ROI (Return On Investment) of Business Travel (2011) they state: "Business travel is thought to be an important part of international business success. Building relationships requires face-to-face interactions." AMEX is a travel management company, so if people would stop travelling for business that would bring a big bump to their ROI. But in all earnest, there are business that cannot be conducted by phone or sending e-mails. When drawing-up contracts and building relationships with the customers or with your staff travelling is essential, in a global company. Video conferences cannot replace human interaction, at least not just yet. The situation may very well be different when the children born to the computer era are conducting business, as they have used to interact with people online.

2.1 The IHRM and Travel Management

The role of the HR (Human Resources) function is to support the organisation in all the employee related matters. HR department offers advice and services in order to help the organisation to do its business. Well managed HR function benefits both the employee and the organisation as people are able to realise their potential and achieve satisfaction through their work. (Armstrong 2012, 19-20.) In international human resource management rules and guidelines are important way of reflecting the company values. "Every firm and company should have a travel policy outlining the basic rules, signed off on by top management and distributed to every employee who travels." (Salcito, 2004.)

In a decentralised organisation, the framework of strategic and policy guidelines should be determined in the centre of the organisation. However, the operational units should be responsible of their own HR management duties within this framework. (Armstrong, 2009, 83-84.) This is the same thing as when author wrote in chapter 1.5 about the travel policy and having a local part to cover the local laws and regulations. This is where the local HR and management have biggest responsibility. The HR activities can be divided into two broad categories: strategic and transactional. Strategic function relate to alignment and implementation of HR and business strategies (Armstrong 2009, 83.). According to Torrington, Hall & Taylor (2005, 8), the HR function also has an administrative objective that facilitates an organisation's smooth running.

Organisations with travellers and expatriates working around the world need to ensure the safety of their staff to secure the success of their business. The health and well-being of the employees is a concern for a responsible company. In the study conducted by the institute of occupational health in Finland (Bergbom B. et al. 2011, 8), they recognised many load factors that make travelling internationally on business a health issue. Load factors can be physical or psychological in nature, things that bring physical or psychological strain to a person, like stress or lack of sleep. In the study was also stated that the load factors multiplied in relation to the amount of international travel conducted and that companies can make these load factors less straining if they pay attention to these factors, make sure the employees have balanced work life and the travelling itself has not been made too stressful. In ICARUS report on "frequent traveller well-being" (Robertson I., 2010) it is stated: "Travel related stress is not necessarily a problem caused by cost-cutting or solved by spending more money. In many cases, awareness and astute management will avoid many of the challenges and cost employers little or nothing to put right." In this same report they try to give management a few pointers on how to lower the risk of over exhausting the employees, but in the end the solution lies in the attitude of the management.

2.2 The travel process

The travel process, when considering all the points of it, has probably stayed the same from early times – only the methods of travel, the tools available and the pace of travel has changed.

The following process is based on the authors' knowledge as a practitioner and they follow the same path as the explanation of travel process in chapter 2.2. This is a basic step-by-step travel process explained in layman terms: First there arises the need to travel. If the traveller is an employee, he / she need to get an approval from the supervisor to travel. After this, the employee or an administrative person needs to contact the travel provider, either directly or via purchasing office or travel agent. After receiving the possibilities, the traveller chooses (or approves) the best suggestion. Then he/ administrator reserves the facilities needed for the travel (flight, car, hotel, etc.). During the travel, the person travelling collects all the receipts from his/her consumption and after the travel the employee makes a report of the travel and reimburses the costs he has had to cover himself on the trip. The receipts are checked and approved by the supervisor and / or an administrative person. And when everything is approved the employee is compensated the expenses as well as a possible daily allowance.

The travel process involves many parts that we look at in the following chapters.



Figure 1: Travel Management process, source FBTA internet site/Hansel

2.2.1 Planning

When planning a business trip, there may be several considerations that affect the decisions in the following steps. The most important in author's opinion as a practitioner is the reason for travel. Why does this person need to travel? What is the wanted out-

come of this trip and how is this result achieved? Having answers to these questions will give the supervisor the possibility to evaluate their decision for the travel approval. The reason for travel may affect the other parts of the planning. In the planning the company has to take into account what the travel is about; going to a conference, customer meeting, training or company internal meeting. This may have an effect to the schedule as well as the budget. Schedule is almost always a major planning consideration. People are fairly busy and the travelling may take a substantial part of their working time. Also employees need to have enough rest and time to eat as well as other human time, also during business travel. If the schedule is extremely tight, the plan may include a clearly justified upgrade for better (and more expensive) travel class or means of travel (e.g. flight instead of train travel). The schedule can also depend from the availability and cost of the means of travel (for instance plane, bus or train). For example if there is a train to the destination that is cheaper than the flight and it is not too much expensive and the travel time is not that much longer, the company may choose that the employee will take the train to the destination instead of a flight. If the employee needs a VISA for the country he is travelling to, the schedule of the granting authority has to be considered as well.

Planning also effects the travel spending. Today, almost any travel provider offers lower prices the earlier the booking is done. The closer to the trip the bookings are done, the more the travel will cost. So if the planning can be done effectively and early, the company could save money. Cost is an aspect of consideration in planning in other areas as well, for example looking at the service level of the hotel needed, does the company book economy or business and how much can a personal preference affect the bookings. One thing that might be ignored in this stage is the spending during the travel. In the case of the traveller getting the spending money as advance, the budget is clear, but when the traveller has a company credit card, or they can use their own money and reimburse the company, it is good to have clear instructions on what the company will actually reimburse and to what extend the employee can treat customers or colleagues and other contacts during the trip. These issues would be good to have been mentioned in a company travel policy or code of conduct if the company has one. Other things to consider during the planning of a trip is if a person needs a special

insurance, or vaccine to the country the employee is travelling to, and the general security (political or environmental) of the country of travel.

2.2.2 Booking

In this chapter the author will look at the booking process as a practitioner. Throughout this chapter the booking is many times referred also as purchasing, as they are in many cases the same issue. The booking of travel is depending on the means of travel and the company policy. Traditionally the company has had a contact with a travel provider or with a travel agency; they have contacted that contact and booked a travel according to their recommendation. Today in most developed countries more and more people are using the internet to book their holiday travel. This is the trend also in the Business Travelling side. There are however all kinds of tricky issues that can happen if the online booking is done by a less experienced traveller, or if the restrictions are too loose. For this reason many companies still enforce using a business travel agency as the main travel booking channel.

The travel agency can normally be contacted by e-mail, by telephone or they may provide the company with a tailor made online-booking system that can be used to communicate with the travel agency. Many travel agencies offer such online-system that has all the company policies and preferences already installed to the system, as well as the traveller details of each employee, with their payment methods and travel documents as well as their personal travel miles cards and food and seating preferences. The cost of such service may highly depend on the amount of travel and the cost can also largely vary between different agencies. The travel agency usually charges a booking fee from their services, but if the company has a large amount of travellers and they do not want to use their time and effort to look for the best bargains, this is usually money well spent.

For a smaller company, that has fewer travellers, it may be more appropriate to make the bookings online, from an independent unbiased website, bearing in mind all the extra cost that may occur – from extra fees for luggage to change and cancelling cost. If the company allows doing bookings online independently, there should be clear in-

structions and general understanding of travel booking to avoid mistakes. Smaller company could also have an appointed person who books the travel online for all travellers. This is an issue of having a person in the company who understands the issues with business travel and paying her salary – kind of in-house travel agent. One more positive note for travel agencies is that they are usually one-stop-shops and the busy business traveller does not need go around shopping for all the different services he needs, but gets them all from one source by placing one call or e-mail. And the travel agency also has professionals who can help if the employer needs to travel to multiple destinations or remote places that are out of the reach of internet booking. Also the travel agent keeps track of where the travellers are and can assist the company if there is any problems during the travel that needs immediate re-scheduling of the travel or emergency evacuation etc.

The booking process is usually instructed in the company travel policy if the company has one. Also the company can have several agreements with different travel providers that direct the booking. For example the company may have agreed with an airline company that all of its travel to a certain location(s) would always go through that airline company and for this the company gets compensated, either by discount or bonuses. Usually the more the company spends on travel, the more it can have benefits for using a particular car hire, hotel or airline. The benefits may require for certain type of contact. For example the company can only get the compensation by booking on the travel provider internet site using a company code or the bookings need to be done always through a certain person at the hotel. In reality today the travel providers are mostly extensively flexible and the one-to-one agreements can many times be booked through a travel agent or they can be added to a travel agency provided on-line system.

Booking any services from the travel providers or using the travel agency may have rules for cancelling or changing the booking. If there is no expected reason for the travel to not go through, these are not of importance. Then again in the business world there can be changes to the schedules thus the rules should be thoroughly checked before booking. Most times the hotels and rental cars can be cancelled on the day of arrival by certain time without any fee, but this must be checked. Especially the airlines

have very complicated rules that vary in all the travel classes and in some of the lower cost classes it may be that there is not refund what so ever in some cases, even in case of illness. Still most times booking airline seats as early as possible will save the company money, as they do the pricing so that there is only a certain amount of certain price range seats and those seats are usually sold first. The person in charge of the booking or approving the travel cost has to be aware of all the different scenarios where the cost will accumulate and then make the decision for the booking accordingly.

2.2.3 Payment

When travelling, there are usually many types of costs involved that need be paid before the travel, during the travel or after the travel. In the developed countries almost all the costs are mostly paid with a credit card. It is common to a company that have a contract with a travel agency to have a "travel account" that is actually a credit card that is issued by a credit company like Diners, AMEX, Master Card or similar. If a company has this then often all the bookings made through the travel agency and the travel agency fee will be expensed on this card and the company pays the credit card bill as any normal invoice. In this case the Travel Agency does not need to take on credit risk to serve its customers and their liquidity is mostly covered. There are however still cases where the travel agent takes on the risk and sends an invoice to the customer monthly, but today this is very rare.

Also if the company books services online they need a credit card. Most times a credit card is also needed to confirm any hotels or agree a security payment for a rental car. Invoicing is today generally rarely used. Sometimes, if it is separately agreed, the hotel can send an invoice from people staying for a few nights. Mostly invoicing is only used in such events where the event organiser and the service provider know and trust each other and all the costs will be gathered on one invoice during the event. But usually credit card is also needed for guarantee when booking any international events.

Cash is even more rare commodity in business travel. In some countries the taxis do not take credit card and then the traveller would have to pay cash. Also in some coun-

tries tips are expected and the traveller may need to have cash for these situations. But in case the traveller does not have a credit card, most companies have a travel advance that the employee can apply when he needs to travel. Then usually all the costs that can be invoiced from the company, or pre paid by the company are agreed to be invoiced and paid before the travel - for the rest the traveller applies for an advance by estimating the costs. Then there are countries where using a credit card is not advised because of the criminal activity of copying cards and in some countries in less developed parts of the world the travel providers do not accept credit cards because of the cost of having such service. For these cases a separate payment process need to be agreed. More information about security risks with credit card payments can be acquired for example from the Finnish State Department internet pages, or CIA world fact book on the internet.

For now this chapter has only been discussing about the payment to the travel providers. But business travel includes also the payment to the employee. As discussed before, the employee may sometimes apply for a travel advance that is then paid to the employees account, or could also be paid in cash, if company has such policy. The employee may be eligible for a daily allowance during his travel that has to be enough for the employee normal eating and personal needs for the stay. For example if a Finnish business man travels to London, he is allowed for 74 € daily (Decision of the Finnish Tax Administration on tax-exempt allowances for travel expenses in 2012) for his personal use that the company must pay him, weather he uses it or not. This amount is reduced if he gets two meals paid by the company during the day or if he stays less than ten hours on the whole trip. The issue of daily allowance is agreed in local labour law of the country where the employee is paying taxes. It is common also in many countries that there is not daily allowance, but the employee is paid for the actual expenses during his trip. In these cases the company has set some limits or will have to value external data to help determine whether the employee's claimed expenses are reasonable. This issue is discussed also in a 2004 article by Geoffry W. Latta in Compensation & Benefits review "Foreign Business Travel: Getting handle on rising costs".

For the claiming back expenses the employee always needs to have a receipt for all the costs he has had on the trip. If the company has an agreement with a credit card company and all the employees that travel have a company credit card and they have an expense claim tool working on a server, all the purchases made with the credit card are automatically transferred to the tool database, where the employee can attach the purchases to the expense claim for a certain trip and explain the reason for the cost. Usually they need to then scan and attach the scanned copy of the receipts to the tool. After this the receipts will be checked and in case everything is as it should be, the employee gets the payment. The amounts used on a company credit card, paid by the company naturally are not paid to the employee, but he will get back any cash expenses and the possible daily allowance. The latter was an example of a long developed and automated expense handling system. In reality there are still a lot of companies that do the whole process by hand. There may be a form where the employee explains the costs and how they were paid for (cash, own credit card, company credit card, using a cash advance) and attaches the original receipts and send them to a person who then takes care of the process further. And in the end the employee will be compensated the way a company usually compensates their employees – to a bank account or by cheques.

2.2.4 Reporting

Travel costs are variable which in management accounting terms is called uncontrollable cost. Usually there are many cost components when thinking about travel cost. There are the cost from the actual travelling, like cost of flights and hotel. Then there are the expenses occurred during the travel, like the meals and maybe data usage or telephone costs. On top of this there can be customer entertainment paid by the employee directly or some expenses that have occurred during the travel and reported with travel expenses, but are not really occurred as part of the travel – like the employee has lost/left behind his work phone/laptop charger and bought a new one to be able to use the tools during the travel. Different companies collect different kind of data about travelling. In some companies the travel expenditure is treated as any variable overhead cost and is not followed or reported in detail. Then again in other companies they follow travel closely and have records on everything from expenditure to

the carbon footprint of the travel. In a paper by Norman L. Rose (2008) he discusses the changing role of Travel Management and the different approaches different types of organisations have on travel expenditure. The role of travel management is highly dependable on where in the organisation it is placed. And this also creates the different reporting and follow-up. The interest of the organisation can also vary during different times. Especially during recession many companies start to follow all costs more closely and this then affects also on how the travel is followed.

If the costs incurred during travel are reported as a total number, there is no way to know the exact cost of actual travel. The components should be separated and reported separately in order to be comparable. If a company has a travel expense claim tool in use, that can consolidate data by using different cost classes to different kinds of transactions, the data can be analysed and many kinds of reports could be created for management use. Usually the kind of data that can be collected from a developed expense claim tool includes: Total travel dates, total cost of flights, total cost of hotels, total cost of daily allowances (or similar costs) paid, expenditure to representation/entertainment, where the cost has occurred, the timeframe when these costs have occurred, by whom the cost have occurred and so on. Some of these reports are needed for the travel insurance company and some of them are for management or HR use to follow on certain issues.

From the paragraph above one can understand that if the data is only collected by manually filling in a form and providing receipts, the visibility to the travel spending is not as great. If the company would then need to follow up on a certain issue, they would need to come up with some other way to follow that. If a company uses a travel agency for their travel bookings, the travel agency can usually provide reports on where and when and how people have travelled and how much it has cost. For this data to be comprehensive, all travel need to be booked through the travel agent and none through other sources. It is also quite common that an international company has more than one travel agency as a partner. If these are competitors, then the company receives a report from each and someone has to put the results together for the analysis. In a worst case scenario, if a company needs a report about a certain issue relating

to travel, someone may need to go through all the expense claims by hand and collect the data to an excel or some other tool to come up with the data.

2.3 The role of travel policy

"An explicit and comprehensive travel policy should be the cornerstone of effective travel and expense management. This travel policy should be distributed to travellers per traveller-preferred channel". (Douglas & Lubbe, 2006) "The rising cost of business travel puts pressures on companies to find new approaches to managing and controlling these costs. While controlling costs is obviously important, the critical question for share-holders is not what a company spends on travel, but what it gets in return." (Lehman & Niles, 2001) "Travel policies aren't designed just to keep costs down. You also need to consider your team's needs, the system's ease of use, and convenient locations and schedules." (Salcito, 2004)

The quotes above and similar quotes can be found in any publication where the travel policy is discussed. The travel policy is important. Without it the employees make up their own rules. Although the employees may have all good intentions, their attempts to save money may be futile, when they don't always know the whole picture. There are also confusing situations that should be able to be solved from the travel policy. It is not uncommon that the CEO of a company is on a same flight with an employee (upper of middle management) and they are going to the same meeting. The CEO flies in business class, because he has the travel miles to upgrade him and the employee wants to have a conversation with him on the flight and he sits in coach and thus asks administrator to upgrade him to the business class. But he does not have enough points. Can he now just buy the more expensive business class ticket to be able to sit with the boss, or should he just fly coach and talk to the boss after landing? What does the company policy say? There may be a rule that everyone flies in coach unless they have earned enough flight miles for upgrades. There may also be a mention that discussing company business on an aeroplane is not advised because of corporate espionage. There, problem solved – according to company policy he needs to keep his coach tickets and discuss the issue later.

2.4 Cultural and international aspects

In a paper by Susan Steinbrink published by PhoCusWright Inc in December 2009, on "Globalisation of travel management programs" she discusses the different aspects of globalising the travel management by using a global TMC. "There is no universal definition or single approach to consolidating a travel program. Differences in cultures, laws and regulations, settlements, travel behaviour, purchasing habits, suppliers, GDSs (Global Distribution Systems), and partners require a global foundation to support local and regional flexibility. Globalization efforts are limited only by your own creativity and company culture". "There are no absolutes in global travel management and there is no "one size fits all" approach to consolidating a program. But every company can apply best practices to balance local and global needs".

"Think global, act local" is a well-known phrase invented by ABB Ltd. This refers to a separation of corporate strategy, dealing with the entire corporation ("think global"), from the delivery of products and services at the local level taking into account the cultural and institutional differences ("act local"). (Boxall & Purcell 2008, 252.) Should companies centralise or decentralise, or try to achieve both? The organisational culture and the economical and political structure of the host country affect the decision on what matters are controlled centrally and what will be delegated to subsidiary managers (Dowling, Festing & Engle 2008, 100). "Finally, if managers recognise both cultural diversity as well as its potentially positive impacts, as in the case of synergistic organisation, the human resource policy will tend to place greater emphasis upon the creation of a truly international workforce, using similarities and differences among the nationalities to create new forms of management and organisation." (Edwards and Rees, 2011, 36) "The role of the state, financial systems, national systems of education and training and labour relations systems combine to form a dominant 'logic of action' in each country, and these will guide management practice. " (Edward and Rees, 2011, 39-40) The message from all the quotes above is the same; the organisations in different countries have their country specific rules, laws and ways of working that have to take into account when thinking about any global policies. If a company wants to apply a global policy for their travel management the policy needs to be drawn as a general guideline that does not over rule any country laws or code of conduct.

3 Research methodology

The author chose to do a qualitative research, using open-ended questions. Qualitative research was chosen because the questions are somewhat complicated and the author wanted to be able to discuss with the respondents while conducting the interviews. So as a method, the author used in-depth interviews. The analytical objective of these interviews is to describe variation, individual experience and group norms. The questions were open ended and the replies to questions sometimes lead to a follow-up question or further discussion – in other words the study design was flexible and iterative. The author did not use sampling, because it was easy to change the wording during the interview if there was a problem in understanding. The questions were reviewed with the author's internal thesis counsellor at case company and it was agreed that these are the questions that needed to be answered.

3.1 Data Collection

The data was collected by personal interviews with people working on twelve different sites in a position where they had access to travel data. Interviewees were sent an invitation explaining the reason for the data collection and the interview questions. They could have also referred the questionnaire to another person on their site if they saw fit. The positions of the people interviewed vary from site manager to finance managers to local assistants. In one of the China sites the interviewees were the site manager and office assistant. The author interviewed the respondents by telephone and recorded the discussions on a data file. Discussions were held in the English language. The interviewed persons were notified about the recording. All the interviewed persons seemed willing to help and they had a positive mindset towards the questionnaire.

These recordings were conducted between June 1st and September 15th in 2011, while the author was still employed by the case company. The interviews took about 30 to 45 minutes each time, depending on how much extra explanation was needed or if there was some further discussion on certain topic. Some background data as well as some interview data was also gained via text files. The author asked some of the sites to send

their existing forms and instructions – assuming these were in a language she could understand. In some cases the local files only existed in local language, like in Thailand and Germany and thus were not of accessible for the author. Some of the data is based on authors experience in the case company also. She was the Travel Manager and had two years of experience of the travel in Finland, especially in the head office. Thus no interviews in the head office were conducted but the data is used here as background information and for comparison.

Evaluation of the interview questions

The interview questions were mostly understood the way the author had planned. Most times there was some misunderstanding what was meant with travel security, but it was easily corrected by shortly discussing the meaning behind the question. The interviewees saw the question narrower than the author had intended and author had to sometimes make up tragic scenarios in trying to explain what issues might arise. During the very first interview, also came up a thing that the author had clearly not foreseen – in Europe and in smaller countries; most of the travel was conducted by car. After the first interview the author added the question about the main means of travel to the questionnaire.

Now looking back, the author sees that the questionnaire could have been more clearly structured. Someone may be thinking also that the respondents should have been more clearly identified, and there should have been some questions about the respondents' background, but the intention of the study was not to find out opinions of people, but clear facts, so the author sees that the respondents' position or background did not play a role in this interview.

3.2 Data analysis

The data was analysed as a case study. The author decided to structure the data according to the investigative questions. Author made a transcription from the data on the tapes to a word document, not word to word, but to record the answers to the questions. Then she looked at all the questionnaire questions under the investigative ques-

tions and compared to the other existing data to form comprehensive collections of data that can be interpreted. The data was fragmented and in some cases the answers to questions needed to be found under several questions. Most of the data was background information. Author found the analysing of the data was the least straining part of the thesis process. The issues she had initially wanted to find out could be easily separated from the data. Similar data from another company could for a good starting point for creating a global travel management policy and process.

In this thesis the interview situation was also part of the data analysing. The author discussed the received relies with the interviewees during the interview to have a better understanding why the person replied as they did. The author thought the people who answered the questionnaire very good sources. The interpretation of the data was done by using the author's previous knowledge and the other reading she did for this thesis.

4 Results of the study

All the sites had many similarities in their travel management practises. But there were also some differences; mainly in the tools used and how people travelled and how much. The author used the interviews also as an opportunity to learn best practices from other sites and also an opportunity to deliver information about the company tools and creating awareness about the travel security issues. The author and the interviewees had good discussions about the differences in practices that were found out during the interview. If nothing else would come from this interview to the case company, the author feels she has had an opportunity to share some of the head office ideas about online meetings, push the idea of online travel booking provided by travel agency and raise the issue of travel security.

The sites were many sizes and had different amount of people travelling. Here is some of the background data gained from the sites:

- In Europe Benelux site was made up of three small sites, where ten people travelled all together. There was no data available on how many travel days there had been yearly, but the total cost of travel in 2010 had been 83 000 €. This included flights, hotels, cars and meals. They had no system of daily allowance.
- Erkner site in Germany had all together 128 employees, which 8 employees travelled often and 12 people sometimes. The total travel days in 2009 was 691 and in 2010 730 days. The total cost of travel in 2009 was approximately 161 000 € and in 2010 approximately 161 000 €.
- Krems in Austria had 160 employees working on the site and about 33 people who travelled. The total travel dates was not available but the total cost of travel in 2010 was 730 000 €, including everything from meals to flights.
- Mold office in U.K. had 22 employees whom only three travelled. Total cost of flights and hotels in 2010 was 16 000 €. No information about the total travel dates could be given.
- On Lilleström site in Norway 91 people travelled in 2010 out of the 250 employees. The author would like to note here that the 91 travellers is a total number and about a third of this number is the people travelling more frequently.

The total travel dates were 3 197 days in 2010 and the total cost of travel was about 6 Million NOK (about 770 000€), as it had been for the last three years.

- Trzemeszno site in Poland had total of 19 employees, from whom three sales persons were travelling more often and the Managing Director travelled regularly and two other persons less often. There was no information available about the total travel days, but the sales persons go out 3-5 days a week and the managing director about 3-4 days a month. The total cost of flights taxi and hotels (also including the cost of an event arranged in 2010) was 16 950 €.
- The Head Office in Helsinki had about 30 employees whom about 20 travelled from time to time and five people all the time. The plant in Hamina was left out from the interviews, but it had about 90 employees and about ten people travelling at the time. The author no longer has access to the information about the travel dates or the total travel costs, but the total cost of flights in 2010 for all sites in Finland was about 300 000 €. On top of this there will be the daily allowances, mileages from using own or company cars, taxis and hotels. A ballpark estimate of the total cost of travel was around 1 Million € yearly.
- In Asia Shanghai site had 68 employees, from whom 30 are travelling. The total number of travel days for these people in 2010 was 200 days. Total cost of travel in 2010 was RMB 2 755 000 (about 300 000 €) and in 2009, RMB 2 251 000 and in 2008, RMB 3 190 000. RMB = Chinese Yuan.
- In Guandong site there were 25 employees who travel and the people travel all together about 40 days monthly, that is 480 travel days yearly. Total cost of travel was RMB 48 444,6 (approximately 5 260 €).
- The New Zealand site has two plants on different islands, one in New Plymouth and one in Nelson. The sites have about 49 employees in total and 8 are regular travellers. In 2010 the total travel days were 300 and the total cost of travel was NZD 238 000 (approximately 140 000 €).
- In Seremban, Malaysia they had 50 employees and about ten of them travelled. In 2010 the total travel days were 150, from 50 oversees. The total cost of travel in 2010 was MYR 80 154 (about 18 300 €) from that the cost of flights was MYR 13 054 (2 980 €) and hotel cost MYR 32 999 (7 534 €). MYR = Malaysian ringgit.

- In Singapore, the Asian head office they had 80 employees, including people working in the regional offices. About 14 persons are travelling regularly. The total cost of travel in 2010 was SGD 819 854 (approximately 475 000 €). They did not have the total number of travel days for 2010, but in October 2011 the travel days were up to 1400, but the travel cost was expected to come down to SGD 500 000, so we can make a conclusion that there were more travel dates in 2010. SGD = Singaporean Dollar
- In Russia, Moscow site they had 25 employees and 17 of them travel regularly. There were no data available about the travel dates or the total cost of travel. "It would take weeks to calculate" had been answered from the finance department when the person who was interviewed had asked.

4.1 The reasons and methods of travelling in case company

In the very first interview with the Benelux site financial manager, the usage of cars for business travel came out. The author had not thought about this, but later it became clear that there were some sites where business travelling was mainly done by cars. Some sites, like Krems (Austria), Mold (U.K.) and Moscow (Russia) had one or two company leased cars for any employee use that the sales people also used. Then again on some sites like Benelux (actually consists of three sites Delfzijl (The Netherlands), Gent (Belgium) and Brebiers (France) all the sales people had company cars leased to their use. In Erkner (Germany) they claimed to have rental cars in use, but the author suspects that this is a misunderstanding and that may have leased cars, as the people travelling by cars were constantly on the road. Mostly the people who drove were employees that visited the customers frequently, such as technical specialists or sales people.

The other recognisable means of travel in the case company was clearly air travel. In some sites like Lilleström in Norway and both sites in China, Moscow office in Russia as well as Asian head office in Singapore and New Zealand sites Nelson and New Plymouth they almost always flew to where ever they needed to go. On these sites air travel was clearly due to a geographical issues – in Norway the landscape is so difficult that is faster and easier to fly to meet customers and in China and Russia, the countries

are so wide that the customers can be quite far to be reached with other means of travel like with car. For Singapore the reason is that the country is so isolated, like an island, that the easiest way to get to the customers and the regional offices is by air travel. In New Zealand is the same, the sites are even on different islands and the distances are long. "If the distance to a customer by car is more than three hours, it is a flight" –said the finance assistant manager in the interview.

More rarely used means of travel is the train. The author knew that some people had for example taken a train from Helsinki to St. Pietersburg on occasion and some train travel had been taken inside the Central-European cities when applicable. But even the train routes are wide and fast in Central Europe, using trains did not suite the case company needs.

The most mentioned reason for travel was internal meetings. This is somewhat understandable because the company is so widely spread throughout the globe. The employees on European sites mostly travel inside Europe and the employees at Asian sites inside Asia. This is because the company has two clearly distinctive main management hubs one in Singapore and one in Helsinki. From the head office in Helsinki people travelled all over the world, but clearly more in Europe than in Asia. Usually if people – mainly management – needed to travel to Asia, there was a longer tour arranged for that same visit. Any other visits to Asia from the head office were mostly to Singapore and back. The five main places where people travelled by air in Finland (including now also travel from other sites as Kitee and Hamina) were to Vienna, Oslo, Moscow, Joensuu and Riga. The other reasons for travel were customer meetings, supplier meetings, meetings with other interest groups, international conferences, audits, project meetings and external and internal trainings.

4.2 The travel policy – how, where and what?

In Benelux, Poland and UK there was no travel policy. The sites relied on common understanding that no-one would not spend too much money. Main goal for all these sites was to travel cheap and fast. In all of the cases they also invoked on the fact that there were only so few of them that everyone has the same understanding. The training

of a new employee about the travelling issues was not seen as any complicated matter and they thought that new persons would be introduced to the company way as the issue would come up. In Russia the travel policy had just been drafted, but not yet published, during the time of the interview. The person who was interviewed about the travel issues had not seen the policy yet, and by the sound of it, the policy was going to be more of a financial guideline for travel expenditure. In Russia they had also relied on common understanding on how the travel should be conducted and what kind of flights and hotels to book etc. And new persons would never travel alone, but they always have a senior employee with them, so the training would be done while the travel is happening.

All of the Asian sites had a travel policy in place. Mostly it was located in the employee handbook or HR portal or similar kind of place. The employee hand book is usually gone through when the employee starts working at the site, during the induction period. As the author asked about what the policy included, they usually told that there was everything from how to book travel to regulations.

In Finland there was a very detailed travel policy that is partially taken from Finnish law. Usually new people in the head office would come to the author during the induction process to learn about the travel issues, but the travel policy was not gone through in detail. It was stored in the intranet, where all the personnel could access it if needed. All the travel bookings were done via travel agency that made sure that all the travel policy was followed in all of the travel reservations. In Germany, Austria and Norway there was a travel policy in place. In Austria they had a ISO 9001 standard approved personnel training that included also training about the travel issues. In Germany and Norway the hiring manager was usually responsible for training, but new employees would also come to the assistants and seek help when they needed it.

All of the sites had some special agreements, at least with close by hotels. Norwegian office was also a part of a bigger group of travel buyers called "Trade broker" that gave them discounts in different travel services. The bigger offices usually had agreements

with airlines, but the smaller would not have had the purchasing power to negotiate. Also agreements with car rentals were usual in all of the sites.

4.3 Internal control of travel in the case company

At most of the sites the travel process was quite standard, where the employee needed to first get an approval for the travel and then he or an administrative person would make the booking, after the trip they would claim the expenses, someone would check the expense claim and they would get paid. Only on some of the smaller sites the employees could make the decision to travel quite independently, but the expenses would have always been checked.

The way these approvals and expenses would happen varied. In Benelux, Shanghai, New Zealand, Singapore, Malaysia, UK and Poland the expense claim process is all manual; filling in a form manually, attaching the receipts to the form and sending it to the approval. The approving party checks the claim, approves it and sends it forward to the paying party. Only in Austria, Norway and Finland the expense claim process was almost totally in electronic form, only almost because in Norway the person still needed to print out the form after he had filled it in, and sign it, and send that signed copy for archive and in Austria the receipts were sent separately to the accounting department. In Finland only the receipts from abroad needed to be sent to the accounting as they would need them to claim the VAT returns. In Finland and Norway they had the same expense claim system from Bassware in use, but the systems were separate and separately negotiated (no common data available). In Austria they had a different system called "PI". The China Guangdong site respondent claimed also that they have an expense claim system, but the author doubts that it was not an electronic system.

4.4 Different ways of transferring money in the case company

One topic that created some extra discussion was the corporations' credit card policy. They actually did not have one, but all the sites had made their own conclusions. In the UK Mold site they had wanted to get company credit card for years, but for some rea-

son they had not been given an authorisation to get a card or cards for people who travel. In the Head Office the CFO at the time was very much against corporate credit cards due to some previous complicated situations he had had with them in Northern America, but in the authors mind this was not the reason some sites were not able to have a company credit card, but there were some other restricting parties involved. The sites that did not have any corporate credit cards were: China Shanghai and Guangdong, Malaysia, UK, Poland and Singapore.

In Finland the company had a travel account that was a Diners credit card and it was used by the travel agent mainly to book and pay flights and for invoicing their own service charges. Any of the company top management, or any employees for that matter, did not have a company credit card. The company compensated for that by paying the yearly fee for any credit card the employees that were travelling needed. The situation Germany and Austria was fairly similar, they had a credit card agreement for travel purchases from the travel agent, but in these sites also administrative personnel had a company credit card to be used for travel transactions.

In two of the Benelux sites, people who travelled did have a company credit card. The two sites had different credit card agreements and one site did not have any. The ones that had the company credit cards used these cards to book their travel online. Also in New Zealand they had company credit cards in use and the invoice from that card came electronically to the company. This invoice could be used as part of the expense claim process. They had also applied for a credit card to be used by their travel agent for the travel purchases made through them. In Russia five people in top management had company credit cards, but others did not. In Norway they had a credit card account with the travel agency and all the employees had the possibility to apply for a company credit card. All the purchases made with this card went directly to the expense claim tool, where they needed to be cleared when making the travel expense claims.

The sites that did not have any credit cards in use but used services from a travel agent were normally invoiced by the agency and the invoice would then be paid normally.

These sites were the Chinese sites Shanghai and Guangdong, and Singapore. Poland site used a travel agent, but they needed to use their personal credit cards to pay for the flights and bookings. Russian site was also receiving monthly invoices from the purchases made with the travel agent. In Malaysia, UK and Poland the employees used their own personal credit cards for booking their business travel online. Malaysian site had just centralised their travel booking (one admin makes everyone's bookings online) and were considering about applying a company credit card to be used in these bookings. On the sites where there was no company credit card in use or the card was only for a limited group, the employees were able to get a travel advantage to take care of their travel costs.

4.5 Travel security and employee wellbeing

There was no travel security policy in any of the sites. The author had anticipated this. The question about the travel security was basically designed to raise awareness and if there would have been such policy in place in one of the sites, the author would have tried to see if it would have been best practise to put forward in the organisation. All the sites did have an insurance policy. What the policy covered was not always very clear, that may be also because they had not needed to use the insurance very often. The respondents mostly felt that travel security issues were solved by using common sense and everyone would know what to do without any guidelines. Respondent from Germany replied that she thought such guidelines should come from the head office.

The questions about the travel policy, company credit card and travel security also touch upon the employee well being. It did seem that it created stress to some of the employees, when they needed to use their own credit cards or cash to pay their business trips. The policy that most sites had taken to find the cheapest flights possible did not come through as it would bother the respondents and they did not bring up any complaints. On most of the sites that did have a travel policy there were clauses that if the flight is over x hours or overnight the employee may be able to book a better class flight. The author did not have access to all of the travel policies and cannot really therefore comment on their contents. But from discussions with the respondents it

seemed that employee well-being was not high on the list of important things as far as travel policy goes.

5 Discussion

Conducting the interviews was a good learning experience for the author. It was extraordinary to find out exactly how different ways of working there are in countries so close and so similar in countries so far. Like in Germany the online booking was seen as really hard and not something that they would consider and in Malaysia they are booking online all the time, using their own personal credit cards. The interview brought up also some clear inequality issues regarding trust from the company. Some sites had company credit cards and other sites people were expected to use their own cash or credit card to pay for their business travel. Author thought that it shows people's good will towards the company that they would continue to do so. In author's view the range of almost all different ways of working can be seen from this study. It is extraordinary that all these different ways are inside the one company. It was also gratifying to note that there were things done to improve the travel management on some sites. When the author brought up points about the possibility of the online meetings or how certain travel issues were managed in Finland or on other sites that she had already interviewed, it seemed to provoke interest to look at things from another angle or even incite the possibility to change things in the respondents' mind.

The author's view to the company history is not long, so she has no idea how the situation was three, five or eight years back. Even for this study it would have been great to have had all of the sites' travel policy for reading to understand better what they are doing, but since in many countries they only had it in their own language and the author only masters Finnish and English, this was not an option. So the interpretation of the interview results is based on the author's current view, previous experience and the literature at hand about the best practices in travel management.

5.1 Authors' interpretation of the results

The travel management in the case company globally is not handled extremely badly. The employees are more or less controlled, mostly there are company policies in use and most of the sites could present numbers when asked for them. The situation is not good either. If the company strategy states that the corporation globally should be

managed as one company, there are way too many management styles in use in travel management. There were some developed tools in use on sites to either follow cost of book travel or both, but these tools varied a lot. In places like in Singapore there would have been a tool that could have been used for circulating travel expense claim for checking and approval, but there was resistance against starting to use the tool and they didn't. To be able to align this largely differentiated process, a lot of management push and leadership would be needed.

The author is not really that concerned about the safety of the employees that travel, but it is somewhat alarming that there were no process on any of the sites. The head office had earlier put some rather naive and even a bit demeaning list of "travel security tips" on the intranet that really were just common sense to everyone. This may have given the travel security a "bad reputation" in a way that people did not think of the real emergency situations. The reason why this issue was taken in to the questionnaire in the first place was that the author kept hearing about the travel security at the FBTA meetings and it had been a "hot topic" ever since 9/11 in 2001. Travel security became hot again after the volcano eruption in Iceland and the heavy snow fall winters and several other natural disasters that the business travellers had had to face in the past couple of years. What the author had in mind for a travel security procedure was something as simple as: if there is an emergency situation, who you should contact first, where can you have more information and what does the insurance cover.

5.2 SWOT of the current situation

The term SWOT is acronym for Strengths, Weakness, Opportunities and Threats. It is one of the most common analytical tools for looking at both the internal and external environment of an organisation. The Strengths and Weaknesses generally come from the company internal environment, whereas Opportunities and Threats are looking at the external environment. This is the author's view of the SWOT of current situation of the case company travel management and processes.

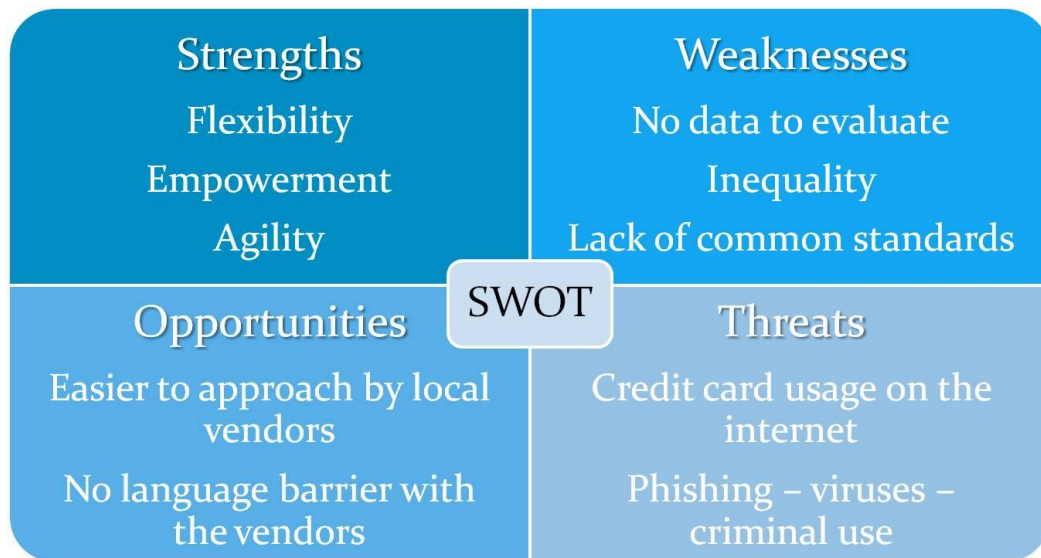


Figure 2. SWOT of current situation

Strengths

One of the clear strengths of current situation is that all the sites can now flexibly have the type of travel management that suites them. Strength is also that the people on the sites can feel empowered to make their own decisions without the head office giving the rules and restrictions. At the same time, sites can make agreements locally with the travel providers that suite best to their needs. Any changes to current situation are easier to implement in a smaller scale locally than globally. Almost all of the sites have a travel policy in place and in use. Employees do have a great sense of responsibility in regards to their spending, without the head office looking over their shoulders.

Weaknesses

The known weakness was and in this study it was confirmed that there is no common way of reporting or following-up travel cost, days or any of the travel data that could be of use in the head office or for the management to have some sense of the ROI of travel in the company. The scattered procurement activities for travel purchases make it hard to come by possible savings. Employees on some of the sites have unequal position with their colleagues, for the different services and company concessions on each site. The lack of common standard in vendor selection may result to threatening

situations – an actual instance with a hotel here to explain: One of the company top managers from Helsinki office travelled to an Eastern-European country and the locals offered to book her a hotel room. The hotel was in a remote location in the city, by the looks of other people staying in the hotel it was mainly for holiday makers. Credit card payment of the room had to be made in a back room with some other company because the hotel did not really take credit cards. There were no services in the hotel and the room did not have a safety deposit box nor could it be locked from the inside.

Opportunities

It is easier for local travel providers to approach local offices than go through a global procurement process in another country. When local people have contacts with travel providers they may be able to get better local contracts than a global office would, for the language issues and in some cases issues of familiarity.

Threats

As the employees on some sites use free and open for all internet sites for booking travel with their own or a company credit card, there is the threat of phishing or computer viruses collecting their card data and abuse the data for criminal activity.

5.3 Recommendations for further study

There are many stakeholders in travel management. There are the management, the employees (travellers) and the travel providers – a travel management company or separate service providers. When thinking about the travel policy and an effective travel management programme they all should be taken in to account. In the picture below, From Douglas & Lubbe, 2006, adapted from Liu and Leung, 2002, we can see a simplified process flow to create a successful and effective corporate travel management programme. This figure can be used to find out the further sturdy for creating a renewed travel management programme for the case company:

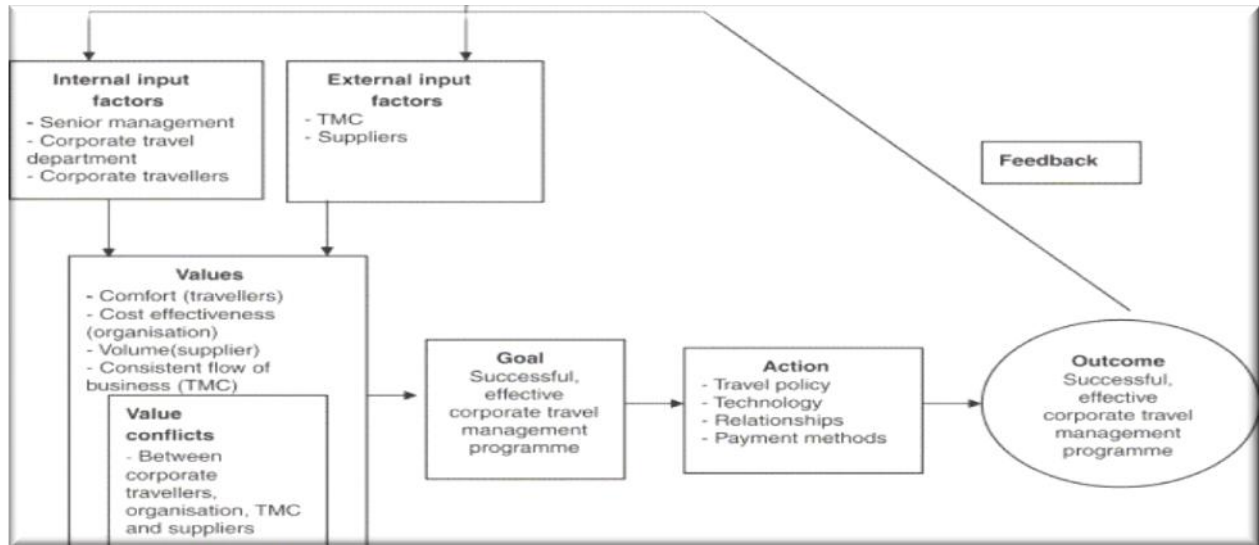


Figure 3. The soft value management model in the management of corporate travel context

So if the case company would be interested in creating a corporate travel management programme, it would need to find out the needs of different stakeholders and what the travel providers can offer to the company in question. After the needs have been identified, they would need to solve any conflict by negotiating. The goal of the negotiations and taking the input from the internal and external factors is to create a successful corporate travel management programme. This programme needs to then be put to action by applying the company travel policy, agreeing on the technology that is used and the payment methods, as well as who are the people that are the contact persons internally and externally.

If the case company would only want to improve the visibility and the internal control, the company should study what kind of data can be attained with the existing tools on sites and how it could be consolidated in to usable data for the management. There are a lot of working tools already on the sites. Some are used fully, some only partly and some have not been taken into use. To what extend is there un-used opportunity with the tools existing at the sites and could there even be synergies with the ERP tool that has been deployed on all the sites? The case company might be interested in studying the opportunity to install a common expense claim system to the sites. There may be a considerable cost for this kind of system license and localisation, and there may be several obstacles on legal side to have such system working the same way on each site, but

the common system with possibility even connection to the company wide ERP system would make the travel expenditure transparent and easier to follow on the head office level.

A lot of global companies have a globally operating travel management company or travel agent. One line of study might be that how applicable a global or glocal travel management company agreement would be for the company. What would be the advantages and the disadvantages of using one (or two) globally working travel agencies for all of the company travel on all of the sites. Or glocally (a trendy new expression, meaning not local or global but combining some countries or continents to one) for example treating Europe as one and Asia as one, or taking only Europe and maybe the Singapore office under the same TMC (Travel Management Company). Some benefits of a global TMC could be that the corporate travel policy could easily be applied to all employees at all sites by having the TMC manage it and that the reports of global travel purchase expenditure could be attained from one location. The benefits are depending on the partner naturally.

Another issue that the company should investigate is the credit card policy. How can a seemingly global company have so many local differences? What is the company really signalling by making the employees personally accountable for company expenses? Shouldn't all the sites have at least a common card they can use for travel purchases if there is no possibility for invoicing agreement? There must be some trust to the people who have been employed to run the company daughter company or head operations on a certain site. In author's opinion this is a critical issue making employees un-equal and should be solved as soon as possible.

Management engagement and leadership is needed for all of the above mentioned studies to be able to succeed. As mentioned before there had been some efforts previously to apply a common travel policy globally. The author found the drafted global policy document from the company files that had never been deployed. There was nothing wrong with that policy and in authors view the efforts failed due to poor management support and follow-thru. Now, with this report, the management would have

had enough information to form an action plan to start planning and implementing a travel management programme that is effective and useful.

5.4 Process assessment and reliability and validity of the study

The process of making this study was not flawless nor was it without complications. When the thesis topic was decided and the author started to do the initial investigating for this topic the case company had a strategy to grow and be the biggest company of their branch. In the following months the company faced major turbulence and total change of strategy was being deployed. The company was appointed a new CEO and he brought along a few trusted men to create a new strategy. The author had a fixed-term employment contract that was earlier expected to be continued. But after all the turbulence, change of most of the top management and starting of heavy divestment and codetermination negotiations all over the organisation, it became clear that also the author of this study would eventually need a new job. Still the new management showed interest in the study and the author continued to work on it. Then due to multiple reasons not discussed here the thesis process was discontinued for almost one year. After the process started again there was no point to start all over again from the start, but it was decided that the author would still write the thesis about the travel management, but now more theoretically, using the data gained from the case company earlier.

The most time consuming part of the process was to put together the theory part of the thesis. Available studies are mostly made in a view point of the party offering travel services, or the data was too detailed and covered only minor issues of the study being made. The author spent a lot of time trying out different search words in multiple different search engines to put together some data to back-up the knowledge the author had as a practitioner. In the end there was a great deal of data to choose from that is not entirely relevant or only part of it is applicable to the study in question and the author feels she has found the most important theories.

Data from the study is still relevant, even if the case company is not mentioned by name. The data raises issues within global companies travel management that can be

sometimes ignored or may be hidden from the head office. Even if the situation would be imaginative there are real issues about the travel management in a global company discussed in the study. Issues like the travel process, expenses and different methods of booking and purchasing travel and reporting. Who would then benefit from this study? The author would argue that any starting travel manager in a global or even smaller company could benefit from it by getting a general understanding of the travel management process and the different issues there may be for a company. Or any other person who may be in charge of travel management as part of his job or a manager of a global company who does not have an overview of the company travel operations. The beneficiaries may be many. The author would argue that the study is relevant and pragmatic.

To conclude the author did learn a lot from making the study. Learning was about the cultural differences and the different ways of working in different parts of the world. The author also learned about research and using different research tools and methods. Through the many studies and articles in relation to this study, the author also gained more information about the issues relating to travel management. All-in-all the project was tedious but rewarding. Hopefully the reader has enjoyed the reading of this study and has also learned something new. Thank you.

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Attachments

Attachment 1. Case company Travel Management questionnaire (edited to not include the case company name)

1. Do you use a Business travel agency?

If yes, what agency do you use? Have you recently changed the agency or asked bids from other business travel providers? Who is responsible for the travel agency agreements?

If yes, how is the payment/invoicing process handled? Does the company have an on-line booking tool provided for you?

If no, why?

2. What kind of travel expense claim system do you use?

How long has it been used? Who prepares the expense reports?

3. Do you have a travel policy in use and publicly available for all travelers?

If yes, what is it based on and where is it located?

If no, how are travelers instructed?

4. Do you have any special agreements with business travel providers (flight, hotel, car rental..)

If yes, who negotiates these agreements? How often do you meet with the providers?

Is there a company credit card in use at your site?

If yes, for whom is the card available? Who is the provider (Visa, Diners...)? Who is responsible for the agreement with the credit company?

If no, why?

5. Is there an online-meeting or video conferencing system in use at your site?

If yes, what kind, how much it is being used and for what kind of meetings mainly?

If no, why?

6. How many people travel at your site? How many travel days are there in total for the people at your site?

7. What are the main routes where people travel?

Do you have flight statistics available?

Do people fly in business or in economy and why this is?

8. How much was the total cost of travel / year, at your site for last three years? Or cost of flights and hotels?

9. What is the main reason to travel? (Customer meeting, internal meeting, training...)

10. Describe the normal travel process at your site, from acknowledging the need to travel to receiving the travel expenses.

11. How are new employees taught about the travel process (if you have one)?

Is this part of the induction process at your site?

12. Is there any travel security policy in place?

13. Is there a process for travel emergency situations?

Attachment 2. Copy of the case company travel guidelines that were found on the drive, but not implemented:

Case company Travel Guidelines

Introduction

In order to align processes within the Case company Group, these Case company Travel Guidelines have been established. The guidelines apply to all employees and are valid from now onwards.

Basic principles

- The need for business travel is justified by business reasons;
- The way of traveling (mode, route and timing) is chosen based on the most cost effective way to perform the task(s) in question;
- Business travel and travel costs are always approved by supervisors before travelling, in order to clarify the liabilities in the case of any unexpected incidences.
- Vaccination and visa expenses related to business travel are for the company's expense.

Administration

- All mileage and frequent user benefits accrued during company (paid) travel are to be used in business traveling;
- Travel costs will be compensated to employees based on the local practice approved by local authorities. Please ensure that all invoices are correctly named and dated;
- Every company has to organize a proper travel cost follow-up and acceptance procedure.

Health & Safety

- All the travelers are urged to check and regularly update themselves on their travel destination – vaccinations, political situation etc;
- During business trips Case company employees must travel only with air carriers using air that fulfill the IATA safety standards;
- Always leave a detailed itinerary with a colleague and with your family.
- Always seek advice on accommodation, mode of transport etc from your local colleague or contact;
- Always wear a seatbelt in cars and buses;
- Wash your hands regularly;
- If you feel unsafe or threatened, remove yourself from the situation or seek help from outsiders or police;
- Acquaint yourself with the local habits;

Practicalities

- Book as soon as possible to ensure good rates;
- If offered, please use online booking tools provided by your local travel agent to minimize booking fees;
- Public transport should be chosen over taxis if possible;

Attachment 3: Copy of New Zealand local travel guidelines (modified to not include the company name and removed all live hyperlinks)

Booking Air Travel, Accommodation and Vehicles

Printed documents are Obsolete, 24 hours after the above Time Stamp

1 OBJECTIVE/SCOPE

This procedure explains how to request air travel flights with the Air New Zealand Holiday Representative and the procedure to follow when booking rental cars and accommodation.

As a guideline only, company vehicles or rental cars should be used for New Zealand travel in preference to air travel, unless the road travel is over 5 hours duration or the travelling staff member is returning back to New Plymouth or Nelson on the same day.

For reimbursement of expenses and staff advances refer to 'Reimbursement of Expenses' procedure.

2 SCOPE

Managers have three options when it comes to booking flights. Managers can either book flights on line, through the Procurement Administrator or through the Air New Zealand Holidays Representative. Regardless of which option is chosen, a Travel Request form must be filled out, authorised and e-mailed to the Procurement Administrator.

All other Case company staff must fill out the 'Travel Request' form and forward it to the Procurement Administrator. All Travel Request forms must be signed as approved by the appropriate Manager (except for domestic travel by Managers)

All International Travel must be approved by the General Manager. All fares are to be economy fares except those that are over 5 hour's duration, which can be booked as Premium Economy. Any flight upgrades above this must be covered by the individual staff member or approved by the General Manager.

As corporate clients of Air New Zealand Holidays, our Representative is able to 'un-officially' bend the rules for us by wavering or reducing any penalty fee's we may incur when changing flights or times. Unfortunately if flights are booked on line, he/she doesn't have the same control to manipulate the rules for us.

If you choose to use the Air New Zealand Holidays Representative or Procurement Administrator, fax or e-mail a Travel Request form with ALL the information requested. The bookings will be pencilled in and sent back to you for checking and confirmation.

If you book on-line, please forward your itinerary and Travel Request form to the Procurement Administrator.

The Air New Zealand Holidays Representative will strive to get the lowest fares available. The Air New Zealand Holidays Representative will copy the confirmed information to the Case company Procurement Administrator. The 'Account Code' and the circled 'Purpose of Visit' are to be shown on the Travel Card Invoice.

3 RECORDS

Travel Request Form K:\Controlled Document...
Wizard Card Numbers
Preferred Suppliers - Accommodation List
Q:\Admin\20XX\Approved Suppliers\Accommodation
Reimbursement of Expenses K:\Controlled Documents..

4 COMPLETING A TRAVEL REQUEST FORM

Requesting Flights

Fill in your name, destination, a brief reason for your travel and the date the request is made. Ensure that for all International Flights, your name is the same as that detailed on your passport i.e. full name NOT an abbreviated version.

It is critical that the section headed 'Air Travel Details' is filled out in detail. The Air New Zealand Holidays Representative requires all of this information to enable the correct selection of flights to meet your needs. Consider the likelihood that your meeting/visit may be finished earlier than expected, as it may be advantageous to request a 'Flexi' fare instead of a 'Smart Saver' fare. This enables you to change your flight back with minimal penalty costs incurred.

All Travel Request forms must be signed as 'Approved' by the appropriate Manager (except for domestic travel by Managers). All International travel must be approved by the General Manager.

Following are brief descriptions of the type of flights available.

Smart Saver

- If cancelled there is no refund
- 20kg baggage allowance
- Changes permitted until the day before departure with payment of a \$50 change fee per adult fare

Flexi Saver

- If cancelled there is no refund
- 20kg baggage allowance
- Changes permitted until the day before departure with payment of a \$50 change fee per adult fare

Flexi

- Fully refundable, unless changed from a Smart Saver or Flexi Saver fare, when only the upgraded portion is refundable
- Changes permitted at any time, but a service fee applies

Fill in the Date, Flight From and Flight To details and the Air New Zealand Holidays Representative will complete the shaded areas. Once flights have been selected, the form will be e-mailed/faxed back to you with the flight times and codes filled in. If the flights will meet your requirements, you contact the Air New Zealand Holidays Representative and instruct her/him to go ahead and confirm the flights.

NOTE: The Air New Zealand Holiday Representative can 'pencil' in flights BUT NOT ticket them until just prior to travelling. This would allow changes to be made without incurring extra fees. Any changes or upgrades to flights that have been 'ticketed' incur a 'Flight Re-issue Fee'.

For all domestic flight's the Air New Zealand Holidays Representative will e-mail electronic tickets back to you and copy the details to the Procurement Administrator. Where electronic tickets have been issued, you simply present yourself at the airport with identification and your seat number will be allocated.

For all International Flights the Air Zealand Holidays Representative will e-mail the confirmed flights and times to you, copying them to the Procurement Administrator as well. The International Flight Tickets and an itinerary will be couriered out to the relevant site, where they will be put in your mail slot for collection.

Flights are automatically charged to Case company's Travel Card. Charges to the Company Travel Card can only be authorised by the General Manager or the Procurement Administrator. If flights are purchased 'on line' you will be entering your personal mastercard details.

Note; if booking flights 'on line' using the Air New Zealand website, only book one person at a time. If you book two people on the same flight at the same time and you need to cancel one person later on, both seats will be cancelled. If you find yourself in this predicament, contact the Air New Zealand Travel Representative, who may be able to help.

NOTE: There may be occasions when staff may wish to be accompanied by partners, family or friends. The company is not liable for any costs associated with non company personnel travelling with employees.

Requesting Rental Cars / Taxi Vouchers / Taxi Cards

Managers can book their own rental cars or ask the Procurement Administrator to do it for them. Avis Rental Cars is Case company's preferred supplier, with whom we have special contracted rates.

(Hertz Rental Cars may **only** be booked where there is no access to Avis Rental Cars).

Managers should see the Procurement Administrator to obtain a personal 'Wizard Card Number'. When this number is relayed to the Avis Customer Service Representative, the Managers personal and company details are pre-printed onto the Avis Contract, which then allows the Manager to skip any queues, simply sign their name on the contract, pick up the keys and go.

National taxi vouchers are available on request from the Procurement Administrator at New Plymouth. **A taxi voucher book is located in the drawer in the Reception Area in Nelson for use by Nelson staff.** Managers may request an individual 'Taxi Card' from the Procurement Administrator, which is used to charge all taxi travel. Taxi receipts must be returned to the Procurement Administrator to attach to the Taxi Charge Invoice.

Case company's contract is for the hireage of Group C rental cars. These are 1.8 litre automatic cars, 4 doors, power steering, air conditioning and radio/CD player. If a Group C car is not available, Avis will automatically upgrade you to the next class of car.

- Rates include unlimited kilometers and airport/wharf fees
- Daily rates apply to a 24 hour hire period
- Rates exclude petrol
- One way rentals of less than 72hrs duration are subject to a fee of \$50 + GST per rental
- All drivers must be over the age of 21 years and a full drivers licence must have been held for a minimum of 1 year

Completing the 'Rental Car' section of the Travel Request Form

- Complete the required details on the form
- Phone AVIS on 0800 65 5111
- Tell the operator your Wizard Card Number
- Tell the operator the pick up date / place / time
- Tell the operator the drop off date / place / time
- Write the confirmation number on the 'Air Travel Record' form
- Rental car charges are automatically charged back to Case company. If for some reason you pay via your Mastercard, please circle this option on the Travel Record form
- These details must be forwarded to the Procurement Administrator

Requesting Accommodation

Managers can book their own accommodation from options on the list of 'Preferred Suppliers - Accommodation'. This list is in Admin/20XX/Approved Suppliers Accommodation. Case company has special corporate rates with these accommodation providers.

For travel to Singapore, Case company staff stay at the 'Traders Hotel – Singapore'. You can find the booking details on the 'Preferred Suppliers - Accommodation' list.

www.wotif.com is an excellent website to assist in locating accommodation both within New Zealand and overseas. An extensive range of hotels are listed with rates and room availability.

In general accommodation accounts in New Plymouth and Nelson are charged directly back to the company. If you pay your account by Mastercard, please circle this option on the 'Travel Request' form.

The accommodation details must be forwarded to the Procurement Administrator.

5 REQUESTS FROM 'NON' MANAGERIAL POSITIONS

When a completed Travel Request form has been received from a 'non' managerial position the Procurement Administrator will book the flight, accommodation and rental car as described in section 4 above. The details of the completed bookings will then be returned to the requester.

6 RECORDING AND FILING BY THE PROCUREMENT ADMINISTRATOR

When a completed Travel Request form has been received by the Procurement Administrator, the following records must be made.

- Enter the name of the person travelling into the relevant dates in the 'Diary' located in Q/Admin/Diary/20XX
- International travel is recorded in an excel spreadsheet located in Q/Admin/20XX/Acctg/International Travel 20XX
- This spreadsheet is used for travel insurance purposes.
- File the form in the 'Pending' Travel folder on the Procurement Administrators desk for easy access should anyone require flight arrival details
- Once the flights have been taken, move the form into the 'Travel Taken – Awaiting Invoice' file located on the Procurement Administrators desk
- When the accommodation and rental car invoices are received, enter the 'costs' into the Travel Request form. Stamp the invoices, sign and enter the cost codes as shown on the Air Travel Record form
- Taxi receipts from all staff must be stapled to the Taxi Charge invoice **or the invoice signed by the "traveller" when checked.**
- When the Travel Card Invoice arrives and you are reconciling the flight charges, write the month in which the charges appear on the Travel Card Invoice, on the Travel Request form.
- When the relevant invoices for the accommodation, rental car and flights have been received and signed off, the Travel Request form can be filed as completed in the Travel Records folder 20XX in the Purchasing bookcase.